



DANVILLE CITY COUNCIL REGULAR MEETING AGENDA

MUNICIPAL BUILDING

March 17, 2026

7:00 PM

PRESIDING: Alonzo L. Jones, Mayor

CITY COUNCIL MEMBERS:

James B. Buckner, Vice Mayor	Barry P. Mayo
L.G. "Larry" Campbell, Jr.	Dr. Gary P. Miller
Bryant Hood	Sherman M. Saunders
Daniel W. Marshall, III	J. Lee Vogler, Jr.,

STAFF:

Ken F. Larking, City Manager	W. Clarke Whitfield, Jr., City Attorney
Earl B. Reynolds, Jr., Deputy City Manager	Susan M. DeMasi, City Clerk

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

Time and Place of Meeting

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

Communications from Visitors

Communication from Visitors is an opportunity for citizens, who have signed up to speak at www.danvilleva.gov/council or by contacting the Office of the City Clerk, to address Council on matters not on the agenda. Citizens who desire to speak on agenda items will be heard when the agenda item is considered. Each speaker shall clearly state his or her name and address, and shall have three uninterrupted minutes. A representative of a group may have up to five uninterrupted minutes to make a presentation. The representative shall identify the group and a group may have no more than one spokesperson. Time will be kept using the electronic timer on the podium.

Guidelines for Public Hearings

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

MEETING CALLED TO ORDER

ROLL CALL

INVOCATION - DR. GARY P. MILLER

PLEDGE OF ALLEGIANCE TO THE FLAG

ANNOUNCEMENTS AND SPECIAL RECOGNITION

- A. Presentation: City Manager's Proposed Fiscal Year 2027 Budget
By: Ken Larking, City Manager

CONSENT AGENDA

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

PUBLIC HEARING

- A. Consideration of Approval of Minutes from Special Called Meeting held on February 10, 2026 and Minutes from the Regular Council Meeting held on February 17, 2026.

Council Letter Number CL - 2626.

Consideration of Approval of Minutes from Special Called Meeting held on February 10, 2026 and Minutes from the Regular Council Meeting held on February 17, 2026.

- B. Consideration of Amending the Fiscal Year 2026 Budget Appropriation Ordinance for Grant Funds from the US Department of Housing and Urban Development.

Council Letter Number CL - 2565.

An Ordinance of the Council of the City of Danville, Virginia Amending the Fiscal Year 2026 Budget Appropriation Ordinance for Projects to be or being Undertaken to Improve the Danville Community Financed with Community Development Block Grant, Home Investment Partnership Funds from the U.S. Department of Housing and Urban Development, and Estimated Program Income for a Total Appropriation of \$1,199,074.29.

Final Adoption

APPOINTMENTS

- A. Consideration of Appointments to Boards and Commissions.
Council Letter Number CL - 2637.

1. A Resolution Appointing Kitteria Mayo to the Southern Area Agency on Aging.
2. A Resolution Appointing Matthew Bailey to the Architectural Review Board.
3. A Resolution Appointing Christopher Betts to the Architectural Review Board.
4. A Resolution Appointing Jamie Cahill to the Architectural Review Board.
5. A Resolution Appointing Lauren Smith to the Architectural Review Board.
6. A Resolution Appointing Jackson Weller to the Architectural Review Board.
7. A Resolution Appointing Adam Jones to the Architectural Review Board.
8. A Resolution Appointing Robert Stowe to the Architectural Review Board.

9. A Resolution Appointing Melanie Holley to the Public Arts Commission.
10. A Resolution Appointing Sam Kushner to the Public Arts Commission.
11. A Resolution Appointing Joshua Cassell to the Public Arts Commission.
12. A Resolution Appointing Kelly Hood to the Public Arts Commission.
13. A Resolution Appointing Gretchen Lamb to the Public Arts Commission.
14. A Resolution Appointing Stacey Strawn to the Public Arts Commission.
15. A Resolution Appointing James Buckner to the Public Arts Commission.

OLD BUSINESS

- A. Consideration of an Ordinance to Issue Revenue Bonds for Utility System Improvements.
Council Letter Number CL - 2575.

An Ordinance of the Council of the City of Danville, Virginia Authorizing the Issuance of Bonds of the City of Danville, Virginia, in the Maximum Aggregate Principal Amount of \$10,000,000 to Finance Various Expenditures for Its Utility System.

Final Adoption

NEW BUSINESS

- A. Review of General Fund Financials as of February 28, 2026.
Council Letter Number CL - 2567.

Review of General Fund Financials as of February 28, 2026. Financial Statements are included.

- B. Consideration of a Resolution to Issue Revenue Bonds for Utility Infrastructure Projects.
Council Letter Number CL - 2578.

A Resolution of the Council of the City of Danville, Virginia Providing for the Issuance and Sale by the City of Danville, Virginia, of a Taxable Utility System Revenue Bond, Series 2026, in a Principal Amount not to Exceed \$10,000,000, Heretofore Authorized, and Providing for the Form, Details, and Payment of Such Bond.

- C. Consideration of a Resolution Approving the City Manager to Enter into a Purchase Power Agreement with American Municipal Power for Ten-Megawatts of Natural Gas Generation.
Council Letter Number CL - 2574.

A Resolution Approving the City Manager to Enter into a Purchase Power Agreement with American Municipal Power for Ten-Megawatts of Natural Gas Generation.

- D. Consideration of a Resolution Approving the City Manager to Enter into a Purchase Power Agreement with American Municipal Power for Five-Megawatts of Solar Generation.
Council Letter Number CL - 2591.

A Resolution Approving the City Manager to Enter into a Purchase Power Agreement with American Municipal Power for Five-Megawatts of Solar Energy Generation.

- E. Consideration of Amending the Fiscal Year 2026 Budget Appropriation Ordinance for a Grant and Loan from the Virginia Tobacco Region Revitalization Commission for the Natural Gas Pipeline Extension to the Southern Virginia Megasite at Berry Hill.
Council Letter Number CL - 2571.

An Ordinance Amending the Fiscal Year 2026 Budget Appropriation Ordinance to Provide for a Virginia Tobacco Region Revitalization Commission \$459,000 Grant and \$2,000,000 Loan to Assist with the City's Natural Gas Pipeline Extension to the Southern Virginia Mega Site at Berry Hill.

First Reading

- F. Consideration of Amending the Fiscal Year 2026 Budget Appropriation Ordinance for State

Aviation Capital Funding.
Council Letter Number CL - 2593.

An Ordinance Amending the Fiscal Year 2026 Budget Appropriation Ordinance to Provide for State Aviation Capital Grant Funding to Complete a Site Preparation Construction Project at the Danville Regional Airport in the Amount of \$993,760 and for the Local Share in the Amount of \$110,418 for a Total of \$1,104,178 and Appropriating the Same.

First Reading

COMMUNICATIONS FROM VISITORS

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COMMUNICATIONS

A. City Manager

B. Deputy City Manager

C. Assistant City Manager Adkins

D. Assistant City Manager Evans

C. City Attorney

D. City Clerk

E. Roll Call

ADJOURNMENT

Council Letter
City of Danville, Virginia



CL - 2626

CONSENT AGENDA A.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: Approval of Meeting Minutes

From: Susan DeMasi, City Clerk

COUNCIL ACTION

Consideration of Approval of Minutes from Special Called Meeting held on February 10, 2026 and Minutes from the Regular Council Meeting held on February 17, 2026.

Attachments

1. Meeting Minutes - 02/10/26
 2. Meeting Minutes - 02-17-26
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February 10, 2026

A Special Called meeting of the Danville City Council was held on February 10, 2026, 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., Mayor Alonzo L. Jones, Bryant Hood, Barry P. Mayo, Gary P. Miller, Sherman M. Saunders, and J. Lee Vogler, Jr. (8).

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

Mayor Jones presided.

NEW BUSINESS

City Attorney Clarke Whitfield noted the purpose of this meeting was to interview finalists to choose a person to fill a portion of the unexpired term of Delegate Madison Whittle. The following will be the format used tonight. Finalists will draw numbers from a cup to determine the order of who will have the first opening statement and first question. Opening statements are limited to two minutes or less; the Clerk will keep the time which will be displayed for the Mayor and the finalists. The finalists will go in order of the number they selected from the cup. There were five questions, each finalist will have up to five minutes to answer each question. The first question and the first opening statement will be done according to the number selected from the cup. The finalist who goes first for each subsequent question will be the person who went second for the second subsequent question. This rotation will happen until all questions have been asked and answered. Each finalist will have up to two minutes to provide a closing statement. Those in attendance shall refrain from applause or any other outburst during the interview process.

Finalist drew numbers: Danny Marshall – 1, Shelby Irving – 2 and Shakeva Frazier – 3.

Opening Statements

Danny Marshall: Good evening, I want to thank you for the opportunity to be here tonight. I want to tell you a little bit about my background history. I sat in that seat right there for a year and a half. I won a seat for a four-year term on Council, I was the lead vote getter and that was almost last century but not quite, but in 2002. I went to the House of Delegates and let me tell you a little bit about my term there. My wife said how long are you going to do this, I'm going to do it ten years, and she said how much longer, I said another ten years and then it became twenty-four years. I really enjoyed my time there, I tried to get bills and resolutions forward that helped this community grow, such as Caesars, such as the 1% sales tax that helps this community grow. I have served on committees that I tried to get on in the General Assembly that had to do with job creation; for example, I was appointed to the Tobacco Commission in 2006, I was put on a committee at that time that dealt with industrial sites; since 2006 all the way until now, where I chaired that committee. For example, 2006 was the first time the Tobacco Commission put money into at Berry Hill. When I was member here, Jerry Gwaltney was the City Manager. He made a statement then that really shook me up a little that 10% of the housing in Danville was vacant and you can still see a little bit of that now. Danville has been a comeback kid. Thank you for the opportunity.

Shelby Irving: Thank you, Mr. Mayor and Council, for the opportunity to try to continue to serve the place that I love. I care deeply about this community and have given over forty-one years of service to the City of Danville through my work, volunteering on boards that I serve on; you name it and I have been there. I know how the City operates and how it works and I know how City

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Council operates with the City Manager and Council, his responsibilities day to day and Council sets policies. I have read over the budget, over and over again and what he is trying to do, and a lot people don't understand our City's budget and I want to make sure the people understand it. I ask them to go to the City website and read the proposed budget that was coming up and that would answer a lot of questions. I have learned a lot through that and attend these meetings to be a better servant of Danville; I want Danville to rank Number 1. We are making strides, we are coming back, I have seen the challenges; I have seen it from where we had layoffs, we had factories and businesses close down and we are coming back and, on the rise, again. I want to be a part of that and I know I can be a part of that and do that. I have a rapport with the community; I have been there 39 -40 years, I have been in more houses than anybody in this building and I know the needs of the people, I know what they want. I am an open person, and I want everybody to be able to talk to me, I don't care when it is, I'm used to getting 3:00 o'clock in the morning phone calls. Call me if you need me, I want to be there, I want to be a part of this great team up here. I have poured forty years into the City of Danville, I'm Danville all the way, Go Danville.

Ms. Frazier: Good evening, my name is Shakeva Quarleat Frazier, I am a lifelong citizen of Danville, Virginia. I was born here, raised here, went to almost every school here, stayed in various neighborhoods and raised my children here as well. I have attended the educational institutions here graduating from Danville Community College with my Associate's Degree and from Averett University with my Bachelor's Degree in Liberal Arts. I have been really transparent and been on both sides and so I think that speaks as a testament even more of who I am. Because of that I am able to stand for recidivism, things of restoration and that has encouraged me to serve this community in different ways. I serve on the Boys and Girls Club as a Board Member, Danville Pittsylvania Community Services which you all appointed me as a board member, Little Life now Transitions, just coming off that board where I served for eight years, the Early Center for Childhood Success, this is my third year. I have helped to spearhead the annual Thanksgiving Feast that we had at Bibleway Cathedral for the past eight years with community member support. I am the President of Danville Riverview Rotary, the largest rotary in this area. I am a board member of the Wednesday Club, this is my third year. I have served with AmeriCorps meaning that I believe in going out in various fields trying help such as Peace Corp, I didn't want to go out far, so I chose AmeriCorps, not only I, but my children, they have served AmeriCorps. They also graduated from Danville Community College. I have worked for DRHA, I served them for eight years as a youth coordinator helping the young people in that area, not just in the one I worked at, but in all the housing to have exposure to opportunities that may have been overlooked. You all need me and I need you all. I love Danville.

Question 1. Vice Mayor Buckner questioned: Do you believe that partisan politics have a role in the work of the Danville City Council, why or why not:

Mr. Marshall: Absolutely not. When I first ran for City Council, I ran as an independent, I didn't have an "R" or "D" behind my name. We don't have to go very far, you can go thirty miles to the west, about sixty miles to the north, Martinsville City Council was a mess. If you go to Lynchburg, their City Council is a mess. It was because it was all partisan politics; their purpose was not to get something done, it seems to be to argue. That was not what we are about. I think that we are here to represent the citizens of Danville and I think you do that by putting those aside and worry about what is best for the community.

Ms. Irving: No, we are about each other, when you start getting into politics, it was strictly one side or the other. We don't need to have that in our City Council, in our local government. We need to be able to work together, come to a common goal and do what was best for the citizens of Danville and for Danville itself. Politics, they can become very, very brittle in conversation and

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I prefer not to bring politics up during certain times because it can just get out of hand and I believe during a council session, that we should leave those outside the chambers and focus on what is best for our people, the City and the growth of the City of Danville.

Ms. Frazier: I am going on to tap on Mr. Bryant Hood who I know is currently running for City Council but I got to put it out, it is people not politics and that is the way I believe this community has flourished. When I'm out helping in the community, and I have helped with various council members, it was not democratic or republican when we are trying to feed the community, its people. When we are doing a warming center, it's people. For me, I've got your back but still, I got to say it again, its people, not politics.

Question 2. Council Member Hood questioned – Are you familiar with the Investing in Danville Plan and what is your understanding of the purpose of this plan and how do you plan to support it?

Ms. Irving: Yes, Investing in Danville, we started several years ago, I think the City brought in a team of people and met at Parks and Rec, they had surveys going out, everything to see what the citizens of Danville wanted, wanted to look forward to. At this time, everybody knows that the casino is here and a lot of people think that's our life saving, the casino is here. They're bringing in lots of money to use, we all know that, but the purpose of Investing in Danville is not only the casino, it's to bring others in, to build up economic development. They come in, they bring jobs, more people, more people more jobs going to bring more children to our schools. Our schools are growing leaps and bounds. It's going to bring more people here to spend money here with investing in. We have our pavilion down there all summer, there were major concerts, they were bringing money in. So, Investing in Danville is something that's good and we should continue to do that. We are a City that stands alone, we stand alone. We are not like the Raleigh Durham triangle, where one has something going and the others come and leave. Greensboro, Winston-Salem, we are here by ourself, we are isolated here. So, we got to do the things we need to do here to get Danville moving and keep investing in that, and that is going to cascade down to the younger generation, our future.

Ms. Frazier: So I will be quite honest the Investing in Danville Plan, I'm stuck between the PLANDanville sessions and the 2030 Comprehensive Plan, so I don't know if I'm on point or in between, but I do know that when I have watched the council meetings and what I have read, it seems that we as a community were looking at economic development. We are talking about land use, bringing jobs in. I was able to read over your 2030 Comprehensive Plan. By engaging with the PLANDanville, the Council and community was coming out. So, it seems as though we have a plan for transportation, a plan for infrastructure, a plan for safe streets, safety in our community, housing, those sorts of things. That's about my understanding of whether I'm seeing Invest in Danville, if I'm on the correct thing.

Mr. Marshall: The Investing Plan, when I brought the idea, we were at an economic development function and I saw Ken and the Mayor and said I have a new proposal that I want to put on the table that was a little bit controversial and that was a casino in the City of Danville. They both looked at me like I was crazy. What happened is when that passed, it had to pass with a referendum, that was part of the provisions that I put in the bill, so that Danville had to pass with a referendum, the thing was how are you going to sell it to the citizens. That is what I think the City Council came up with, really three different bullets: K-12 Education, Public Safety and Economic Development. Why those three, and I think those three hit it right on the head. K-12 Education, if we have a great workforce an educated workforce, it was going to be so much easier to attract new businesses here for the jobs in the future. That was one of things that I thought

was a home run. Public Safety, we want to make sure that Danville was not a Chicago or Memphis, TN or somewhere like that. We want to be safe here for our citizens. And the third thing is economic development; why economic development, and I keep pushing that, is first of all its higher wages. One of the things that I always looked at was the amount of wages, it's called prevailing wage; the prevailing wage in Danville was quite a bit lower than what it was in the state, and the unemployment rate was quite a bit higher than that. So, one of the things that we wanted to do was to try to bring good paying jobs here that were above the prevailing wage so that our citizens can have a good quality of life. To me that's what it's all about, is having a good quality of life for our citizens.

Question 3. Dr. Miller asked, Hypothetically, a zoning case comes before the City Council. Staff has strongly recommended the project because it fills a critical housing need in our city but the surrounding neighbors are up in arms, strongly opposed to the project and fill the city council chambers to voice their opposition. What do you then do?

Ms. Frazier: So as you said this was not a rare case. We had a transitional housing conversation over at Bibleway Cathedral. We met the zoning commission and kind of led in which direction to go but we knew that there was some people who made them believe that affordable housing in the neighborhood was the way to go. So, I know how it is to catch the opposition because it was always pros and cons to an idea. What I lean back to when I think about your question, if it's okay, when I remember when it was packed in here and people were complaining about some pets or whatnot, I watched you all handle that situation. You gave people an opportunity to speak but also after the guidelines were put in place about public speaking to make sure you sign up ahead of time, state your need what you were going to talk about which I believe prepares us as council to be able to present that problem. If there was a lot of opposition, that's why we have Smith over here who I have worked with the Use of Force Police Department to help us quiet it down but to give citizens if they have preceded to do the proper protocol to have in place, which was to fill that form out before coming to City Council to let us know what their thoughts are I think that would curb a lot. And if someone comes up and gets a little heated, we have our Mayor in place, we have a time clock. If it gets too aggressive, we have Smith and then we can always go back into a community to where they come from to kind of talk about it on a more level playing field.

Mr. Marshall: Sitting on Council a while back when I was here, that was one of the toughest things you have to vote on because you are going to make one of your friends happy and one of your friends mad. So, the problem is, it is almost a Catch -22. If we are out trying to attract new businesses that was going to attract new jobs, I heard today that Microporous is talking about an expansion and they haven't even started pouring their first shot of concrete yet. Those people have to live somewhere; some live in Pittsylvania County, some live in North Carolina but we want some of them here. So, you are going to have to have some type of consensus with the neighborhoods so that those people will understand that we have to have quality housing so the new employees can move in.

Ms. Irving: So you said hypothetically, that's for real, that's for real and we do need housing here in the City and someone is going to be happy someone is not going to be happy but I believe that one should be respectful and be able to collaborate, it was very essential in this issue. Not everyone was going to agree, and that's ok, they were not going to agree, but I focus on listening and trying to find a common ground to keep the conversation to what was at hand, keep it centered; that's what I believe in and for what is the best for Danville. Again, over and over, what is the best for Danville and our people. Progress happens when people work together and hopefully in this situation on both cases that they can come together and come up with some kind

of solution to be able to get the project. The project is needed more than not needed, so somehow or another we have to talk with the other side that is really opposing that and hopefully get an understanding that we need housing. If we are going to bring in all these businesses they got to have somewhere to live. We have to provide the housing. They may have some reasons, we must listen and understand what those reasons are and try to be respectful and nice to them but get an understanding. We need housing.

Question 4. Council Member Saunders questioned: Define confidentiality and provide an example of when you need to keep something confidential and share your understanding of the consequences of not maintaining confidentiality.

Mr. Marshall: As you know I am a member of the Tobacco Commission and the Committee that I chair is called the Incentives and Loans. We, as I said earlier, we have put money into Economic Development projects and the whole footprint that starts at 58 all the way up South Hill, it goes all the way to Scott County. The things you have to look at is the confidentiality. A little story, over in Greensboro, they had a project come into that locality. One of the Boards of Commissioners, I think that's what they call them there, wanted to get to the press quick so he went to the press and let the press know about this project that was coming that was going to be millions of dollars as far as economic development, but also as far as the number of jobs. The company went somewhere else because they said if we can't trust you that you have already signed a confidentiality statement but you wanted to get your name in the press so bad, that you screwed the whole thing up. It was high stake poker at times. I have to sign a confidentiality agreement on the Tobacco Commission. There was a project coming to Pittsylvania County that has been working on, it was something that you cannot let the horse out of the barn until the Governor was always the first one to announce something. It was critical as far as confidentiality.

Ms. Irving: Confidentiality is a process that when you are privy to some type of information, that you do not release that information to anyone, that you were told not to and you should not do it. An example was for nineteen or twenty years, when I was fire marshal, we would have a new business come in, or someone would come in to talk to you about a business, you can't run over and say what's going on over there, well you know they were going to do such and such. Well, these people were trying to build a business and bring it in and they don't want the next one to come in right up on them and do the same thing. We can't release that information until all the papers are signed and done and everyone was on the go with it. The same thing in investigations; I go out and investigate a fire and I find that someone was an arsonist, I cannot go out and talk about that because it has to go to court. Everything that you say will be used against you. There are times that you must, it is a must, to keep confidentiality when it was dealing with certain subjects and especially in government.

Ms. Frazier: Confidentiality to me is a trust between whoever it is and whatever it is, between a party or person that we know that whatever is spoke on at that time it stays right there. An example of confidentiality for me is, I serve on various boards in the city, non-profits and I work with various youth on all levels in the city. I sit on the Use of Force Review Committee where we have to watch videos, police officers and somethings is not because its bad but just because it is confidential. I see someone's loved one going through might not come out in the public knowing that I have been trusted with the role that I have. It is not because we are being secretive, trying to hide something, it was just having wisdom to know discretion on when things should be spoken on and when it shouldn't. Some things have to remain confidential until they were solved and if they were not solved, they were working on it with whomever that party is. Confidentiality, especially for a council, I believe is really major, what's discussed in a closed session, should stay in a closed session. If it was not for the public ear and that's only public good because the public has to

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believe in the council they have elected. Anything that we have not discussed with them is only for the better good of our community.

Question 5. Mr. Vogler stated: Provide your understanding of how the City of Danville Government is structured, by which I mean the City Manager, City Attorney and City Clerk are City Council's only employees. How would you develop and maintain effective working relationships with these positions.

Ms. Irving: the City government, as I mentioned earlier, the City Council is an elected body; City Council will hire the City Manager and his role is pretty much day-to-day operations. City Council looks over all the policies and procedures set forth for the City of Danville. They kind of supervise the City Manager, City Attorney, City Clerk and they are their only employees. Maintaining an effective work relationship with these positions, again, I think I am a very open person and am one that will listen and try to get a true understanding. I want to know them, I want them to know me, I want to know how they think, to develop a good relationship because if you are going to work with somebody side by side, day to day, you have to trust in those people and should be on the same length. There should be no divisions; we are not going to agree on everything, but everybody should be heard and respected, that's what makes a great team with everyone.

Mr. Vogler noted the second part to that question, What do you understand is the Council Member's role to be managing personnel in the City of Danville.

Ms. Irving: the personnel in the City of Danville, each division has a director and that director is pretty much responsible for all those that work under him or her. City Council, I know members will talk to City Council, but we have a chain of command we must go through. Everybody should go through their supervisor up the chain to the department head and then it starts moving up to the City Manager before you go to City Council. The City Manager wouldn't be very happy if Council was to come to him with a problem he knows nothing about, the department head knows nothing about. Again, we are talking about respect. There is a chain that one must go through when dealing with City Council. City Council cannot meet with someone if they got a certain amount of people, I think its three or more, that's considered a meeting, that has to be documented, Ms. DeMasi has to be in on that. They have to send her some information to let her know it is going to occur; it is very structured with employees and City Council and City Manager.

Ms. Frazier: I do know that the City Council, the City Manager is hired, he deals with the budget and presents a budget to the City Council. I know Clarke Whitfield helps them deal with the legalities of the Council, handling those questions and making sure we stay in proper range of what they are doing. Ms. DeMasi, I understand her to be the City Clerk to handle official business as she is doing now and as Shelby stated, to be present if there is more than a few citizens for speaking with a Council Member. How would I develop and maintain effective working relationships with these positions, the same way I believe I do now, to be honest, by going to them. We have a really hands on community; I reached out to Clarke for advice as far as legal advice. I have spoken with Susan if I need to know something about a board I want to sit on, I have spoken to Council, to City Manager, I have spoken with Earl, so I will continue that same mechanism, when you put me on, of developing relationships, learning what their job truly encompasses. How I can help, how we can help better to serve. I think that's what I will say for that.

Ms. Frazier - Part 2: I worked for the City of Danville a couple of years ago as a community liaison for Project Imagine and I understood our role that even though I work here, that my director at that time in that office was Robert David. What we would do, we would come and have a meeting

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here and report, the directors, to Council or the City Manager or the Deputy City Manager. The Council Member knows and the personnel would be to let the directors of different, what is Public Works, Utilities, Parks and Rec whatever they may be, let the director do the job and let the director report. So Council is really to support the director and the director supports their team.

Mr. Marshall: First of all, the City Manager is the boss, you and I are not the bosses, you are his boss, so he works at the discretion of you but everybody else, all the other employees work for the City Manager. I think you got to keep that in mind; so when you are out as a City Council member I'm sure that city employees, as they did when I was here, come up to you and say we ought to do this and this, I think that's important. I think you ought to listen to those and then carry that idea back to the City Manager and see if that was something that has already been looked at before. Sometimes a good idea is you just can't do it; the code won't allow you to do it, the State code or City code won't allow you to do that. But I think what you ought to do is for the City Council Members is to be kind of the eyes and ears for the City Manager; us nine could be something that would help him do his job more effectively. I think we have a great City Manager and I think that we can all work together so that we can help him help the City move forward.

Mr. Marshall - Part 2: We don't have a job to be the manager of personnel, I think that is a slippery slope, we don't fire anybody, we can't hire anybody and I think what we need to do, again, if see something we think didn't pass the smell test so to speak, one of the employees might be doing something we think might be a little shady, it is not up to us to call that person down, it is up to us to talk to the City Manager and let him know about the circumstances. I think what we need to do is be the eyes and ears for the City Manager.

Closing Statements

Ms. Frazier: First of all, I studied really hard and had all those notes that I did not really have to look at so I don't know if I'm happy or sad. I thank you all for the opportunity tonight. It has been a great joy, a great experience just to have this moment, who came and supported. I ask that you all consider me for this; I did run in 2024 and I was the next vote getter. I ran against Madison Whittle, and I am hoping I can fill his seat. I will continue to serve, I do have a lot of commitments as you heard. This Council will not be a burden, it will just tie right into all the community work that I'm already doing. I appreciate your time, I'm looking forward to serving in the City of diversion, inclusion and equity and show you all and continue to be an All American City. God Bless You All and thank you very much for the opportunity.

Ms. Irving: Danville is moving forward and I want to help guide that progress, being responsible, being inclusive, I'm committed to service and transparency, putting residents first is what I believe in and what I would like to. I believe that we have a strong community and it is getting stronger and stronger every day. Every voice matters: together we can continue building a safer, stronger community. Our education is moving up, our economic development is moving up, our public safety, as you know I worked in the fire department for years, our police department, to commit a crime in Danville, they will get you probably within 72 hours, just a warning; they are good at what they do. We are good at what we do and I'm very proud to be a part of this. I want to continue; I want to grow with the City continue to grow to make it better to be part of this team. The structure of government we have here is kind of a spin off of what happened in 1950 in Staunton, Virginia, it was the kind of government they led is what we are doing here with the manager and City Council. It seems to work, it's working, it's not broke, don't work on it, leave it alone, its doing good. I think we are doing an excellent job. Like I said I poured in 41 years here in the City and whether I get this position or not, I'm not going to stop. I'm here for everybody, I'm proud of being part of a beautiful American City and I want people to know this. When they come into the City

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they are going to see a sign that we are inclusive, we want everybody, we are going to treat everyone fairly, we are going to give everyone respect and give them an opportunity. That is who Danville is, that's who we are and I want to continue that legacy.

Mr. Marshall: In closing, thank you again for the opportunity to be in front of you tonight. Let me go back into some lessons learned from my father. One of the things he told me, he said, when you leave this world, one of three things is going to happen. The world will be the same, the world is going to be worse off, or the world is going to be a better place. I have tried my whole life trying, even at Marshall Concrete with our employees, to give them the best benefits they could have, to give them the best pay they could have, everything, but the same within the General Assembly and everything I serve on, is trying to make our part of the world a better place to live, that is the first thing. The second thing is that when I was first elected in 2002, Mark Warner was Governor, and he invited me and a couple others to go over, part of my district was in Henry County at the time. So, we went over to a company over in Henry County; it is burned in my hard drive today what happened there. We was going over there to tell those 800 people they didn't have a job. A Chinese company had come in and bought that company and fired everybody and he fired them when we were standing in front of him. It was one of those things that I can still see the expressions on those people's faces, the fear of what am I going to do to put food on the table, to put a roof overhead and whatnot. Through no fault of their own, that particular company was making money but the owners of the company decided they could sell the intellectual property so to speak to China, so 800 were out of a job. Again, that is one of the reasons I have always worked trying to get jobs. My number one priority is trying to get good paying jobs so that we don't have that situation and so we can move forward.

Mayor Jones thanked everyone and applauded the finalists. What was going to happen next, the Vice Mayor will read a statement to take Council into closed meeting. Council will go across the hall and recess and will come back in open session. Council may or may not have an action. To those who remain here, they will know one way or another when they come back to Chambers.

At 7:46 p.m., Vice Mayor Buckner **moved** that this meeting of the City Council of the City of Danville, Virginia be recessed and that Council immediately reconvene in a Closed Meeting for the following purposes: discussion, consideration or interview of prospective candidates for employment, assignment, appointment, promotion, performance, salary, disciplining of specific public employees or appointees as permitted by Subsection (A)(1) of Section 2.2-3711 of the Code of Virginia, 1950, as amended, and more specifically to discuss and consider the appointment of an interim member of City Council to serve until the vacancy is filled by a special election to be held November 3, 2026.

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

VOTE: 8-0

AYE: Buckner, Campbell, Hood, Jones, Mayo, Miller,
Saunders, and Vogler (8)

NAY: None (0)

Upon unanimous vote at 8:02 p.m., Council reconvened in open session and Vice Mayor Buckner **moved** for adoption of the following Resolution:

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CERTIFICATE OF CLOSED MEETING

WHEREAS, the Council convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.1-344.1 of the Code of Virginia, 1950, as amended, requires a Certification by the Council that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Council hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements of Virginia Law under Section 2.2-3711 were heard, discussed or considered, and (ii) only such public business matters as were identified in the Motion by which the Closed Meeting was convened were heard, discussed or considered by the Committee.

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

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

Council Member Campbell **moved** for adoption of a Resolution appointing Danny Marshall as an Interim Member of Danville City Council.

The Motion was **seconded** by Mr. Vogler and carried by the following vote:

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

MEETING ADJOURNED AT 8:04 P.M.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

February 17, 2026

The Second February meeting of the Danville City Council was held on February 17, 2026, 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., Mayor Alonzo L. Jones, Bryant Hood, Daniel W. Marshall, Barry P. Mayo, Gary P. Miller, Sherman M. Saunders, and J. Lee Vogler, Jr. (9).

Staff Members present were: City Manager Ken Larking, Deputy City Manager Earl B. Reynolds, Jr., City Attorney W. Clarke Whitfield, Jr., Assistant City Manager/CFO Michael Adkins, Assistant City Manager Briana Evans and City Clerk Susan M. DeMasi.

Mayor Jones presided.

INVOCATION AND PLEDGE OF ALLEGIANCE

Council Member L.G. "Larry" Campbell, Jr., gave the Invocation followed by the Pledge of Allegiance.

ANNOUNCEMENTS AND SPECIAL RECOGNITIONS

Swearing In of Interim City Council Member Daniel W. Marshall, III.

City Clerk Susan DeMasi swore in Council Member Daniel Marshall as the Interim City Council Member.

City Manager Ken Larking noted he wanted to share what caused the City to temporarily run out of treated water in parts of the system, which required the issuance of a boil water advisory. Due to heavy rain and runoff into the creeks and streams feeding the Dan River, the water coming into the treatment plant became unusually cloudy. Despite the City's best efforts, it could not be safely treated to meet quality standards. For several hours, they were unable to supply the distribution system with treated water meeting the Virginia Department of Health Standards. The lack of new, treated water in the system caused water levels and pressure in the tanks to drop. Whenever the system loses pressure, public health regulations require the City to issue a boil water advisory as a precaution to protect the residents. Mr. Larking noted he knew this situation was frustrating and inconvenient for residents, businesses and visitors, and they were working hard to get the water system back to normal as quickly as they could and will investigate how this happened so they can improve their processes and prevent it from happening in the future. Keeping the water supply safe and reliable was the City's top priority.

Mayor Jones noted to the citizens and businesses, Council and the City wanted to thank them for their patience. Mayor Jones introduced Director of Utilities Jason Grey and thanked him for working tirelessly to correct this problem.

CONSENT AGENDA

Mayor Jones opened the floor for a Public Hearing regarding Budget Appropriation Items. Notice of the Public Hearing was published in the *Danville Register & Bee* on February 10, 2026. No one present desired to be heard and the Public Hearing was closed.

Council Member Campbell **moved** for adoption of the following Consent Agenda items:

February 17, 2026

Minutes from the Regular Council Meeting held on January 20, 2026. Draft copies of the minutes had been distributed prior to the meeting.

Consideration of Amending the Fiscal Year 2026 Budget Appropriation Ordinance for a Grant and Loan from the Virginia Department of Health

An Ordinance Entitled, Ordinance No. 2026-02.02 Amending the Fiscal Year 2026 Budget Appropriation Ordinance to Provide for a Virginia Department of Health \$2,920,000 Grant and \$5,080,000 Loan for a Total Amount of \$8,000,000 to Assist with the City's Lead Service Line Inventory and Replacement Efforts as Directed by the Environmental Protection Agency and Appropriating the Same.

Consideration of Amending the Fiscal Year 2026 Budget Appropriation Ordinance by Increasing Revenues from Casino Gaming Taxes to Support Economic Development Projects

An Ordinance entitled, Ordinance No. 2026-02.03, An Ordinance of the Council of the City of Danville, Virginia Amending the Fiscal Year 2026 Budget Appropriation Ordinance by Increasing Revenues from the Casino Gaming Taxes to Support an Economic Development Project in the Amount of \$2,000,000 and Appropriating the Same

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

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

NEW BUSINESS

REVIEW OF GENERAL FUND FINANCIALS AS OF JANUARY 31, 2026.

Chief Financial Officer Michael Adkins reviewed the General Fund Financials through January 31, 2026, which marked 58% of Fiscal Year 26 complete. Revenues received through the end of January amounted to \$95M, representing 52% of budget, which was where they were last January. Real Estate and Personal Property Taxes both met the 50% mark at the end of December after the first half billing. Delinquent collections were doing quite well; the City received \$974,000 to date and that was 85% of budget. As mentioned in the past, sales tax has been sluggish this year, and as of January 31st, the City has received \$7.6M, or 54% of budget; the City was short about \$582,000. Looking ahead, the City did receive a sales tax installment last week representing the holiday retail sales that occurred in December; it was nearly \$1.3M. That was not the highest the City has ever had but was definitely in the top three. There was a little bit of a rebound, and that will bring the shortage down to \$475,000. Mr. Adkins noted he was fairly confident the City will not perform up to the budgetary number for sales tax, but it will be manageable. Looking at Meals tax on January 31st, the City has collected nearly \$8M, which was on target with budget, falling right between 57% and 58%. Lodging taxes were outperforming budget slightly; as of January 31st, the City collected \$2.2M, representing 61% of budget. For casino-based taxes through January, the City receipts will be received in the amount of \$22.7M, which was 65% of the original budget. The winter weather in January did impact casino revenues, but they were still higher than what the City based their budget on for this year. Interest and investment earnings were touched on in previous months, and those were outperforming budget; the City has received \$1.9M or 88% of budget at the end of January. Mr. Adkins noted the Federal

Reserve was holding interest rates steady which was working out well for the City; he was expecting this line item to exceed budget by about \$700,000 to \$750,000 this year which would offset the decrease in sales tax. State and Federal revenues were coming in as expected, with no concerns there.

On the Expenditure side, Departmental spending was at 53% of budget, running a little bit behind. Non -Departmental Expenses were primarily debt service and group health insurance. Debt service was a known amount, so that was on track with budget. Group Health insurance was ahead of budget, and on track at 58%. They could see an increase again in coming months, perhaps some postponed treatments were done until after the holidays but will keep Council apprised of that as they progress through the rest of the fiscal year. In summary, the General Fund was performing very well; other than Sales Tax, which will be a manageable shortfall, he had no concerns.

PRESENTATION OF THE FISCAL YEAR 2025 AUDIT

Mr. Adkins introduced Matt Heatwole, a partner with Brown, Edwards; they have performed the City's independent audit each year for the past several years. Electronic copies of the audit report were sent to Council today, it is also available on the City's website and staff can always provide a hard copy if they need one. Mr. Heatwole was there to provide Council with his report.

Mr. Heatwole noted he was there to talk about the audit and the financial report of the City of Danville. Mr. Heatwole thanked Council for the opportunity to work with the City, and thanked Mr. Adkins and Amy Chandler, the City's Finance Department, and the schools' finance department for their cooperation. Mr. Heatwole noted the Annual Comprehensive Financial Report or ACFR, goes above and beyond just the basic financial statement, it includes a letter of Transmittal for Management of the City with a pretty robust statistical section. It also includes Management's Discussion and Analysis, the overall analysis of the year, budget impacts and so forth.

In the Financial Report itself, they will find their Audit Opinion; they were issuing an Unmodified, Clean Audit Opinion; it was the highest and best opinion the City can receive as a part of the audit. It means, based on their audit procedures, they believe the amounts presented in the financial statements and the notes were materially correct and in accordance with generally accepted accounting principles. Also, within the Financial Report, were two other opinions on their letterhead, a Yellow Book Opinion, which was a general report on compliance and internal controls, and behind that was another audit in itself of the federal expenditures the City and the Schools have expended during the fiscal year. That was also an unmodified or clean audit opinion on those. Mr. Heatwole noted they always deliver two additional letters, one was called Management Letter, a tool for management as part of their observations in the audit, and best practice suggestions they arrive at. It also gives some disclosures of accounting standards projects; there was always a lot going on to keep up with as things were changing. Finally, the last deliverable was a letter addressed to Those Charged with Governance, the Council, which gives an overall summary of how the audit went, any significant findings which he was happy to report there were none. Also, an important piece of that letter was the management representation letter signed by Mr. Adkins and the people at the school. It was important to understand that at the end of the audit, management was making representations to the auditors of the financial records themselves, and that was attached to that letter as well.

Council thanked Mr. Heatwole for his presentation.

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CONSIDERATION OF APPROVING A PLAN TO FINANCE CERTAIN ECONOMIC DEVELOPMENT PROJECTS

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

RESOLUTION NO. 2026-02.03

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DANVILLE, VIRGINIA, APPROVING CERTAIN DOCUMENTS IN SUPPORT OF A LOAN TO BE UNDERTAKEN BY THE STAUNTON RIVER REGIONAL INDUSTRIAL FACILITY AUTHORITY

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

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

I, Daniel W. Marshall, III, do hereby state that I have a conflict of interest regarding a Resolution of the City Council of the City of Danville, Virginia, Approving Certain Documents in Support of a Loan to be Undertaken by the Staunton River Regional Industrial Facility Authority listed on the agenda as New Business Item C. Therefore, pursuant to the State and Local Government Conflict of Interest Act, Virginia Code § 2.2-3112, I must abstain from voting on this agenda item.

Witness my signature this 17th day of February, 2026.

s/Daniel W. Marshall, III

CONSIDERATION OF AMENDING THE FISCAL YEAR 2026 BUDGET APPROPRIATION ORDINANCE FOR A GRANT FROM THE NATIONAL ENDOWMENT FOR THE ARTS

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

ORDINANCE NO. 2026-02.04

AN ORDINANCE OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA AMENDING THE FISCAL YEAR 2026 BUDGET APPROPRIATION ORDINANCE BY INCREASING REVENUE FROM THE NATIONAL ENDOWMENT FOR THE ARTS IN THE AMOUNT OF \$40,000 AND TO PROVIDE FOR THE LOCAL SHARE IN THE AMOUNT OF \$40,000 FOR A TOTAL OF \$80,000 AND APPROPRIATING THE SAME

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

Council Member Vogler noted to the City Manager, this was a grant, but the City has to match it and put in \$40,000. The purpose of this was for a feasibility study on the City Auditorium as a performing arts center, was that correct. Mr. Larking noted that was his understanding; Parks and Recreation Director Bill Sgrinia explained that it was. Staff was looking at the feasibility of what

to do with that building in the future. It has a lot of limitations for development, some historical designations and staff would like to look at the idea of having it be a center for the arts. Mr. Vogler asked if all of Parks & Recreation had moved out of there and Mr. Sgrinia noted they were for the office space, they still use the gym as a programming center and the print shop was in the basement. Mr. Vogler noted they did a study on this several years ago looking at it as a performing arts center and the limitations of that space were so much, the City could invest a lot of money into it but it was never going to be a functional performing arts center like a DPAC or Tangier's Art Center. Mr. Sgrinia stated he was correct; the City did a conceptual study for the space of the building and how that space could be re-programmed for the theatre to come back and some of the other spaces. This study would see if a city arts center was even feasible. Mr. Vogler noted he would love to have a performing arts center here, but feels it was redundant if they were limiting it to that space, and felt they would be better off selling that building to a developer who could turn it into a mixed use with apartments and taking the money from that to build from the ground up, a performing arts center.

COMMUNICATIONS FROM VISITORS

Mayor Jones recognized Deb McKague (via ASL interpreter) *In 2021, I stood on live television and spoke positively about this city and I did that because I truly believe Danville was ready to lead with accountability and I believed you were listening. Today, I am standing here with a very different reality. For more than a decade, I have raised concerns about safety and communication access for deaf residents. I spoke publicly in 2012, I returned again in 2021 and during that time, I provided written ADA Title II and Title III information directly to the city attorney, Mr. Whitfield. That information was placed in your hands and the response that followed was minimal and the problems were not resolved. Because these failures continue I have had to seek nearly all my medical care outside of Danville. When I attempted to receive care here, communication access was unreliable and video remote interpreting device was frozen, crashed and failed and in person interpreters were inconsistent. During a serious medical emergency, no in person interpreter was provided. I cannot feel safe in a system that still cannot reliably communicate with me. And I want to clarify an important point, ADA Title III applies to private public accommodations including many medical providers but ADA Title II applies directly to the City of Danville and requires effective communication all government programs, services and public safety systems. Across city services, communication access has been inconsistent or nonexistent. Under ADA Title II the city is required to ensure effective communication in all public services including police, fire, EMS, emergency responses, city offices and community programs. This includes Parks & Recreation, public events, trails, facilities and any city service for deaf residents must be able to access information, participate equally and communicate effectively. Yet fire and emergency services had no reliable communication access at all and police access has been inconsistent. When first responders cannot communicate with deaf resident, that is not a small issue. it is a public safety failure and access that works sometimes is not equal access. As a result of these failures, I was injured and for the past two years, I have lived with daily fear, fear of what will happen the next time I need emergency help. Being in fear that the same failures will happen again because action was not taken when it was needed. I want to be clear, I'm not here because of politics, I'm here because I was harmed. I've raised those concerns repeatedly and being unheard has had real consequences. Danville receives millions of dollars in tax revenue from Caesars. With those resources the city could have invested in training every department and every public facing service on their ADA responsibility. Police, fire EMS, Parks and Recreation, city offices and any providers the city relies on to serve the public. Deaf residents and deaf visitors deserve full access. So today, I am requesting a written response from the City Manager within fourteen days outlining what steps the City will take to correct these ongoing communication access failures and prevent further harm. I am also requesting that Danville establish a permanent ADA and Disability*

and advisory council, including deaf residents, so these failures are addressed pro-actively, not only after someone is harmed. Communication access that works sometimes is not compliant, it is not equal access. Thank you.

Mayor Jones recognized Tambra Malone who spoke on behalf of her son Tate Malone. She wanted to address issues that happened in Danville. He took ill last weekend, first responders were called and when they arrived at the hospital, there was no staff, they were understaffed and there was an emergency. They had to wait an hour and twenty minutes until first shift came on; that was inexcusable. She would like to get some information on who she can talk to about that as well as she is still trying to get some help for him. There was no physical therapist for special needs, or individuals with intellectual disabilities. She travels twice a week to UVA for him; the City of Danville does not have these services; some of the casino money could be used to bring in needed services.

COMMUNICATIONS

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

Council Member Hood thanked everyone for attending tonight and the viewers at home. Community transparency was vital, and the concerns of citizens never fall on deaf ears. Council wants to continue to work with the City to improve relationships through transparency. The House of Hope will be having their Coldest Night of the Year on Saturday, February 28th at 5:00 p.m. Participants can assemble at the Fire Station on Lynn Street; this was in support of individuals and families experiencing homelessness, hunger and hardship.

Council Member Marshall thanked everyone for the honor to put him back on City Council. Mr. Marshall noted he looked forward to working with each and every Council Member to help keep moving Danville forward.

Council Member Mayo noted it good to have Mr. Marshall on Council, and to see everyone out tonight. Mr. Mayo stated the City Manager and staff were working on the water situation and to stay tuned for other information to come out.

Council Member Miller welcomed Mr. Marshall to Council, it was good to have him there. Dr. Miller noted a few years ago the water got polluted and a few years before that the river turned grey thanks to Duke Power. These things happen and each time the Utilities Department responded magnificently to clean up the water; even with all the precautions they take, things can happen. Council appreciated what Jason Grey has done. Dr. Miller noted flu and pneumonia cases were here and asked citizens to get their flu vaccines. Dr. Miller noted Richard "Dick" Patterson passed away, he was a Danville OB/GYN physician and another icon passed away, Rev Cecil Bridgeforth, his viewing was last week at Shiloh Baptist.

Council Member Saunders welcomed Mr. Marshall, and asked the City Manager if there was anything the City could do to help their citizens with disabilities, and Mr. Larking stated staff will be looking into that. Mr. Saunders noted with the citizen's concern about the hospital, they do understand that, he has had conversations with Mr. Heatherly. When she speaks to him, he will take her concerns seriously. Mr. Saunders thanked the citizens for their understanding during the weather situations the City had, and thanked the staff, city employees and support staff. He was sorry to hear about the passing of Rev Jesse Jackson; when they dedicated the MLK Bridge, Rev Jackson came down for that; Mr. Saunders noted his prayers for his family.

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Council Member Vogler welcomed Council Member Marshall.

Vice Mayor Buckner welcomed Council Member Marshall. Mr. Buckner thanked the citizens, local businesses, restaurants, people who were feeling the impact with the water issue, and thanked Mr. Grey and his staff for all the hard work while they tried to remedy this situation.

Council Member Campbell welcomed Mr. Marshall, they were glad to have him on City Council. Rev Campbell noted Jesse Jackson had been to Bibleway a couple of times and had been a leader of civil rights in the community. Rev Campbell noted he was very close to Rev Bridgeforth; he served Shiloh Baptist Church, Almagro and social concerns in this community for over thirty years. If there was some way in the future they could honor his name in some way, it would be an honorable thing to do for him.

Mayor Jones noted Dr. Angela Hairston has been selected as the Virginia Region VI Superintendent of the Year; she and her division have worked tirelessly for Danville. Mayor Jones commended City staff for the work they have done during the two weather events. Mayor Jones recognized Twyla Grasty who has been made a deputy in the Sheriff's Office. Mayor Jones welcomed Mr. Marshall to Council.

MEETING ADJOURNED AT 7:47 P.M.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

Council Letter City of Danville, Virginia



CL - 2565

CONSENT AGENDA B.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: Amending the Fiscal Year 2026 Budget Appropriation Ordinance for Grant Funds from the U.S. Department of Housing and Urban Development.

From: Susan McCulloch, Division Director of Housing & Development

COUNCIL ACTION

An Ordinance of the Council of the City of Danville, Virginia Amending the Fiscal Year 2026 Budget Appropriation Ordinance for Projects to be or being Undertaken to Improve the Danville Community Financed with Community Development Block Grant, Home Investment Partnership Funds from the U.S. Department of Housing and Urban Development, and Estimated Program Income for a Total Appropriation of \$1,199,074.29.

Final Adoption

SUMMARY

The City of Danville is a participating jurisdiction under the U.S. Department of Housing and Urban Development (HUD). Under this designation, the City receives Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds annually. The City has received its funding agreement from HUD in the amount of \$1,164,074.29. Staff request an appropriation of \$1,199,074.29, which includes \$35,000 in program income, to be used for housing-related programs to add this new funding in the fiscal year 2026-27 budget.

BACKGROUND

Danville has historically used a large majority of its CDBG funds for neighborhood revitalization efforts. Danville's 2025-2029 Consolidated Plan/2025-2026 Action Plan, which was approved by City Council in July 2025, proposes continuing this focus.

In addition, CDBG funds include a public service category which can be funded with up to 15% of the annual allocation. It provides funding to assist non-profit organizations to carry out programs that benefit low- to moderate-income individuals and/or households.

The City has received the program agreement from HUD for a total budget of \$1,164,074.29 for Fiscal Year 2025-26, comprised of \$868,381.00 in CDBG funds, \$295,693.29 in HOME funds, \$5,000 in CDBG program income and \$30,000 in HOME estimated program income, generated from loan repayments and the sale of houses currently under city programs.

RECOMMENDATION

It is recommended that City Council adopt the attached Budget Appropriation Ordinance appropriating \$1,199,074.29 from HUD for Fiscal Year 2025-26 for use in housing-related programs.

Attachments

PRESENTED: _____

ADOPTED: _____

ORDINANCE NO. 2026-____.____

AN ORDINANCE AMENDING THE FISCAL YEAR 2026 BUDGET APPROPRIATION ORDINANCE FOR PROJECTS TO BE OR BEING UNDERTAKEN TO IMPROVE THE DANVILLE COMMUNITY FINANCED WITH COMMUNITY DEVELOPMENT BLOCK GRANT, HOME INVESTMENT PARTNERSHIP FUNDS FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, AND ESTIMATED PROGRAM INCOME FOR A TOTAL APPROPRIATION OF \$1,199,074.29

WHEREAS, the United States Department of Housing and Urban Development has made available \$868,381 in Community Development Block Grant (CDBG) and \$295,693.29 in HOME Partnership Program (HOME) Entitlement funds to be used for projects to improve the Danville community; and

WHEREAS, it is projected that an aggregated amount of \$5,000 in CDBG program income and \$30,000 in HOME program income will be generated during the period from July 1, 2025 through June 30, 2026 from the Community Development Block Grant and HOME Entitlement funds which will be used to improve the Danville Community.

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

**CDBG/HOME FUND
ESTIMATED/ANTICIPATED REVENUES**

<u>Description</u>		<u>Account No.</u>	<u>Amount</u>
Federal Aid-CDBG	FY2026	62039000-48025	\$ 868,381.00
Federal Aid-HOME	FY2026	62039000-48030	295,693.29
CDBG Program Income	FY2026	62039000-44381	5,000.00
HOME Program Income	FY2026	62039000-44361	30,000.00
			<u><u>\$ 1,199,074.29</u></u>

ESTIMATED/ANTICIPATED EXPENDITURES

<u>Description</u>	<u>Account No.</u>	<u>Amount</u>
H & D Admin	FY2026	
Salaries & Wages	62041000-51100	\$ 114,570.00
FICA	62041000-51450	9,820.00
Retirement	62041000-51525	6,550.00
Group Hospital	62041000-51600	13,750.00
Group Life Insurance	62041000-51630	650.00
HSA Contribution Expense	62041000-51632	1,970.00
Maintenance Service Contracts	62041000-52225	1,640.00
Advertising	62041000-52275	2,250.00
Outside Services	62041000-52349	1,040.00
Vehicles	62041000-52550	4,580.00
Print Shop	62041000-52650	820.00
PS – Office Supplies	62041000-52655	500.00
Postal Service	62041000-54050	500.00
Telephone/Internet	62041000-54150	360.00
General Liability Insurance	62041000-54650	170.00
Travel/ Training	62041000-54900	2,450.00
Bank Charges	62041000-56250	330.00
Materials & Supplies	62041000-55930	300.00
Dues/Membership	62041000-56242	1,426.00
		\$163,676.00
CDBG REHAB ADMIN	FY2026	
Salaries & Wages	62042000-51100	\$ 210,000.00
FICA	62042000-51450	18,000.00
Retirement	62042000-51525	12,000.00
Group Hospital	62042000-51600	24,000.00
Group Life Insurance	62042000-51630	3,000.00
HAS Contribution Expense	62042000-51632	3,000.00
Legal Services	62042000-52170	500.00
Maintenance Service Contracts	62042000-52225	7,000.00
AVL Service Contracts	62042000-52226	500.00
Vehicles Radio	62042000-52500	5,000.00
Vehicles	62042000-52550	12,000.00
Print Shop - Supplies	62042000-52655	2,500.00
Postal Service	62042000-54050	500.00
Telephone	62042000-54100	1,500.00
General Liability Insurance	62042000-54650	500.00
		\$ 300,000.00
REHABILITATION	FY2026	
CDBG Housing Rehab Projects	62043999-50	\$ 222,705.00

<u>Description</u>		<u>Account No.</u>	<u>Amount</u>
FAIR HOUSING	FY2026		
Fair Housing Admin		62044999-50	\$ 10,000.00
PARKS AND RECREATION	FY2026		
PRT Facilities		62045999-50	\$ 50,000.00
PUBLIC SERVICE ACTIVITIES (PSA)	FY2026		
Head Start/CIC		62046068-55005	\$ 35,000.00
College Bound		62046069-55005	11,000.00
Big Brothers/Big Sisters		62046122-55005	11,000.00
Neighbors Helping Neighbors		62046125-55005	14,000.00
Legal Aid		62046415-55005	18,000.00
Temporary Shelter		62046135-55005	14,000.00
House of Hope		62046417-55005	10,000.00
Haven of the Dan River		62046131-55005	14,000.00
			<u>\$ 127,000.00</u>
HOME ADMIN	FY2026		
Salaries & Wages		62047000-51100	22,500.00
FICA		62047000-51450	1,500.00
Retirement		62047000-51525	1,500.00
Group Hospital		62047000-51600	2,500.00
Group Life Insurance		62047000-51630	1,000.00
HSA Contribution Expense		62047000-51632	500.00
			<u>\$ 29,500.00</u>
HOME REHABILITATION	FY2026		
HOME Housing Rehab Projects		62048999-50	\$251,693.29
HOME CHDO/HABITAT FOR HUMANITY	FY2026		
CHDO Set Aside Rehab of Private Property		62049999-50	\$44,500.00
		GRAND TOTAL	<u>\$1,199,074.29</u>

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

BE IT FINALLY ORDAINED that all other accounts and provisions of the Fiscal Year 2026 Budget Appropriations Ordinance, as amended, not hereby amended, shall continue in full force and effect unless and until hereafter further amended or repealed.

Approved:

Mayor

Attest:

Clerk

Approved as to
Form and Legal Sufficiency:

City Attorney

Council Letter
City of Danville, Virginia



CL - 2637

APPOINTMENTS A.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: Appointments to Boards and Commissions.

From: Susan DeMasi, City Clerk

COUNCIL ACTION

1. A Resolution Appointing Kitteria Mayo to the Southern Area Agency on Aging.
2. A Resolution Appointing Matthew Bailey to the Architectural Review Board.
3. A Resolution Appointing Christopher Betts to the Architectural Review Board.
4. A Resolution Appointing Jamie Cahill to the Architectural Review Board.
5. A Resolution Appointing Lauren Smith to the Architectural Review Board.
6. A Resolution Appointing Jackson Weller to the Architectural Review Board.
7. A Resolution Appointing Adam Jones to the Architectural Review Board.
8. A Resolution Appointing Robert Stowe to the Architectural Review Board.
9. A Resolution Appointing Melanie Holley to the Public Arts Commission.
10. A Resolution Appointing Sam Kushner to the Public Arts Commission.
11. A Resolution Appointing Joshua Cassell to the Public Arts Commission.
12. A Resolution Appointing Kelly Hood to the Public Arts Commission.
13. A Resolution Appointing Gretchen Lamb to the Public Arts Commission.
14. A Resolution Appointing Stacey Strawn to the Public Arts Commission.
15. A Resolution Appointing James Buckner to the Public Arts Commission.

Attachments

1. Appointment Resolutions
-

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING KITTERIA MAYO AS A MEMBER OF THE
SOUTHERN AREA AGENCY ON AGING TO FILL AN UNEXPIRED TERM.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Kitteria Mayo be, and she is hereby appointed as a member of the Southern Area Agency on Aging to fill the unexpired term of Mandy Crowder ending February 28, 2027.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING MATTHEW BAILEY AS A MEMBER OF THE
ARCHITECTURAL REVIEW BOARD.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Matthew Bailey be, and he is hereby appointed as a member of the Architectural Review Board for a one-year term initial term commencing March 1, 2026 and ending December 31, 2026.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING CHRISTOPHER BETTS AS A MEMBER OF
THE ARCHITECTURAL REVIEW BOARD.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Christopher Betts be, and he is hereby appointed as a member of the Architectural Review Board for a one-year initial term commencing March 1, 2026 and ending December 31, 2026.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING JAIMIE CAHILL AS A MEMBER OF THE
ARCHITECTURAL REVIEW BOARD.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Jaime Cahill be, and she is hereby appointed as a member of the Architectural Review Board for a two-year initial term commencing March 1, 2026 and ending December 31, 2027.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING LAUREN SMITH AS A MEMBER OF THE
ARCHITECTURAL REVIEW BOARD.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Lauren Smith be, and she is hereby appointed as a member of the Architectural Review Board for a three-year initial term commencing March 1, 2026 and ending December 31, 2028.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING JACKSON WELLER AS A MEMBER OF THE
ARCHITECTURAL REVIEW BOARD.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Jackson Weller be, and he is hereby appointed as a member of the Architectural Review Board for a four-year initial term commencing March 1, 2026 and ending December 31, 2029.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING ADAM JONES AS A MEMBER OF THE
ARCHITECTURAL REVIEW BOARD.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Adam Jones be, and he is hereby appointed as a member of the Architectural Review Board for a five-year initial term commencing March 1, 2026 and ending December 31, 2030.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING ROBERT STOWE AS A MEMBER OF THE
ARCHITECTURAL REVIEW BOARD.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Robert Stowe be, and he is hereby appointed as a member of the Architectural Review Board for a five-year initial term commencing March 1, 2026 and ending December 31, 2030.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING MELANIE HOLLEY AS A MEMBER OF THE
PUBLIC ARTS COMMISSION.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Melanie Holley be, and she is hereby appointed as a member of the Public Arts Commissions for a two-year initial term commencing March 1, 2026 and ending December 31, 2027.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING SAM KUSHNER AS A MEMBER OF THE
PUBLIC ARTS COMMISSION.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Sam Kushner be, and he is hereby appointed as a member of the Public Arts Commissions for a two-year initial term commencing March 1, 2026 and ending December 31, 2027.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING JOSHUA CASSELL AS A MEMBER OF THE
PUBLIC ARTS COMMISSION.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Joshua Cassell be, and he is hereby appointed as a member of the Public Arts Commissions for a four-year initial term commencing March 1, 2026 and ending December 31, 2029.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING KELLY HOOD AS A MEMBER OF THE
PUBLIC ARTS COMMISSION.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Kelly Hood be, and she is hereby appointed as a member of the Public Arts Commissions for a four-year initial term commencing March 1, 2026 and ending December 31, 2029.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING GRETCHEN LAMB AS A MEMBER OF THE
PUBLIC ARTS COMMISSION.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Gretchen Lamb be, and she is hereby appointed as a member of the Public Arts Commissions for a four-year initial term commencing March 1, 2026 and ending December 31, 2029.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING STACEY STRAWN AS A MEMBER OF THE
PUBLIC ARTS COMMISSION.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Stacey Strawn be, and she is hereby appointed as a member of the Public Arts Commissions for a four-year initial term commencing March 1, 2026 and ending December 31, 2029.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026 – _____

**A RESOLUTION APPOINTING JAMES BUCKNER AS A MEMBER OF THE
PUBLIC ARTS COMMISSION.**

BE IT RESOLVED by the Council of the City of Danville, Virginia, that James Buckner be, and he is hereby appointed as a member of the Public Arts Commissions for a term ending December 31, 2026.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

Council Letter City of Danville, Virginia



CL - 2575

OLD BUSINESS A.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: Issuance of Revenue Bonds for Utility System Improvements.

From: Michael Adkins, Assistant City Manager-Chief Financial Officer

COUNCIL ACTION

An Ordinance of the Council of the City of Danville, Virginia Authorizing the Issuance of Bonds of the City of Danville, Virginia, in the Maximum Aggregate Principal Amount of \$10,000,000 to Finance Various Expenditures for Its Utility System.

Final Adoption

SUMMARY

The approved Fiscal Year 2026 Capital and Special Projects Budget for the City of Danville includes issuing debt for planned improvements to the City's Wastewater and Electric systems. Specifically, the FY 2026 budget includes plans for improvements to the Southside Wastewater Plant, Electric substation upgrades and rebuilds, as well as overall system reliability improvements.

The accompanying ordinance will declare the City's intention to issue revenue bonds in a maximum principal amount of \$10 million to fund these projects. Once the ordinance is adopted on its second reading, a resolution will also need to be passed by City Council to proceed with the bond issuance.

BACKGROUND

The approved Fiscal Year 2026 Capital and Special Projects Budget for the City of Danville includes issuing debt for planned improvements to the City's Wastewater and Electric systems. Twice each year, the Virginia Resources Authority accepts applications for localities to join a pooled financing program for issuing infrastructure revenue bonds. Debt service for revenue bonds is funded by the operation of the related utility service. Revenue bonds issued through the Virginia Resource Authority typically receive a AAA bond rating from Standard & Poors, resulting in lower interest costs for the issuing locality. In addition, the issuance of revenue bonds does not reduce the amount of general obligation bonds the City can issue for general governmental projects.

The utility projects to be financed with debt include improvements to the Southside Wastewater Plant, Electric substation upgrades and rebuilds, as well as overall system reliability improvements. As is customary, this bond issuance will be conducted competitively, to ensure interest costs are minimized. The principal amount of the borrowing will not exceed \$10 million.

RECOMMENDATION

Adoption of this Ordinance is recommended by staff to ensure the City's utility infrastructure projects can be completed, resulting in continued utility system efficiency and reliability.

Attachments

PRESENTED: _____

ADOPTED: _____

ORDINANCE NO. 2026-____.____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA AUTHORIZING THE ISSUANCE OF BONDS OF THE CITY OF DANVILLE, VIRGINIA, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$10,000,000 TO FINANCE VARIOUS EXPENDITURES FOR ITS UTILITY SYSTEM

WHEREAS, the City Council (the "Council") of the City of Danville, Virginia (the "City"), desires to issue utility system revenue bonds (a) to finance capital improvement projects for the City's water, sewer, electric and gas utility systems, including but not limited to (1) pumping station infrastructure improvements for the wastewater system, and (2) substations and distribution infrastructure improvements for the electric system (collectively, the "Projects"), and (b) to pay related costs of issuance.

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

1. It is determined to be necessary and expedient for the City to undertake the Projects, all of which are determined to promote the development and public welfare of the City, to borrow money for such purposes and to issue the City's bonds therefore.

2. Pursuant to the City Charter and the Public Finance Act of 1991, there are hereby authorized to be issued and sold utility system revenue bonds (the "Bonds") of the City in the maximum aggregate principal amount of Ten Million and 00/100 dollars (\$10,000,000) to finance and pay, together with other available funds, the costs to plan, design, acquire, construct, extend, renovate, equip and/or improve the Projects and to pay related costs of issuance.

3. The Bonds shall be dated such date or dates, mature at such time or times not exceeding forty (40) years from their dates, bear interest at such rate or rates, be in such denominations and form, be executed in such manner and be sold in one or more series at such time or times and in such manner as the Council shall hereafter provide by appropriate resolution or resolutions.

4. The Bonds shall be limited obligations of the City payable solely from the revenues of the City's water, sewer, electric and gas utility systems. Neither the faith and credit of the Commonwealth of Virginia nor the faith and credit of any county, city, town or other political subdivision of the Commonwealth, including the City, shall be pledged to the payment of principal of or premium, if any, or interest on the Bonds.

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

6. This Ordinance shall take effect immediately.

Approved:

Mayor

Attest:

Clerk

Approved as to
Form and Legal Sufficiency:

City Attorney

Council Letter
City of Danville, Virginia



CL - 2567

NEW BUSINESS A.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: General Fund Financials as of February 28, 2026.

From: Michael Adkins, Assistant City Manager-Chief Financial Officer

COUNCIL ACTION

Review of General Fund Financials as of February 28, 2026. Financial Statements are included.

Attachments

1. Financial Statements
-



CITY OF DANVILLE

Department of Finance

To: Ken F. Larking, City Manager
Michael L. Adkins, Assistant City Manager & CFO

From: Amy Chandler, Director of Finance

Date: March 9, 2026

Subject: Summary of Preliminary General Fund Financial Results for February 28, 2026

After completing the first eight months of the fiscal year, revenues are tracking well with budget and are ahead of the previous year. As of February 28, General Fund revenues totaled \$107,837,752 representing 58% of the FY2026 budget. Last year at this time, revenues totaled \$96,847,893, or 59% of budget. The increase compared to the prior year is primarily attributable to growth in local taxes, along with an increase in Other Local Taxes driven by tourism-related revenue and an increase in Intergovernmental revenues due to an increase in the Gaming Tax Revenue. Notable increases in Other Local Taxes were seen in Meals Tax, Lodging Tax, and the Caesars direct payments.

Collections of current real estate taxes through February were \$13,823,361, or 52% of budget. Delinquent real estate tax collections also continued to perform well, totaling \$1,017,315 through February, representing 89% of the current-year budget. Overall, local tax collections through February 28 amounted to \$32,654,573, or 56% of budget—exceeding FY 2025 collections for the same period by \$1.7 million.

Regarding local taxes, sales tax collections through February amounted to \$8,857,420, or 63% of budget. Meals taxes collected for the first eight months of the fiscal year amounted to \$9,121,065 or 66% of budget, an increase of \$552,000 from last year. Business Licenses realized at the end of February were \$3,782,760. Lodging taxes received as of February 28 were \$2,430,970 or 66% of budget, an increase of \$76,000 over the prior year.

Expenditures through February 28 totaled \$139,940,126, or 71% of the budget, representing an overall increase of \$36.8 million compared to February 28, 2025. Departmental spending for the first eight months of the fiscal year amounted to \$66 million, or 61% of budget, an increase of \$5.4 million over the prior year. This increase is primarily driven by an increase in salaries and benefits along with budgeted increases for motor vehicle purchases for public safety. The remaining overall increase is attributable to increases in non-departmental expenditures related to increased debt service as well as an increase in group health insurance, and an increase in

DANVILLE, VA

Transfers to Capital Projects and Other Funds due to timing differences of when the transfers occurred in FY 2025 versus FY 2026.

Fund expenditures exceeded revenues by \$32,102,374, which is an improvement of \$1.3 million compared to January 31, 2026. This is typical for most of the fiscal year because revenue recognition does not align with expenditure timing. At this point, the General Fund is performing as expected relative to the current budget.

CITY OF DANVILLE, VIRGINIA

GENERAL FUND REPORT

67% OF YEAR LAPSED AS OF FEBRUARY 28, 2026

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

	Budgets & Appropriations For Current Year	Actual Revenues & Expenditures For Year-to-Date	Percent Realized/Expended This Year	Encumbrances	Balance to be Realized/Expended	Actual Revenues & Expenditures At This Date Last Year
REVENUES:						
Property Taxes	\$ 48,213,680	\$ 25,705,193	53.32%		\$ 22,508,487	\$ 22,260,023
Other Local Taxes	58,297,800	32,654,573	56.01%		25,643,227	30,972,682
License Permits & Privilege Fees	606,510	295,132	48.66%		311,378	326,912
Fines & Forfeitures	526,660	256,150	48.64%		270,510	136,386
Revenue From Use Money & Property	2,599,196	2,498,853	96.14%		100,342	2,881,650
Charges For Services	3,498,770	2,384,022	68.14%		1,114,748	2,472,783
Miscellaneous Revenue	25,100	157,440	627.25%		(132,340)	156,578
Recovered Cost	11,235,078	6,938,507	61.76%		4,296,571	5,996,993
Intergovernmental	45,910,348	26,491,881	57.70%		19,418,467	21,251,885
Transfers From Utilities	15,684,000	10,456,000	66.67%		5,228,000	10,392,000
TOTAL REVENUES	\$ 186,597,142	\$ 107,837,752	57.79%		\$ 78,759,390	\$ 96,847,893
EXPENDITURES:						
General Government Administration	\$ 18,028,241	\$ 11,475,880	63.66%	\$ 381,915	\$ 6,170,447	\$ 10,470,501
Judicial Administration	10,155,844	6,280,960	61.85%	22,687	3,852,197	6,083,403
Public Safety	48,799,331	30,174,176	61.83%	576,346	18,048,809	27,722,431
Public Works	6,561,373	4,244,704	64.69%	179,149	2,137,520	3,571,434
Health, Education, Welfare & Soc. Svc.	11,815,722	6,730,093	56.96%	57,147	5,028,481	5,944,451
Parks, Recreation & Cultural	7,997,007	4,352,942	54.43%	46,503	3,597,562	4,115,149
Community Development	5,618,597	3,111,706	55.38%	146,134	2,360,757	3,072,194
Non-Departmental	16,496,660	11,782,387	71.42%	-	4,714,273	10,194,169
Education	34,383,070	28,545,230	83.02%	-	5,837,840	25,986,550
Transfer to Capital Projects	28,155,960	27,897,662	99.08%	-	258,298	5,630,000
Transfer to Other Funds	10,414,190	5,344,385	51.32%	-	5,069,805	326,928
TOTAL EXPENDITURES	\$ 198,425,995	\$ 139,940,126	70.53%	\$ 1,409,881	\$ 57,075,988	\$ 103,117,210
Revenue over(under) Expenditures		<u>\$ (32,102,374)</u>				<u>\$ (6,269,317)</u>
FUND BALANCE:						
Beginning Fund Balance 07/01/2025		\$ 69,331,450				\$ 63,543,749
Revenue over(under) Expenditures		(32,102,374)				(6,269,317)
Ending Fund Balance 2/28/26		<u>\$ 37,229,076</u>				<u>\$ 57,274,431</u>
Composition of Fund Balance:						
Reserved for Encumbrances/Designated Funds		\$ 5,461,201				\$ 9,464,173
Unassigned		<u>31,767,875</u>				<u>47,810,258</u>
TOTAL FUND BALANCE 2/28/26		<u>\$ 37,229,076</u>				<u>\$ 57,274,431</u>

**CITY OF DANVILLE, VIRGINIA
GENERAL FUND
COMPOSITION OF FUND BALANCE
PRELIMINARY - AS OF FEBRUARY 28, 2026**

Beginning Total Fund Balance, July 1, 2025	69,331,449.97
Add: General Fund Revenues	107,837,751.87
Deduct: General Fund Expenditures Ending	<u>(139,940,125.88)</u>
Total Fund Balance, February 28, 2026	<u><u>37,229,075.96</u></u>

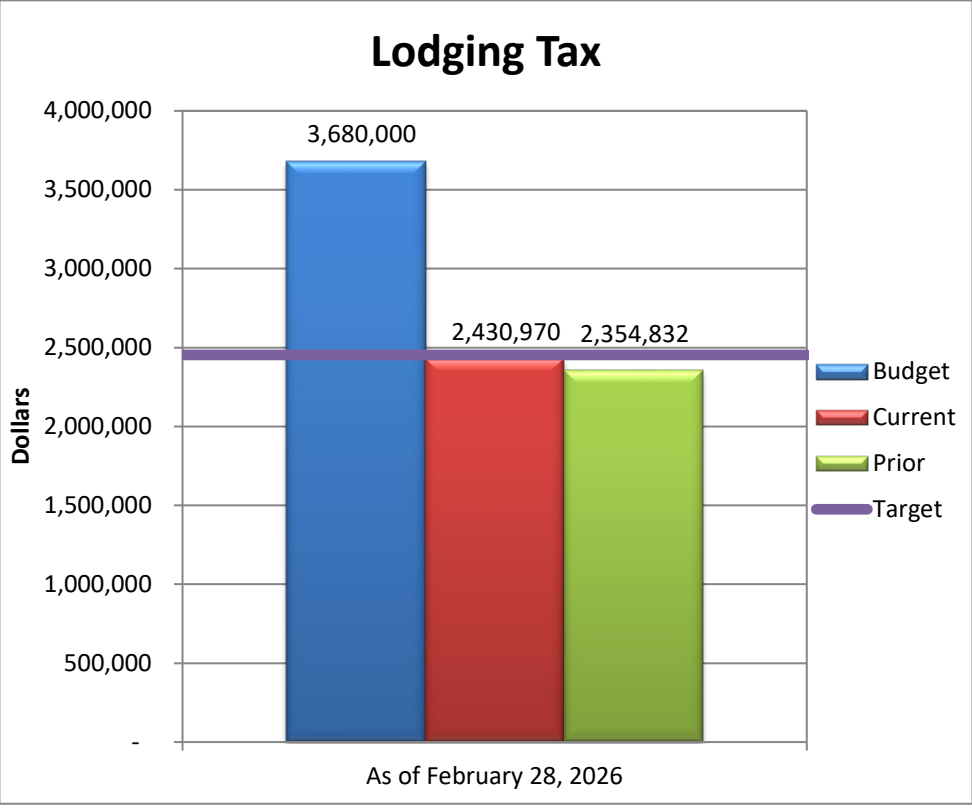
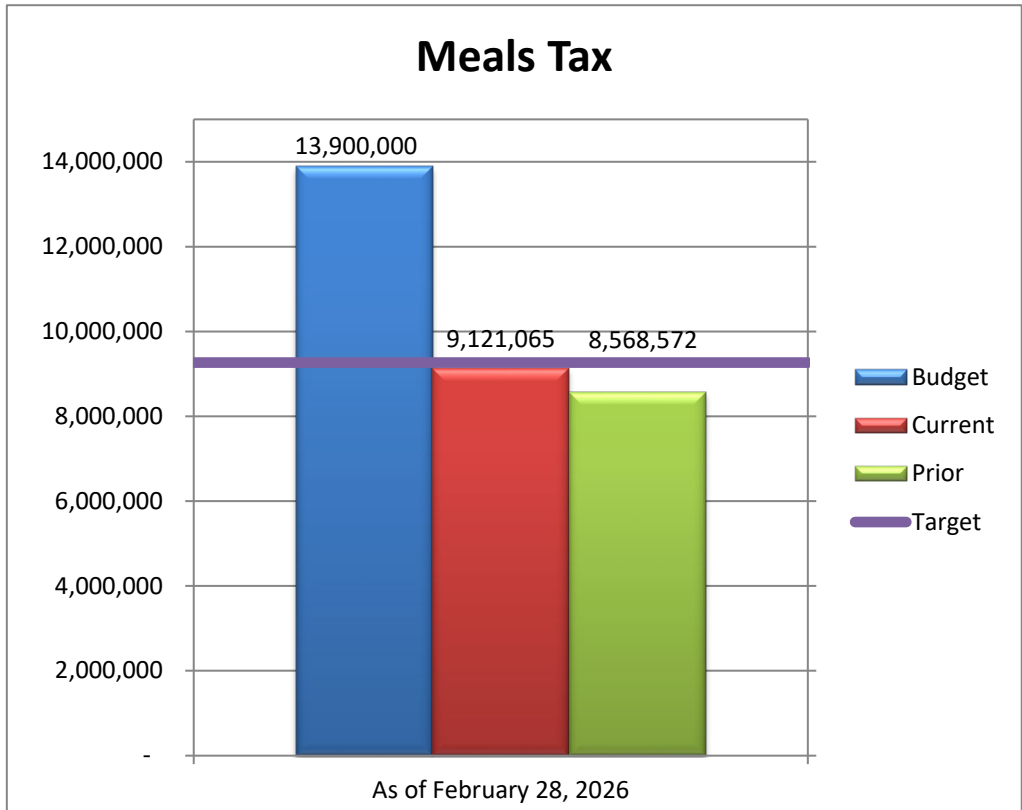
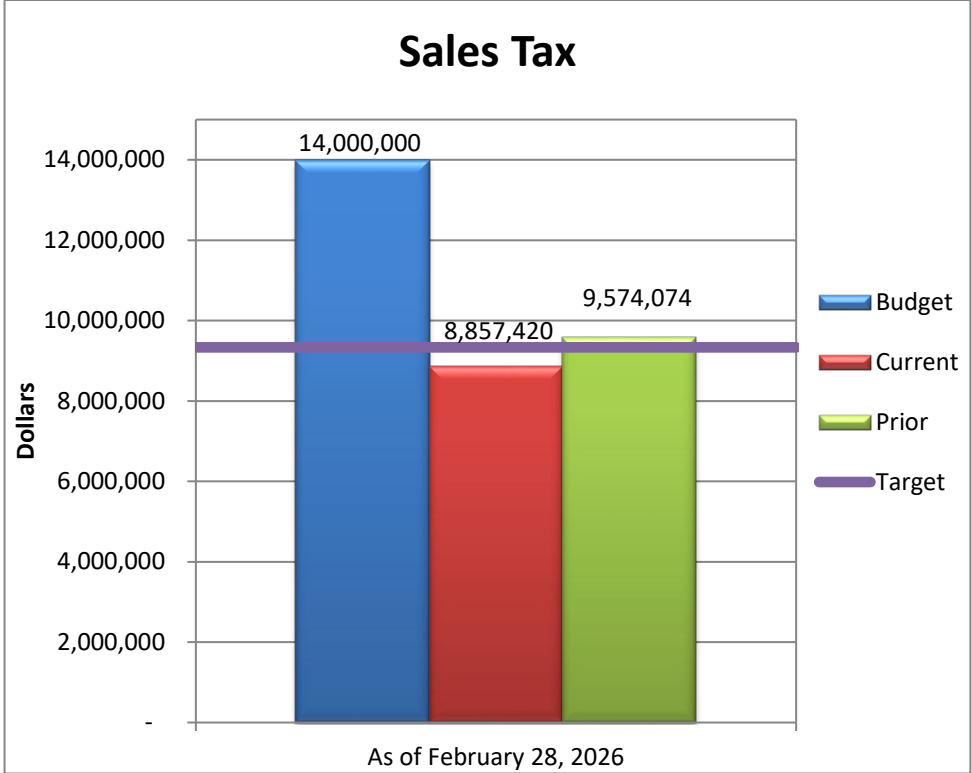
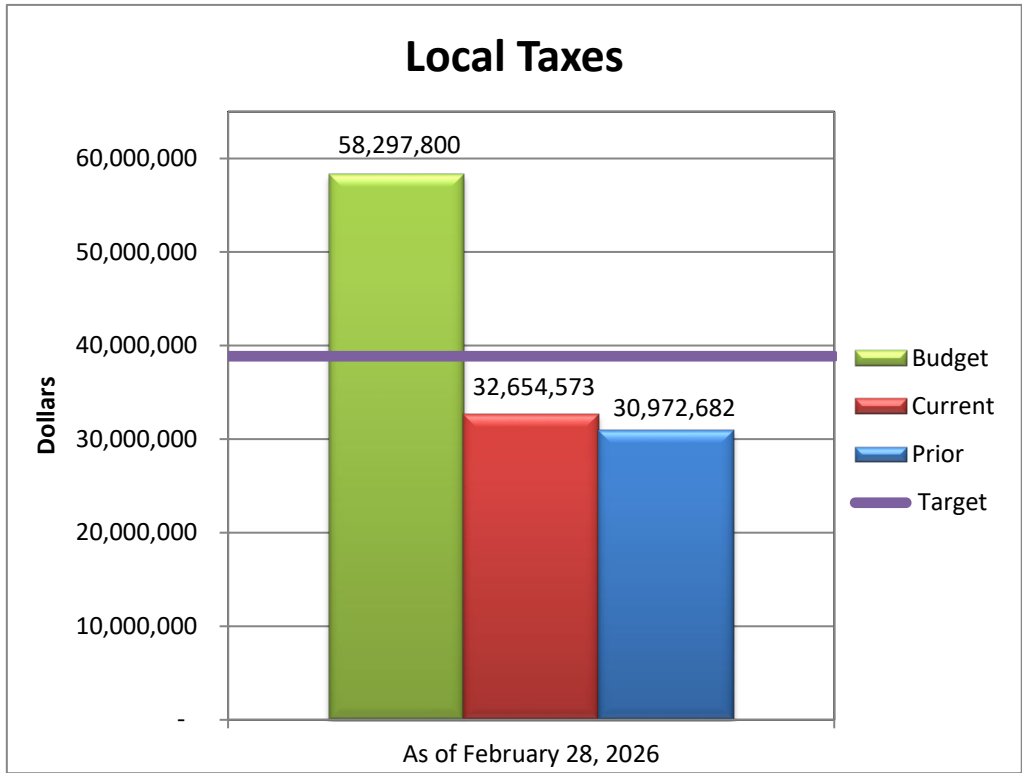
Composition of Fund Balance:

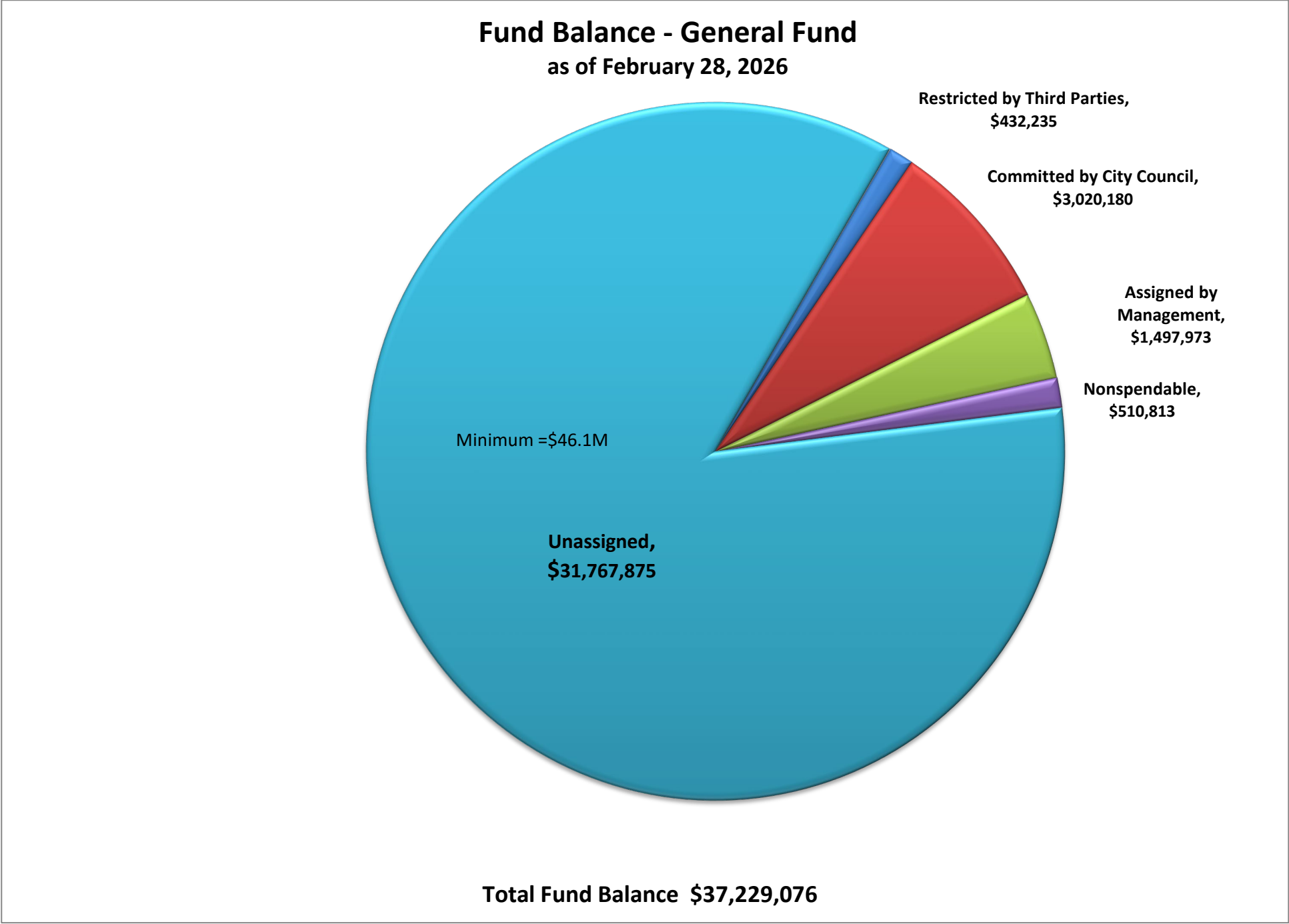
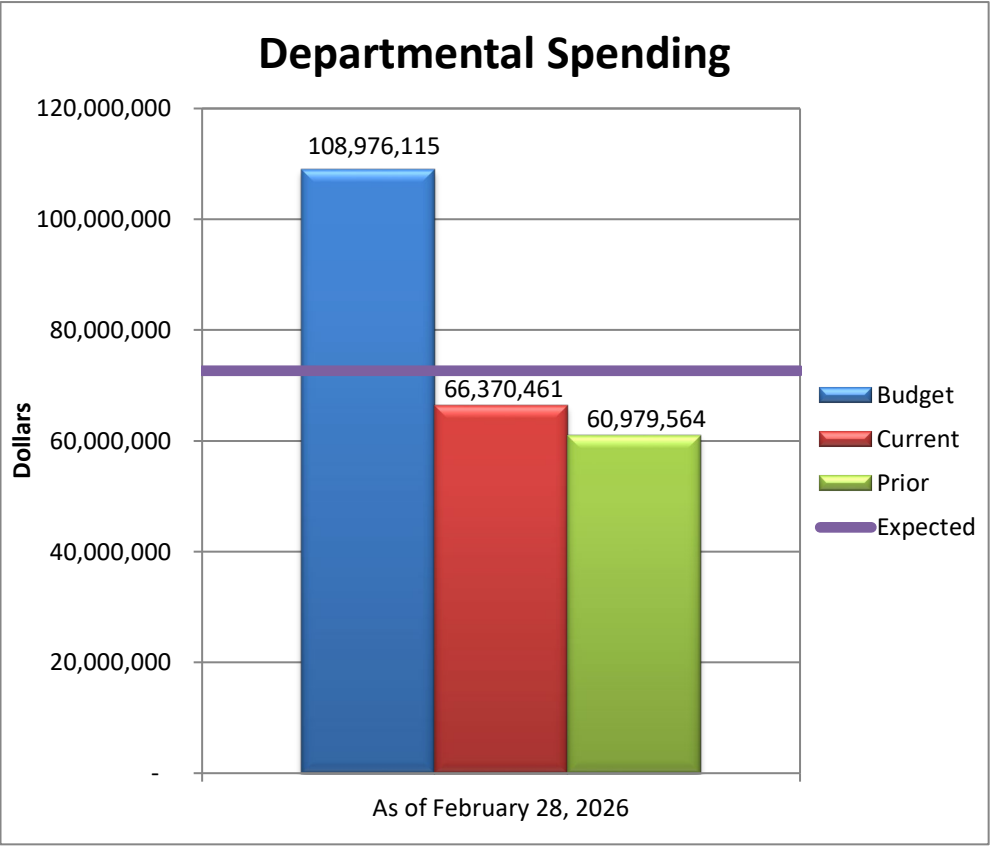
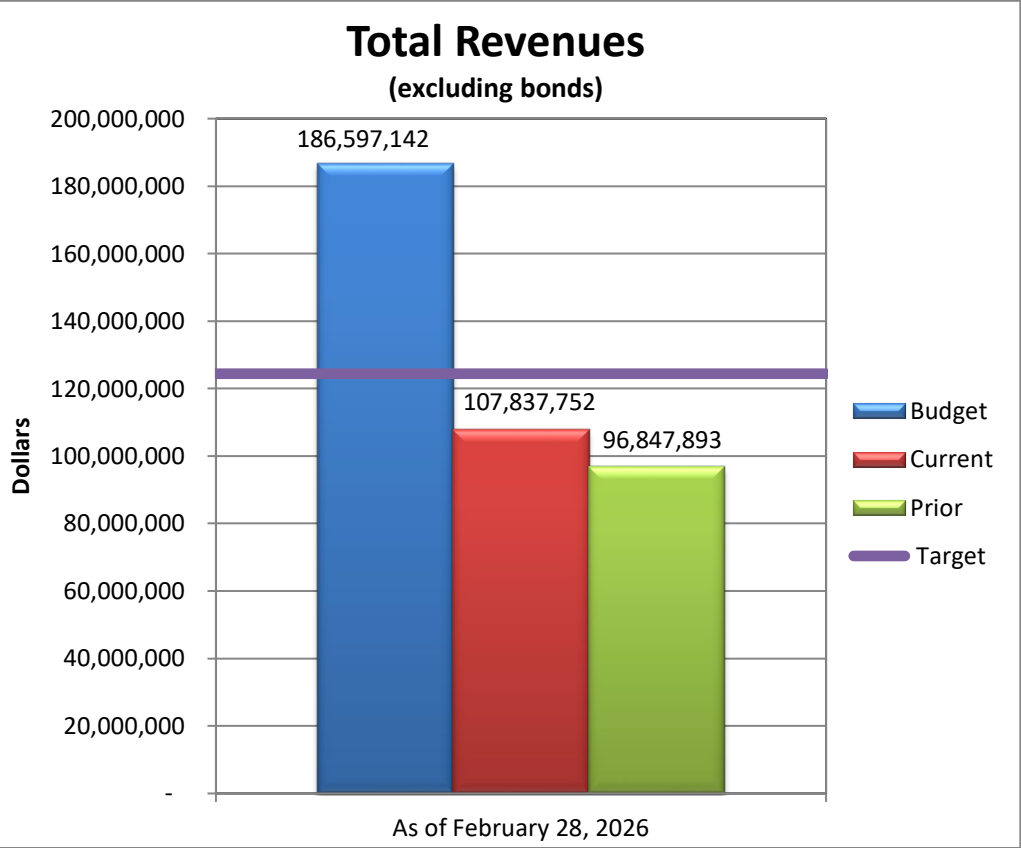
Restricted for Commonwealth Attorney	133,587.97
Restricted for Police Department	153,858.29
Restricted for Fire Department	144,788.35
Committed for Sheriff's Department	20,180.18
Committed to Schools	-
Committed to Budget Stabilization	3,000,000.00
Assigned to Sheriff's Department	17,182.13
Assigned to Community Development	70,909.84
Assigned for Encumbrances	1,409,881.11
Assigned Casino Revenue	-
Nonspendable (Inventory and Prepaids)	510,813.26
UNASSIGNED	<u>31,767,874.83</u>
Total Fund Balance, June 30, 2026	<u><u>37,229,075.96</u></u>
	-

Unassigned fund balance from above	31,767,874.83
Unassigned Minimum per policy (25% of General Fund Operating Revenues) based on FY 2026 budget	<u>46,649,285.39</u>
Current surplus (deficit) over (under) minimum	(14,881,410.55)

City of Danville, Virginia
Summary of Other Local Tax Revenues - PRE-CLOSING - UNAUDITED
For the period ending February 28, 2026

Description	Current Budget	Revenue Realized	Percentage Realized	Prior Year Budget	Prior Year Realized	Percentage Prior Year
Sales Tax	\$ 14,000,000	\$ 8,857,420	63.27%	\$ 13,000,000	\$ 9,574,074	73.65%
Business Licenses	8,582,000	3,782,760	44.08%	7,642,000	5,176,822	67.74%
Meals Tax	13,900,000	9,121,065	65.62%	12,100,000	8,568,572	70.81%
Utility Taxes	930,000	620,332	66.70%	930,000	633,410	68.11%
Vehicle License Fees	1,000,000	315,058	31.51%	1,025,000	313,498	30.59%
Bank Stock Tax	1,100,000	375	0.03%	1,100,000	-	0.00%
Recordation Tax	370,000	316,684	85.59%	370,000	237,860	64.29%
Hotel Motel Tax	3,680,000	2,430,970	66.06%	3,525,000	2,354,832	66.80%
Daily Property Rental Tax	20,800	35,711	171.69%	20,800	40,520	194.81%
Motor Vehicle Tax	240,000	140,062	58.36%	240,000	130,332	54.31%
DMV Fees	275,000	140,035	50.92%	275,000	132,002	48.00%
Ceasars Min Fee	14,200,000	6,894,100	48.55%	8,700,000	3,810,761	43.80%
TOTAL	\$ 58,297,800	\$ 32,654,573	56.01%	\$ 48,927,800	\$ 30,972,682	63.30%





Council Letter City of Danville, Virginia



CL - 2578

NEW BUSINESS B.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: Resolution to Issue Revenue Bonds for Utility Infrastructure Projects

From: Michael Adkins, Assistant City Manager-Chief Financial Officer

COUNCIL ACTION

A Resolution of the Council of the City of Danville, Virginia Providing for the Issuance and Sale by the City of Danville, Virginia, of a Taxable Utility System Revenue Bond, Series 2026, in a Principal Amount not to Exceed \$10,000,000, Heretofore Authorized, and Providing for the Form, Details, and Payment of Such Bond.

SUMMARY

In accordance with the Fiscal Year 2026 Capital and Special Projects Budget, revenue bonds are to be issued as funding for Wastewater and Electric Infrastructure Projects. Approval of this Resolution will allow staff to proceed with this borrowing, issuing revenue bonds through the Virginia Resource Authority's pooled borrowing program. The maximum principal amount of the borrowing will not exceed \$10 million and utility revenues will be the source of debt service.

BACKGROUND

The Fiscal Year 2026 Capital and Special Projects Budget was adopted by City Council on June 17, 2025. This budget includes the following projects to be funded with a borrowing:

Southside Plant — Construction of a new wastewater pumping station	\$2,500,000
Substation Upgrades & Rebuilds - Piney Forest Substation	\$3,500,000
Electric System Reliability Improvements	\$3,000,000

Twice each year, the Virginia Resources Authority accepts applications for localities to join a pooled financing program for issuing infrastructure revenue bonds. Debt service for revenue bonds is funded by the operation of the related utility service. Revenue bonds issued through the Virginia Resource Authority typically receive a AAA bond rating from Standard & Poors, resulting in lower interest costs for the issuing locality. In addition, the issuance of revenue bonds does not reduce the amount of general obligation bonds the City can issue for general governmental projects.

RECOMMENDATION

Staff recommends Council approve the Resolution to allow for the issuance of revenue bonds as funding for the stated projects.

Attachments

1. Resolution
 2. Third Supplemental Trust Agreement
 3. VRA VPFP Spring 2026 - Danville Financing Agreement
-

PRESENTED: _____

ADOPTED: _____

RESOLUTION 2026-____ . ____

A RESOLUTION OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA PROVIDING FOR THE ISSUANCE AND SALE BY THE CITY OF DANVILLE, VIRGINIA, OF A TAXABLE UTILITY SYSTEM REVENUE BOND, SERIES 2026, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000, HERETOFORE AUTHORIZED, AND PROVIDING FOR THE FORM, DETAILS, AND PAYMENT OF SUCH BOND.

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

WHEREAS, on March 3, 2026, the Council adopted an ordinance (the “Ordinance”), authorizing the issuance of utility system revenue bonds of the City in the maximum aggregate principal amount of \$10,000,000 to finance capital improvement projects for the City’s water, sewer, electric and gas utility systems, including but not limited to (1) pumping station infrastructure improvements for the wastewater system, and (2) substations and distribution infrastructure improvements for the electric system (collectively, the “2026 Project”) and to pay related costs of issuance; and

WHEREAS, the Council desires to issue a single utility system revenue bond in a principal amount not to exceed \$10,000,000 (the “2026 Bond”) to finance the 2026 Project and to pay the costs of issuing the 2026 Bond; and

WHEREAS, the City has applied to the Virginia Resources Authority (“VRA”) for the purchase of the 2026 Bond, and VRA has indicated its willingness to purchase the 2026 Bond from the proceeds of one or more series of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program) (collectively, the “VRA Bonds”) in accordance with the terms of (a) an Agreement of Trust (the “Master Trust Agreement”) dated as of March 31, 2023, between the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as previously supplemented and as further supplemented by a Third Supplemental Agreement of Trust (the “Third Supplement” and, together with the Master Trust Agreement, the “Trust Agreement”) to be dated as of a date specified by the City Manager, between the City and the Trustee, and (b) a Local Bond Sale and Financing Agreement to be dated as of a date specified by VRA (the “Financing Agreement”), between VRA and the City, the forms of which have been made available prior to this meeting; and

WHEREAS, the Financing Agreement shall indicate that the sum of \$9,250,000 (plus an amount sufficient to pay related costs of issuance) is the amount of proceeds requested for the 2026 Project from VRA, which amount may be revised at the written request of the City prior to VRA’s bond pricing if approved by VRA (such final amount, the “Proceeds Requested”); and

WHEREAS, VRA has advised the City that VRA’s objective is to pay the City a purchase price for the 2026 Bond (the “Purchase Price Objective”) that in VRA’s judgment reflects its market value taking into consideration the Proceeds Requested and such factors as the purchase price received by VRA for the VRA Bonds, the

issuance costs of the VRA Bonds (consisting of the underwriters' discount and other costs incurred by VRA) (collectively, the "VRA Costs") and other market conditions relating to the sale of the VRA Bonds; and

WHEREAS, such factors are expected to result in the City's receiving a purchase price other than the par amount of the 2026 Bond, and, consequently, (a) the principal amount of the 2026 Bond may be greater than or less than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, or (b) if the maximum authorized principal amount of the 2026 Bond set forth in Section 4 of this Resolution does not exceed the Proceeds Requested by at least the amount of the VRA Costs and any original issue discount, the amount to be paid to the City, given the Purchase Price Objective and market conditions, will be less than the Proceeds Requested; and

WHEREAS, the Financing Agreement will provide that the terms of the 2026 Bond may not exceed the parameters set forth below in Section 4.

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

1. Issuance and Sale of Bond. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, and in accordance with the authorization of the Ordinance, the Council provides for the issuance and sale of the 2026 Bond in a principal amount not to exceed \$10,000,000 to finance the 2026 Project and to pay the related costs of issuing the 2026 Bond. The 2026 Bond shall be delivered to or upon the order of VRA upon VRA's

payment of the purchase price set forth in the Financing Agreement and subject to the terms and conditions set forth in the Financing Agreement and the Trust Agreement.

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

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

4. Bond Details. (a) The 2026 Bond shall be issued as a single, registered bond, shall be designated "Taxable Utility System Revenue Bond, Series 2026," shall be numbered R-1, and shall be dated the date that is 30 days prior to the closing date of the VRA Bonds. The Council authorizes the issuance and sale of the 2026 Bond on

such terms as shall be determined by VRA subject to VRA's Purchase Price Objective and the market conditions described in the Recitals hereof; provided, however, that the 2026 Bond (i) shall be issued in a principal amount not to exceed \$10,000,000, (ii) shall have a "true" interest cost not to exceed ____% (exclusive of "Supplemental Interest" as provided in the Financing Agreement), (iii) shall be sold to VRA at a price that is substantially equal to the Proceeds Requested, (iv) shall be payable in principal installments commencing not later than two years from the issue date of the 2026 Bond and ending not later than December 31, [2046], and (v) shall be subject to prepayment upon the terms set forth in the Financing Agreement and the Third Supplement. Subject to the preceding terms, the Council further authorizes the City Manager to accept the final terms presented by VRA, including (x) the final principal amount of the 2026 Bond and (y) the amortization schedule (including the principal installment dates and amounts) for the 2026 Bond.

(b) If the limitation on the maximum principal amount of the 2026 Bond set forth in this Section 4 restricts VRA's ability to generate the Proceeds Requested, taking into account the VRA Costs, the Purchase Price Objective and the market conditions described above, the City Manager is authorized to accept a purchase price for the 2026 Bond at an amount less than the Proceeds Requested. The actions of the City Manager in determining the final terms of the 2026 Bond shall be conclusive, and no further action shall be necessary on the part of the Council.

(c) As set forth in the Financing Agreement, the City agrees to pay such "Supplemental Interest" and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the VRA Reserve. The

principal of and premium, if any, and interest on the 2026 Bond shall be payable in lawful money of the United States of America.

(d) The 2026 Bond shall be substantially in the form attached as an exhibit to the Third Supplement.

5. Execution and Authentication. The Mayor, the City Treasurer and the City Clerk are hereby authorized and directed to prepare and execute the 2026 Bond pursuant to the Trust Agreement, to deliver it to the Trustee for authentication and to cause the 2026 Bond so executed and authenticated to be delivered to, or at the direction of, VRA upon payment therefor.

6. Pledge of Security. The 2026 Bond shall be a limited obligation of the City, payable solely from the Net Revenues (as defined in the Master Trust Agreement) and certain funds and accounts established pursuant to the Trust Agreement, and nothing in the 2026 Bond or the Trust Agreement shall be deemed to create or constitute a general obligation indebtedness or pledge of the full faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the City.

7. Arbitrage Covenants. The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the VRA Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the “Code”), or otherwise cause interest on the VRA Bonds to be includable in the gross income for federal income tax purposes of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of the

Tax Compliance Agreement (as hereinafter defined) that may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the 2026 Bond, unless VRA and the City receive an opinion of nationally recognized bond counsel that compliance with any such covenant is not required to prevent interest on the VRA Bonds from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The City shall pay any such required rebate from legally available funds.

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

9. Private Activity Bond Covenant. The City covenants that it shall not permit the proceeds of the 2026 Bond or the facilities financed therewith to be used in any manner that would result in (a) 5% or more of such proceeds or such facilities being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or such facilities being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code;

provided, however, that if VRA and the City receive an opinion of nationally recognized bond counsel that compliance with any such covenants is not required to prevent the 2026 Bond from becoming a “private activity bond” within the meaning of Section 141 of the Code, the City need not comply with such covenants to the extent provided in such opinion.

10. SNAP Investment Authorization. The Council has previously received and reviewed the Information Statement describing the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) and the Contract Creating the State Non-Arbitrage Program Pool (the “Contract”), and the Council hereby authorizes the Director of Finance in his discretion to use SNAP in connection with the investment of the proceeds of the 2026 Bond. The Council acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the City in connection with SNAP, except as otherwise provided in the Contract.

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

12. Other Actions. All other actions of officers of the City in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the 2026 Bond are hereby ratified, approved and confirmed. The officers of the City

are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as they may consider reasonably necessary or desirable in connection with the issuance, sale and delivery of the 2026 Bond pursuant to this Resolution, the Trust Agreement and the Financing Agreement.

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

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

Approved:

Mayor

Attest:

City Clerk

Approved as to
Form and Legal Sufficiency:

City Attorney

THIRD SUPPLEMENTAL AGREEMENT OF TRUST

between

CITY OF DANVILLE, VIRGINIA

and

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

Dated as of [_____] , 2026

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THIS THIRD SUPPLEMENTAL AGREEMENT OF TRUST dated as of [____], 2026 (the “Third Supplemental Agreement”), by and between the **CITY OF DANVILLE, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the “City”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, as trustee (in such capacity, together with any successor in such capacity, herein called the “Trustee”), provides:

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

WHEREAS, the City has previously issued its \$6,480,000 Taxable Utility System Revenue Bond, Series 2023 (the “Series 2023 Bond”), and its \$11,420,000 Taxable Utility System Revenue Bond, Series 2024 (the “Series 2024 Bond”), pursuant to the Master Trust Agreement;

WHEREAS, the City is not in default under the Master Trust Agreement or in the payment of the principal of or interest on the Series 2023 Bond or the Series 2024 Bond;

WHEREAS, pursuant to and in accordance with the Master Trust Agreement, the City has determined to issue, on parity with the Series 2023 Bond and the Series 2024 Bond, its Taxable Utility System Revenue Bond, Series 2026, in the principal amount of \$_____ (the “Series 2026 Bond”), to finance capital improvement projects for the City’s water, sewer, electric and gas utility systems, including but not limited to (1) pumping station infrastructure improvements for the wastewater system, and (2) substations and distribution infrastructure improvements for the electric system (collectively, the “Series 2026 Project”) and to pay related costs of issuance;

WHEREAS, the City has entered into a Local Bond Sale and Financing Agreement dated as of [____], 2026 (the “2026 Financing Agreement”), with the Virginia Resources Authority (“VRA”) for the sale of the Series 2026 Bond to, and the purchase of the same by, VRA; and

WHEREAS, the City has taken all necessary action to make the Series 2026 Bond, when authenticated by the Trustee and issued by the City, a valid and binding limited obligation of the City and to constitute this Third Supplemental Agreement a valid and binding agreement authorizing and providing for the details of the Series 2026 Bond;

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

ARTICLE I

THIRD SUPPLEMENTAL AGREEMENT

Section 3.101 Authorization of Third Supplemental Agreement. This Third Supplemental Agreement is authorized and executed by the City and delivered to the Trustee pursuant to and in accordance with Articles III and XII of the Master Trust Agreement. All terms, covenants, conditions and agreements of the Master Trust Agreement shall apply with full force

and effect to the Series 2026 Bond and to the holder thereof, except as otherwise provided in this Third Supplemental Agreement.

Section 3.102 Definitions. Except as otherwise defined in this Third Supplemental Agreement, terms defined in the Master Trust Agreement are used in this Third Supplemental Agreement with the same meanings assigned to them in the Master Trust Agreement. In addition, the following words as used in this Third Supplemental Agreement shall have the following meanings unless a different meaning clearly appears from the context:

“Local Account” shall have the meaning assigned to such term in the 2026 Financing Agreement.

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

“Series 2026 Bonds” shall mean the City’s \$_____ Taxable Utility System Revenue Bond, Series 2026, authorized to be issued pursuant to this Third Supplemental Agreement.

“Series 2026 Project” shall have the meaning set forth in the recitals hereto.

“Third Supplemental Agreement” shall mean this Third Supplemental Agreement of Trust between the City and the Trustee, which supplements the Master Trust Agreement.

“VRA” shall have the meaning set forth in the recitals hereto.

“VRA Trustee” has the meaning given the term “Trustee” in the 2026 Financing Agreement.

“2026 Financing Agreement” shall have the meaning set forth in the recitals hereto.

Section 3.103 Reference to Articles and Sections. Unless otherwise indicated, all references herein to particular articles or sections are references to articles or sections of this Third Supplemental Agreement.

ARTICLE II

AUTHORIZATION, DETAILS AND FORM OF SERIES 2026 BOND

Section 3.201 Authorization of Series 2026 Bond. There is hereby authorized to be issued a utility system revenue bond of the City in the principal amount of \$_____, which shall be designated “Taxable Utility System Revenue Bond, Series 2026,” to provide funds to finance all or a portion of the Cost of the Series 2026 Project and the related costs of issuance.

Section 3.202 Details of Series 2026 Bond. The Series 2026 Bond shall be dated [_____, 2026], shall be issued as a single, registered bond and shall be in the principal amount of \$_____. The Series 2026 Bond shall bear interest at rates per year calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on [April 1 and October 1], beginning [October 1, 2026], and shall mature in principal installments on [October 1] in years and amounts and bearing interest at such rates as follows:

Installment Date ([October 1])	Installment Amount	Interest Rate
---	-------------------------------	--------------------------

Section 3.203 Payment Provisions of Series 2026 Bond; Appointment of Registrar.

(a) The Series 2026 Bond shall be payable solely from Revenues, and nothing in the 2026 Financing Agreement, the Series 2026 Bond or this Third Supplemental Agreement shall be deemed to create or constitute a general obligation indebtedness or pledge of the faith and credit of the Commonwealth of Virginia (the “Commonwealth”) or any political subdivision thereof, including the City. All payments due on the Series 2026 Bond shall be payable as provided in the 2026 Financing Agreement in lawful money of the United States of America. As set forth in the 2026 Financing Agreement and, to the extent applicable, the City shall pay “Supplemental Interest” and other charges or amounts payable by the City. Notwithstanding the presentment provisions of Section 209(a) of the Master Trust Agreement to the contrary, payments shall be made, at the option of the registered owner, (i) by check or draft mailed to the registered owner at its address as it appears on the registration books kept for that purpose by the Trustee, as Registrar, on the [15th day of the month preceding] the payment date or (ii) by wire transfer pursuant to the most recent wire instructions received by the Trustee, as Registrar, from such registered owner, except that the final payment is payable upon presentation and surrender of the Series 2026 Bond at the office of the Trustee. The City intends that amounts constituting interest on the Series 2026 Bond will be included in the gross income of the holder thereof for federal income tax purposes.

(b) The Trustee is hereby appointed Registrar for the Series 2026 Bond. Except as otherwise provided herein, the Series 2026 Bond shall be payable, executed, authenticated, registrable, exchangeable and secured, all as set forth in the Master Trust Agreement.

Section 3.204 Form of Series 2026 Bond. The Series 2026 Bond shall be in substantially the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by the Master Trust Agreement and this Third Supplemental Agreement. The terms and provisions of the Series 2026 Bond that are set forth in Exhibit A shall be deemed to be incorporated into this Third Supplemental Agreement as though fully set forth herein.

Section 3.205 Delivery of Series 2026 Bond. The Trustee shall authenticate and deliver the Series 2026 Bond when there shall have been delivered to the Trustee a Request for Authentication stating that there have been filed with or delivered to the Trustee all items required by Section 304 of the Master Trust Agreement.

ARTICLE III

PREPAYMENT OF SERIES 2026 BOND

Section 3.301 Prepayment of Series 2026 Bond. The Series 2026 Bond shall be subject to prepayment prior to maturity in accordance with the provisions set forth in [Section 6.2] of the 2026 Financing Agreement. The notice provisions set forth in Section 402 of the Master Trust Agreement shall not apply to the Series 2026 Bond.

ARTICLE IV

APPLICATION OF PROCEEDS OF SERIES 2026 BOND

Section 3.401 Application of Proceeds of Series 2026 Bond. The net proceeds of the Series 2026 Bond (\$[____]) shall be held in the Local Account to be disbursed in accordance with [Section 4.3] of the 2026 Financing Agreement, without regard to the provisions of Article V of the Master Trust Agreement, to be used to pay all or a portion of the Cost of the Series 2026 Project (including the related costs of issuance of the Series 2026 Bond). The Trustee hereunder shall be provided copies of any monthly reports and other statements provided to the City by VRA or the VRA Trustee with respect to the disbursements made from the Local Account. Any balance remaining in the Local Account upon completion of the Series 2026 Project shall be transferred in accordance with the provisions of the 2026 Financing Agreement and in a manner consistent with the provisions of Section 505 of the Master Trust Agreement. No proceeds of the Series 2026 Bond shall be deposited to the Construction Fund established under the Master Trust Agreement, and no special account shall be created within such Fund with respect to the Series 2026 Bond.

ARTICLE V

SECURITY FOR SERIES 2026 BOND

Section 3.501 Security for Series 2026 Bond.

(a) The Series 2026 Bond shall be issued pursuant to the Master Trust Agreement and this Third Supplemental Agreement and shall be equally and ratably secured under the Master Trust Agreement with the Series 2023 Bond, the Series 2024 Bond and any additional Bonds or other Senior Debt issued pursuant to Article III of the Master Trust Agreement, without preference,

priority or distinction of any Bonds over any other Bonds, as provided in the Master Trust Agreement.

(b) The Debt Service Reserve Fund shall not secure the Series 2026 Bond, and no debt service reserve fund or account has been established or funded in connection with the issuance of the Series 2026 Bond.

ARTICLE VI

MISCELLANEOUS

Section 3.601 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Third Supplemental Agreement or the Series 2026 Bond is intended or shall be construed to give to any person other than the parties hereto and the holder of Series 2026 Bond any legal or equitable right, remedy or claim under or in respect to this Third Supplemental Agreement or any covenants, conditions and agreements herein contained since this Third Supplemental Agreement and all of the covenants, conditions and agreements hereof are intended to be and are for the sole and exclusive benefit of the parties hereto and the holder of Series 2026 Bond as herein provided.

Section 3.602 Incorporation by Reference of 2026 Financing Agreement. For so long as the Series 2026 Bond shall be deemed Outstanding, the provisions and covenants of the 2026 Financing Agreement shall be incorporated by reference in this Third Supplemental Agreement and shall be treated as if set forth herein.

Section 3.603 Requirements Particular to VRA. For so long as the Series 2026 Bond shall be deemed Outstanding, (a) any notices required under the terms of the Master Trust Agreement or this Third Supplemental Agreement to be provided by the City to the Trustee shall also be provided to VRA as holder of the Series 2026 Bond and (b) VRA shall be listed, in addition to the Trustee, as an additional insured on any insurance policies maintained by the City pursuant to the requirements of Section 809 of the Master Trust Agreement.

Section 3.604 Severability. If any provision of this Third Supplemental Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this Third Supplemental Agreement shall be construed and enforced as if such illegal provision had not been contained herein.

Section 3.605 Successors and Assigns. This Third Supplemental Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 3.606 Applicable Law. This Third Supplemental Agreement shall be governed by the applicable laws of the Commonwealth.

Section 3.607 Counterparts. This Third Supplemental Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 3.608 U.S.A. Patriot Act and Freedom Act Requirements of the Trustee. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Trustee may request documentation to verify such non-individual person's formation and existence as a legal entity. The Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

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

CITY OF DANVILLE, VIRGINIA

By: _____
Kenneth F. Larking
City Manager

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

By: _____
Authorized Officer

FORM OF SERIES 2026 BOND

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

R-1

[____], 2026

UNITED STATES OF AMERICA**COMMONWEALTH OF VIRGINIA****CITY OF DANVILLE, VIRGINIA****TAXABLE UTILITY SYSTEM REVENUE BOND, SERIES 2026**

The **City of Danville, Virginia** (the “City”), a municipal corporation of the Commonwealth of Virginia (the “Commonwealth”), for value received, acknowledges itself in debt and promises to pay to Virginia Resources Authority, or its registered assigns or legal representative (“VRA”), solely from the sources hereinafter described and pledged to the payment of this bond the principal sum of _____ DOLLARS (\$ _____). Principal of this bond shall be payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this bond shall be payable on each [April 1 and October 1], commencing [October 1, 2026], computed on the basis of a 360-day year of twelve 30-day months at the rates set forth in Schedule I.

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

Subject to the provisions of the Local Bond Sale and Financing Agreement dated as of [____], 2026 (the “Financing Agreement”), between VRA and the City, for so long as this bond is held by or for the account of VRA or its registered assigns or legal representative, interest is payable by (i) check or draft mailed to the registered owner of this bond at the address that appears on the [15th day of the month preceding] each interest payment date on the registration books kept by U.S. Bank Trust Company, National Association, who has been appointed as trustee, registrar and paying agent (together with any successor thereto, the “Trustee”), or (ii) wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner, except that the final payment is payable upon presentation and surrender of this bond at the office of the Trustee. Principal of and premium, if any, and interest on this bond shall be payable in lawful money of the United States of America. In case any payment date on this bond shall not be a Business Day, then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date.

This bond (a) has been authorized by an ordinance adopted by the Council of the City on March 17, 2026, and (b) is issued pursuant to (i) the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, (ii) a resolution adopted by the Council of the City on March 17, 2026, (iii) the Financing Agreement and (iv) an Agreement of Trust dated as of March 31, 2023, between the City and the Trustee, as previously supplemented and as further supplemented by a Third Supplemental Agreement of Trust dated as of _____, 2026 (collectively, the “Trust Agreement”). This bond is secured equally and ratably on a parity with the City’s outstanding Taxable Utility System Revenue Bond, Series 2023 (the “Series 2023 Bond”), and its Taxable Utility System Revenue Bond, Series 2024 (the “Series 2024 Bond”). Additional bonds secured by a pledge of Revenues (as defined in the Trust Agreement) on a parity with this bond, the Series 2023 Bond and the Series 2024 Bond may be issued under the terms and conditions set forth in the Trust Agreement and the Financing Agreement. Reference is hereby made to the Trust Agreement for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Trustee, the rights of the holder of this bond and the terms upon which this bond is issued and secured. All capitalized terms used and not defined herein shall have the meanings set forth in the Trust Agreement and the Financing Agreement, as applicable.

Proceeds of this bond will be used to provide funds to finance capital improvement projects for the City’s water, sewer, electric and gas utility systems, including but not limited to (1) pumping station infrastructure improvements for the wastewater system, and (2) substations and distribution infrastructure improvements for the electric system and to pay related costs of issuance.

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

If any failure of the City to pay all or any portion of any required payment of the principal of or premium, if any, or interest on this bond results in a withdrawal from or drawing on any VRA Reserve, the interest rates applicable to this bond shall be increased to interest rates sufficient to reimburse the VRA Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or the drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as “Supplemental Interest.” The term “interest” as used in this bond shall include Supplemental Interest, when and if payable. The City’s obligation to pay Supplemental Interest shall commence on the date of the withdrawal or drawing of funds from the VRA Reserve occasioned by the City’s failure to pay a required payment or portion thereof as described above.

(the “Supplemental Interest Commencement Date”). The City’s obligation to pay Supplemental Interest shall terminate on the date on which the City makes all payments required but outstanding since the date of the initial failure to pay (the “Supplemental Interest Termination Date”). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in this bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in this bond, VRA shall deliver to the City a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods.

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

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

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

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

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

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

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

[Remainder of Page Intentionally Left Blank]

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

(SEAL)

Mayor, City of Danville, Virginia

City Treasurer, City of Danville, Virginia

(ATTEST)

City Clerk,
City of Danville, Virginia

CERTIFICATE OF AUTHENTICATION

Date Authenticated: _____

This bond is the Series 2026 Bond described in the within-mentioned Trust Agreement.

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

By _____
Authorized Officer

ASSIGNMENT

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

(please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFeree

: :
: :
: :

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing

_____, Attorney, to transfer said
Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

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

(Signature of Registered Owner

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

SCHEDULE I

Installment Date (October 1)	Installment Amount	Interest Rate
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LOCAL BOND SALE AND FINANCING AGREEMENT

between

VIRGINIA RESOURCES AUTHORITY

and

CITY OF DANVILLE, VIRGINIA

Dated as of March 20, 2026

**Virginia Resources Authority
Infrastructure and State Moral Obligation Revenue Bonds
(Virginia Pooled Financing Program)
Series 2026A**

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LOCAL BOND SALE AND FINANCING AGREEMENT

This **LOCAL BOND SALE AND FINANCING AGREEMENT** is dated as of March 20, 2026, and is between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), and the **CITY OF DANVILLE, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "Local Government").

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

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

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

ARTICLE I DEFINITIONS

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

"2026A Acquisition Fund" has the meaning set forth in the Related Supplemental Series Indenture.

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

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

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

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

"Closing Date" means May 12, 2026 or such other date as may be determined by VRA.

"Consulting Engineer" has the meaning set forth in the Local Indenture.

"Effective Date" means March 20, 2026.

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

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

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

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

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

"Local Account" means the local account established for the Local Bond within the 2026A Acquisition Fund.

"Local Authorization" means, together, the ordinance adopted on [March 17, 2026] (the "Ordinance") and the bond resolution adopted on [March 17, 2026] ("Bond Resolution") by a majority of the members of the governing body of the Local Government approving (i) the transactions contemplated by and authorizing the execution and delivery of the Local Bond Documents and (ii) the execution, issuance and sale of the Local Bond subject to the Financing Parameters.

"Local Bond" means the Local Government's Taxable Utility System Revenue Bond, Series 2026, issued in the original principal amount set forth in Schedule 1.1, as such bond may be amended or modified.

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

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

"Local Indenture" means the Agreement of Trust dated as of March 31, 2023, between the Local Government and the Local Trustee, as modified, altered, amended and supplemented in accordance with its terms.

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

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

"Local Trustee" has the meaning set forth for the term "Trustee" in the Local Indenture.

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

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

"Operating Expenses" has the meaning set forth in the Local Indenture.

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

"Proceeds Requested" means \$9,250,000, together with an amount to pay related costs of issuance, or such other amount requested in writing by the Local Government and approved by VRA prior to the Sale Date.

"Project" means the project described in Exhibit B.

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

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

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

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

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

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

"Related Series of VRA Bonds" means the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2026A (Tax-Exempt) (or such other series of Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program) that is specified in Schedule 1.1), in the original aggregate principal amount set forth in Schedule 1.1, and, unless the Local Government receives notice to the contrary from VRA, any bonds issued by VRA to refund the Related Series of VRA Bonds in whole or in part.

"Related Supplemental Series Indenture" means the Sixty-Third Supplemental Series Indenture of Trust dated as of May 1, 2026, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms and those of the Master Indenture.

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

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

"Sale Date" means April 28, 2026 or such other date specified in Schedule 1.1.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II REPRESENTATIONS

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

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

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

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

Section 2.2 Representations by Local Government. The Local Government represents to VRA as of the Effective Date as follows:

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

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

(c) The Local Authorization authorized the execution and delivery of this Agreement, and this Agreement is in substantially the same form as presented to the Local Government's governing body at its meeting at which the Local Authorization was adopted. The Ordinance was filed in the Circuit Court of the City of Danville, Virginia, on _____, 2026. The Bond Resolution was filed in the Circuit Court of the City of Danville, Virginia, on _____, 2026.

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

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

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

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

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

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

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

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

(l) The financial statements, applications and other information that the Local Government furnished to VRA in connection with this Agreement fairly and accurately portray the Local Government's financial condition, as of their dates, and, there has been no material adverse change in the financial condition of the Local Government since the date of the financial statements provided to VRA in connection with this Agreement.

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

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

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

Section 2.3 Representations Remade as of the Sale Date. (a) It shall be a condition precedent of VRA's obligation to sell the Related Series of VRA Bonds that the Local Government's representations and warranties set forth in Section 2.2 be true and accurate in all respects on and as of the Sale Date. For the avoidance of doubt, all references to the Effective Date in Section 2.2 shall be deemed to refer to the Sale Date for purposes of this Section 2.3(a).

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

ARTICLE III PURCHASE OF THE LOCAL BOND

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(14) Evidence that the Local Government is in compliance with the construction contract provisions set forth in Section 4.4 with respect to any existing contracts as of the Closing Date.

(15) A certificate completed and executed by the Clerk or Secretary or other comparable officer of the Local Government, substantially in the form attached hereto as Exhibit K, completed to the satisfaction of VRA.

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

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

ARTICLE IV USE OF PURCHASE PRICE

Section 4.1 Deposit of Purchase Price; Investment of Amounts in Local Account.

(a) On the Closing Date, VRA shall cause the Trustee to deposit the Purchase Price into the Local Account and to apply the Purchase Price and the earnings thereon as set forth in the Related Supplemental Series Indenture, this Agreement and the Local Tax Document.

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

Section 4.2 Agreement to Accomplish Project. (a) The Local Government shall cause the Project to be acquired, constructed, expanded, renovated, equipped or financed as described in Exhibit B and in accordance with the Project Budget, this Agreement, the Local Tax Document and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Local Government. The Local Government shall use its best efforts to complete, or cause to be completed, the Project by the date set forth in the certificate delivered under Section 3.4(a)(10). The Local Government shall obtain the approval of all applicable regulatory agencies of all plans, specifications and designs for the Project. The Local Government shall maintain complete and accurate books and records of the Project Costs and permit VRA or the Trustee through their representatives to inspect such books and records at any reasonable time.

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

(c) If upon completion of the Project and payment of all related costs of issuance, there is a balance remaining in the Local Account, the Trustee shall apply any remaining balance at the written direction of the Local Government for previously-paid interest on the Local Bond or in such other manner that is permitted under the Act; provided that VRA shall be reasonably assured that such application will not have an adverse effect on the tax status of the Related Series of VRA Bonds.

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

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

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

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

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

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

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

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

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

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

Notwithstanding anything in this Agreement to the contrary, VRA may direct the Trustee to pay from the Local Account any reasonably calculated rebate amount and/or yield reduction liability to be paid with respect to the Related Series of VRA Bonds, as calculated by a rebate calculation service selected by VRA.

The Local Government agrees that any amounts disbursed to it or for its account from the Local Account pursuant to this Section 4.3 will be (i) immediately applied to reimburse the Local

Government for Project Costs it has already paid or (ii) actually spent to pay Project Costs not later than five banking days after receipt.

Section 4.4 Construction Contractors. The Local Government shall cause each general construction contractor employed in the accomplishment of the Project to furnish a performance bond and a payment bond each in an amount equal to 100% of the particular contract price. Such bonds must list the Local Government, VRA and the Trustee as beneficiaries. Neither VRA nor the Trustee shall make any claims or exercise any rights under such bonds unless and until an Event of Default occurs. The Local Government shall cause each contractor to maintain during the construction period covered by the particular construction contract builder's risk insurance, workmen's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Consulting Engineer.

Section 4.5 Disclaimer of Warranty. The Project is being undertaken at the Local Government's request and by the Local Government. VRA MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR FITNESS OF THE PROJECT OR OF THE RELATED FINANCED PROPERTY FOR THE LOCAL GOVERNMENT'S PURPOSES.

Section 4.6 No Sufficiency Warranty by VRA; Local Government Required to Complete Project. VRA makes no warranty, either express or implied, that the Purchase Price will be sufficient to pay all or any particular portion of the Project Costs. If the Purchase Price is not sufficient to pay in full the cost of the Project, the Local Government shall complete the Project at its own expense and shall not be entitled to any reimbursement therefor from VRA or any abatement, diminution or postponement of its payments under the Local Bond or this Agreement.

ARTICLE V PLEDGE AND SECURITY

Section 5.1 Pledge. As set forth in the Local Indenture, the Revenues and certain funds established by the Local Indenture and all property described in the Local Indenture are trust funds and are pledged to the payment of the Local Bond and any Parity Bonds issued under the Local Indenture, including the principal of and interest on the Local Bond and the payment and performance of the Local Government's obligations under this Agreement.

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

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

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

ARTICLE VI PAYMENT AND REDEMPTION OF LOCAL BOND

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

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

(2) to the Trustee, on VRA's demand, any amounts payable under the Local Tax Document, including without limitation the costs of any rebate calculation agent;

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

(4) to the Trustee, the Local Government's share (as determined by VRA) of the annual fees and expenses of the Trustee, less the Local Government's share of the net earnings on the Revenue Fund, Infrastructure Revenue Debt Service Fund and Moral Obligation Debt Service Fund established under the Master Indenture (as determined by VRA), and the Local Government shall pay such amounts no later than 15 days after VRA or the Trustee sends to the Local Government a written bill for them; and

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

(b) If any failure of the Local Government to pay all or any portion of any required payment of the principal of or premium, if any, or interest on the Local Bond results in a withdrawal from or a drawing on any VRA Reserve, the interest rates applicable to the Local Bond shall be increased to interest rates sufficient to reimburse the VRA Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The Local Government's obligation to pay Supplemental Interest shall commence on the date of

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VII OPERATION AND USE COVENANTS

Section 7.1 Additions and Modifications. At its own expense the Local Government from time to time may make any renewals, replacements, additions, modifications or improvements to any of the Systems that the Local Government deems desirable, provided that any such renewal, replacement, addition, modification or improvement does not (i) materially reduce the value of any of the Systems or (ii) negatively affect the structural or operational integrity of any part of any of the Systems. The Local Government shall ensure that all such renewals, replacements, additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications and improvements shall become part of the applicable System.

Section 7.2 Permits. The Local Government shall, at its sole cost and expense, obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of each of the Systems. The Local Government shall, upon request, promptly furnish to VRA and the Trustee copies of all such permits, consents and approvals.

Section 7.3 Use. The Local Government shall comply with all lawful requirements of any governmental authority regarding each of the Systems, whether now existing or subsequently enacted, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational or other changes to any part of any of the Systems, irrespective of the cost of making the same.

Section 7.4 Inspection and Local Government's Books and Records. The Local Government shall permit VRA, the Trustee and their duly authorized representatives and agents such reasonable rights of access to each of the Systems as may be necessary to determine whether the Local Government is in compliance with the requirements of this Agreement, and the Local Government shall permit such parties, at all reasonable times and upon reasonable prior notice to the Local Government, to examine and copy the Local Government's books and records that relate to each of the Systems. The Local Government shall provide copies to VRA of all documents filed with the Trustee and the Local Trustee, and the Trustee and the Local Trustee shall provide copies to VRA of all documents filed with the Local Government.

Section 7.5 Ownership. The Local Government shall not construct, reconstruct or install any part of any of the Systems on (i) lands other than those which the Local Government owns or can acquire title to or a perpetual easement over, in either case sufficient for the Local Government's purposes or (ii) lands in which the Local Government has acquired a right or interest less than a fee simple or perpetual easement, unless (1) such part of such System is lawfully located in a public street or highway or (2) the Local Government provides a written opinion of counsel or a report of a Qualified Independent Consultant, either of which shall be in a form reasonably acceptable to VRA, that indicates that the lands and the Local Government's right or interest therein is sufficient for the Local Government's purposes.

Section 7.6 Sale or Encumbrance. No part of any of the Systems shall be sold, exchanged, leased, mortgaged, encumbered or otherwise disposed of except (i) with the written consent of VRA or (ii) as provided Section 807 of the Local Indenture

Section 7.7 Mandatory Connection. To the extent permitted by law, the Local Government shall adopt and enforce rules and regulations, consistent with applicable laws, requiring the owner, tenant or occupant of each lot or parcel of land which is served or may reasonably be served by any of the Systems and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building to the such Systems, provided, however, that such rules and regulations may permit the continued use of private water or sewage disposal systems approved by the applicable board of health or health officer by any such building already in existence at the time the services of such System become available to it upon such conditions as may be specified in such rules and regulations or until such time as such approved private water or sewage disposal system shall cease to be approved or shall

require major repairs to continue to be approved, at which time such building shall be required to connect to such System.

Section 7.8 Lawful Charges. The Local Government shall pay when due all taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the "Governmental Charges") which are (i) assessed, levied or imposed against any of the Systems or the Local Government's interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of any of the Systems. The Local Government shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of any of the Systems or the Revenues (collectively, the "Mechanics' Charges"). The Local Government, however, after giving VRA 10 days' notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics' Charges. If such a contest occurs, the Local Government may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in VRA's reasonable opinion, such action may impair the lien on Revenues granted by this Agreement, in which event, such Governmental Charges or Mechanics' Charges promptly shall be satisfied or secured by posting with the Trustee or an appropriate court a bond in form and amount satisfactory to VRA. Upon request, the Local Government shall furnish to VRA proof of payment of all Governmental Charges and Mechanics' Charges the Local Government is required to pay under this Agreement.

Section 7.9 Covenants of Local Indenture. The Local Government shall comply with all covenants set forth in the Local Indenture as set forth herein.

ARTICLE VIII INSURANCE

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

ARTICLE IX SPECIAL COVENANTS

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

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

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

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

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

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

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

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

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

unaudited financial statements will be filed and audited financial statements will be filed as soon as possible thereafter); and

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

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

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

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

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

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

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

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

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

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

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

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancement maintained with respect to the Local Bond reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other notices or determinations with respect to the Local Bond that could affect the tax status of the Related Series of VRA Bonds, or other events with respect to the Local Bond that could affect the tax status of the Related Series of VRA Bonds;
- (7) modifications to rights of holders;
- (8) bond calls and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Local Bond;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Local Government;
- (13) the consummation of a merger, consolidation, or acquisition involving the Local Government or the sale of all or substantially all of the assets of the Local Government, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms;
- (14) appointment of a successor or additional trustee for the Local Bond, if any, or the change of name of a trustee;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE X DEFAULTS AND REMEDIES

Section 10.1 Events of Default. Each of the following events is an "Event of Default":

- (a) Any Event of Default under the Local Indenture.
- (b) The failure to make any other payment or deposit required by this Agreement within 15 days after its due date.
- (c) Any warranty, representation or other statement by or on behalf of the Local Government contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement or in connection with the issuance and sale of the Local Bond is false and misleading in any material respect.
- (d) The occurrence of a default by the Local Government under the terms of any debt secured by a pledge of Revenues and the failure to cure such default or obtain a waiver thereof within any period of time permitted thereunder.

Section 10.2 Remedies. Upon the occurrence and continuation of an Event of Default, VRA may proceed to protect and enforce its rights by mandamus or other action, suit or proceeding at law or in equity for specific performance of any agreement contained in the Local Bond, this Agreement or the Local Master Indenture. No remedy conferred by this Agreement upon or reserved to the registered owners of the Local Bond is intended to be exclusive of any other

remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to VRA under this Agreement or the Local Indenture or now or hereafter existing at law or in equity or by statute.

Section 10.3 Delay and Waiver. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence in it, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default under this Agreement shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent to it.

ARTICLE XI MISCELLANEOUS

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

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

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

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

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

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

Section 11.7 Notices. Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under the Local Bond or this Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the Local Government, at the address specified for notices on the signature page; (b) if to VRA, at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219, Attention: Executive Director; or (c) if to the Trustee, at U.S. Bank Global Corporate Trust, CN-VA-MUNI, 5065 Wooster Road, Cincinnati, OH 45226. A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. VRA, the Local Government and the Trustee may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

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

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

Section 11.10 Assurance Regarding Tax Status. The Local Government agrees that VRA's process of determining its "reasonable assurance" that a particular action may have no adverse effect on the tax status of the Related Series of VRA Bonds may include obtaining an approving opinion of nationally-recognized bond counsel.

Section 11.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

WITNESS the following signatures, all duly authorized.

VIRGINIA RESOURCES AUTHORITY

By: _____
Shawn B. Crumlish, Executive Director

CITY OF DANVILLE, VIRGINIA

By: _____
Ken Larking, City Manager

Address for Notices:

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

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

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

By: _____
Monique L. Green, Vice President

EXHIBIT A

FORM OF LOCAL BOND

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

R-1

[____], 2026

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF DANVILLE, VIRGINIA

TAXABLE UTILITY SYSTEM REVENUE BOND, SERIES 2026

The **City of Danville, Virginia** (the “City”), a municipal corporation of the Commonwealth of Virginia (the “Commonwealth”), for value received, acknowledges itself in debt and promises to pay to Virginia Resources Authority, or its registered assigns or legal representative (“VRA”), solely from the sources hereinafter described and pledged to the payment of this bond the principal sum of _____ DOLLARS (\$_____). Principal of this bond shall be payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this bond shall be payable on each [April 1 and October 1], commencing [October 1, 2026], computed on the basis of a 360-day year of twelve 30-day months at the rates set forth in Schedule I.

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

Subject to the provisions of the Local Bond Sale and Financing Agreement dated as of [____], 2026 (the “Financing Agreement”), between VRA and the City, for so long as this bond is held by or for the account of VRA or its registered assigns or legal representative, interest is payable by (i) check or draft mailed to the registered owner of this bond at the address that appears on the [15th day of the month preceding] each interest payment date on the registration books kept by U.S. Bank Trust Company, National Association, who has been appointed as trustee, registrar and paying agent (together with any successor thereto, the “Trustee”), or (ii) wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner, except that the final payment is payable upon presentation and surrender of this bond at the office of the Trustee. Principal of and premium, if any, and interest on this bond shall be payable in lawful money of the United States of America. In case any payment date on this bond shall not be a Business Day, then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date.

This bond (a) has been authorized by an ordinance adopted by the Council of the City on March 17, 2026, and (b) is issued pursuant to (i) the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, (ii) a resolution adopted by the Council of the City on March 17, 2026, (iii) the Financing Agreement and (iv) an Agreement of Trust dated as of March 31, 2023, between the City and the Trustee, as previously supplemented and as further supplemented by a Third Supplemental Agreement of Trust dated as of _____, 2026 (collectively, the “Trust Agreement”). This bond is secured equally and ratably on a parity with the City’s outstanding Taxable Utility System Revenue Bond, Series 2023 (the “Series 2023 Bond”), and its Taxable Utility System Revenue Bond, Series 2024 (the “Series 2024 Bond”). Additional bonds secured by a pledge of Revenues (as defined in the Trust Agreement) on a parity with this bond, the Series 2023 Bond and the Series 2024 Bond may be issued under the terms and conditions set forth in the Trust Agreement and the Financing Agreement. Reference is hereby made to the Trust Agreement for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Trustee, the rights of the holder of this bond and the terms upon which this bond is issued and secured. All capitalized terms used and not defined herein shall have the meanings set forth in the Trust Agreement and the Financing Agreement, as applicable.

Proceeds of this bond will be used to provide funds to finance capital improvement projects for the City’s water, sewer, electric and gas utility systems, including but not limited to (1) pumping station infrastructure improvements for the wastewater system, and (2) substations and distribution infrastructure improvements for the electric system and to pay related costs of issuance.

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

If any failure of the City to pay all or any portion of any required payment of the principal of or premium, if any, or interest on this bond results in a withdrawal from or drawing on any VRA Reserve, the interest rates applicable to this bond shall be increased to interest rates sufficient to reimburse the VRA Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or the drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as “Supplemental Interest.” The term “interest” as used in this bond shall include Supplemental Interest, when and if payable. The City’s obligation to pay Supplemental Interest shall commence on the date of the withdrawal or drawing of funds from the VRA Reserve occasioned by the City’s failure to pay a required payment or portion thereof as described above.

(the “Supplemental Interest Commencement Date”). The City’s obligation to pay Supplemental Interest shall terminate on the date on which the City makes all payments required but outstanding since the date of the initial failure to pay (the “Supplemental Interest Termination Date”). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in this bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in this bond, VRA shall deliver to the City a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods.

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

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

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

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

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

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

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

[Remainder of Page Intentionally Left Blank]

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

(SEAL)

Mayor, City of Danville, Virginia

City Treasurer, City of Danville, Virginia

(ATTEST)

City Clerk,
City of Danville, Virginia

CERTIFICATE OF AUTHENTICATION

Date Authenticated: _____

This bond is the Series 2026 Bond described in the within-mentioned Trust Agreement.

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

By _____
Authorized Officer

ASSIGNMENT

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

(please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFeree

: :
: :
: :

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing

_____, Attorney, to transfer said
Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

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

(Signature of Registered Owner

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

SCHEDULE I

Installment Date (October 1)	Installment Amount	Interest Rate
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EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project consists of the (a) financing of capital improvement projects for the Local Government's water, sewer, electric and gas utility systems, including but not limited to (1) pumping station infrastructure improvements for the wastewater system, and (2) substations and distribution infrastructure improvements for the electric system and (b) paying the related costs of issuance of the Local Bond.

EXHIBIT C

**PENDING OR THREATENED ACTIONS, SUITS, PROCEEDINGS, OR
INVESTIGATIONS**

None.

EXHIBIT D
FORM OF REQUISITION

Requisition No.

Date: _____, 20__

U.S. Bank Global Corporate Trust, CN-VA-MUNI
5065 Wooster Road
Cincinnati, OH 45226

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

This Requisition, including Schedule 1 and Schedule 2 hereto, is submitted in connection with the Local Bond Sale and Financing Agreement dated as of March 20, 2026 (the "Financing Agreement"), between the Virginia Resources Authority and the City of Danville, Virginia (the "Local Government"). Unless otherwise defined in this Requisition, each capitalized term used herein has the meaning given it under Article I of the Financing Agreement. The undersigned Local Representative hereby requests payment of the following amounts from the Local Account established for the Local Government in the 2026A Acquisition Fund established under the Sixty-Third Supplemental Series Indenture.

Payee (including wiring instructions if receiving electronic payment):

Address:

Amount to be paid:

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

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

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

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

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

Local Representative

SCHEDULE 1

Form to Accompany Requisition

Requisition # _____

Recipient: City of Danville, Virginia – VRA 2026A

Local Representative: _____

Title: _____

Date: _____

<u>Cost Category</u>	<u>Total Project Cost</u>	<u>Previous Disbursements</u>	<u>Disbursement This Period</u>	<u>Disbursements to Date</u>	<u>Remaining Balance</u>
	\$	\$	\$	\$	\$
TOTALS	\$	\$	\$	\$	\$

SCHEDULE 2

Wire Instructions for Requisition

[To be provided by the Local Government]

**CERTIFICATE OF CONSULTING ENGINEER (PAYMENTS FOR
LABOR/CONTRACTORS)**

The undersigned Consulting Engineer for the Local Government hereby certifies that insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or materialmen, (i) such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the Project and (ii) that no notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable under the requisition to any of the persons, firms or corporations named in it has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the requisition.

Date: _____, 20__

Consulting Engineer

CERTIFICATE OF CONSULTING ENGINEER (LAND INTERESTS)

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

Date: _____, 20__

Consulting Engineer

EXHIBIT E
OPERATING DATA

Description of Local Government. A description of the Local Government including a summary description of each of the Systems.

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

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

EXHIBIT F

FORM OF OPINION OF COUNSEL TO THE LOCAL GOVERNMENT

[Letterhead of the City Attorney of the Local Government]

May 12, 2026

City Council
City of Danville
Danville, Virginia

Virginia Resources Authority
Richmond, Virginia

Hunton Andrews Kurth LLP
Richmond, Virginia

\$ _____
City of Danville, Virginia
Taxable Utility System Revenue Bond,
Series 2026

Ladies and Gentlemen:

I have acted as counsel to the City of Danville, Virginia (the "City"), in connection with the issuance and sale by the City of its \$ _____ Taxable Utility System Revenue Bond, Series 2026 (the "Local Bond"), the net proceeds of which will be applied to finance the Project (as defined in the hereafter defined Financing Agreement), and in such capacity, I have examined, among other things, the following documents:

- (a) certified copies of the ordinance adopted on [March 17, 2026], and bond resolution adopted on [March 17, 2026] (together the "Local Authorization"), authorizing the issuance and sale of the Local Bond to Virginia Resources Authority ("VRA") to finance the Project;
- (b) a copy of the Local Bond Sale and Financing Agreement (the "Financing Agreement") dated as of March 20, 2026, between the City and VRA;
- (c) a copy of the Local Tax Document; and
- (d) a copy of the Local Indenture.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cordially,

EXHIBIT G

FORM OF CERTIFICATION AS TO NO DEFAULT AND TAX COMPLIANCE

[DATE]

[Insert Name]

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

Dear [Mr./Ms.] _____:

In accordance with Section 9.4 of the Local Bond Sale and Financing Agreement dated as of March 20, 2026 (the "Financing Agreement") between Virginia Resources Authority and the City of Danville, Virginia (the "Local Government"), I hereby certify that, during the fiscal year that ended June 30, _____, and through the date of this letter:

1. [No event or condition has happened or existed, or is happening or existing, which constitutes, or which, with notice or lapse of time, or both, would constitute, an Event of Default as defined in Section 10.1 of the Financing Agreement.] [If an Event of Default has occurred, please specify the nature and period of such Event of Default and what action the Local Government has taken, is taking or proposes to take to rectify it].
2. [The ownership and status of the Related Financed Property has not changed in whole or in part since the Closing Date.] [If untrue, please describe.]
3. [Neither the Related Financed Property nor any portion thereof is being used by a Nongovernmental Person pursuant to a lease, an incentive payment contract or a take-or-pay or other output-type contract.] [If untrue, please describe.]
4. [Neither the Related Financed Property nor any portion or function thereof is being used pursuant to or is otherwise subject to a Service Contract that does not satisfy the requirements of Revenue Procedure 2017-13.] [If untrue, please describe.]
5. [Other than as may be described in paragraphs 2, 3 and 4 above, neither the Related Financed Property nor any portion or function thereof nor any portion of the Proceeds is being used for a Private Business Use.] [If untrue, please describe.]
6. [The Local Government has not used or permitted the use of any Proceeds of the Local Bond directly or indirectly to make a loan to an ultimate borrower other than itself within

the meaning of Section 4.3 of the Local Tax Document (as defined in the Financing Agreement).] [If untrue, please describe.]

7. [Other than any amounts described in the Local Tax Document (as defined in the Financing Agreement), and amounts that may constitute or be on deposit in a Bona Fide Debt Service Fund, there neither have been nor are now any monies, securities, obligations, annuity contracts, residential rental property, AMT Bonds, investment-type property, Sinking Funds, Pledged Funds, or other Replacement Proceeds accumulated or held or pledged as security by the Local Government or any other Substantial Beneficiary of the Local Bond as security for or the direct or indirect source of the payment of the principal of or interest on the Local Bond.] [If untrue, please describe.]
8. [The Local Government is in compliance with the recordkeeping requirements of Section 4.8 of the Local Tax Document (as defined in the Financing Agreement).] [If untrue, please describe.]
9. [Other than as may be described above, the Local Government is not in default of any of its obligations under the Local Tax Document (as defined in the Financing Agreement).] [If untrue, please describe.]
10. Unless otherwise defined herein, each capitalized term used herein has the meaning set forth in the Local Tax Document (as defined in the Financing Agreement).

Sincerely,

[Insert Name]
Local Representative

EXHIBIT H
DESCRIPTION OF SPECIAL USE ARRANGEMENTS

None.

EXHIBIT I
FORM OF ANNUAL BUDGET

[DATE]

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

Ladies and Gentlemen:

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

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

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

Very truly yours,

By: _____

Its: _____

EXHIBIT J

EXISTING PARITY BONDS

\$6,480,000 Taxable Utility System Revenue Bond, Series 2023
\$11,420,000 Taxable Utility System Revenue Bond, Series 2024

EXHIBIT K

FORM OF AUTHORIZED REPRESENTATIVE(S) CERTIFICATE

I, Insert Name of Authorizing Person, a duly elected acting Insert Title of Insert Institution Name, a(n) Insert State Insert Type of Institution- i.e. Municipality, Corporation, etc., do hereby certify that the following has/have been appointed as (an) Authorized Representative(s), at the date hereof, and are authorized to act on behalf of the above Institution in matters relating to Insert name of bond issue, master financing program, escrow, etc..

I also certify that the signatures opposite their names are the signatures of such individuals.

Name (First, middle [as applicable], last)	Title (list multiple titles if applicable)	Contact Information	Specimen Signature
<u>Insert Name</u>	<u>Insert Title</u>	<u>Insert Phone Number</u> <u>Insert E-mail Address</u>	
<u>Insert Name</u>	<u>Insert Title</u>	<u>Insert Phone Number</u> <u>Insert E-mail Address</u>	
<u>Insert Name</u>	<u>Insert Title</u>	<u>Insert Phone Number</u> <u>Insert E-mail Address</u>	
<u>Insert Name</u>	<u>Insert Title</u>	<u>Insert Phone Number</u> <u>Insert E-mail Address</u>	

CALLBACK DESIGNEES (TO BE CALLED FIRST FOR ANY REQUIRED PAYMENT INSTRUCTION VERIFICATION):

Name (First, middle [as applicable], last)	Title (list multiple titles if applicable)	Contact Information	Specimen Signature
<u>Insert Name</u>	<u>Insert Title</u>	<u>Insert Phone Number</u> <u>Insert E-mail Address</u>	
<u>Insert Name</u>	<u>Insert Title</u>	<u>Insert Phone Number</u> <u>Insert E-mail Address</u>	

Insert Name	Insert Title	Insert Phone Number Insert E-mail Address	

Witness my signature on this Insert day day of Insert month, Insert year.

(Signature of Authorizing Person)

(Note: If there are multiple individuals identified as Authorized Representatives, one of those same individuals may execute the form as the “Authorizing Person”. If there is a single individual named as an Authorized Representative, the “Authorizing Person” must be an individual that is not the named Authorized Representative.)

SCHEDULE 1.1

FINAL TERMS

Principal Amount of Related Series of VRA Bonds	\$ _____
Total Principal Amount of Related Series of VRA Bonds	\$ _____
Principal Amount of Local Bond	\$ _____
Purchase Price*	\$ _____

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

ADDITIONAL CONDITIONS PRECEDENT TO PURCHASE OF LOCAL BOND:

None.

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

None.

PROJECT BUDGET

[TO BE ADDED]

INTEREST RATES AND PAYMENT SCHEDULE FOR LOCAL BOND

[TO BE ADDED]

Council Letter City of Danville, Virginia



CL - 2574

NEW BUSINESS C.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: Approving the City Manager to Enter into a Purchase Power Agreement with American Municipal Power.

From: Jason Grey, Director of Utilities

COUNCIL ACTION

A Resolution Approving the City Manager to Enter into a Purchase Power Agreement with American Municipal Power for Ten-Megawatts of Natural Gas Generation.

SUMMARY

City staff has reviewed power supply options to help stabilize energy and capacity costs. The Potomac Energy Center, a natural gas facility in Loudoun County near Leesburg, will reduce exposure to high market energy purchases and rising PJM capacity prices. The agreement is a 15-year term beginning in June 2026.

BACKGROUND

Due to recent industrial growth and the expiration of several short-term energy block purchases, the City will have increased exposure to the hourly market beginning in 2026. The proposed power purchase agreement will provide a stable source of energy and capacity for customers. The recommended 10-megawatt natural gas power purchase agreement will reduce hourly market exposure and mitigate the risk of price spikes during periods of extreme heat and cold.

RECOMMENDATION

Staff recommends that City Council approve the City Manager entering into a purchase power agreement with American Municipal Power for ten-megawatts of natural gas generation.

Attachments

1. Resolution
 2. Potomac Energy PPA Presentation
-

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026-_____._____

A RESOLUTION APPROVING THE CITY MANAGER TO ENTER INTO
A PURCHASE POWER AGREEMENT WITH AMERICAN MUNICIPAL POWER FOR
TEN-MEGAWATTS OF NATURAL GAS GENERATION

WHEREAS, the City of Danville, Virginia ("Danville") owns and operates an electric utility system for the sale of electric capacity and associated energy for the benefit of its citizens; and

WHEREAS, to satisfy the electric capacity and energy requirements of its electric utility system, Danville desires to purchase in the future, economical, and reliable capacity and energy and related services from, or arranged by, American Municipal Power, Inc. ("AMP"), of which Danville is a Member; and

WHEREAS, AMP is a nonprofit corporation, organized to own and operate facilities, or to provide otherwise, for the generation, transmission or distribution of electric capacity and energy, or any combination thereof, and to furnish technical services on a cooperative, nonprofit basis, for the mutual benefit of AMP members ("Members"), such Members, including Danville, being political subdivisions that operate, or whose members operate, municipal electric utility systems; and

WHEREAS, Danville, acting individually, and through AMP with other political subdivisions of this and other states that own and operate electric utility systems jointly, endeavors to arrange for reliable and reasonably priced supplies of

electric capacity and energy and related services for ultimate delivery to its customers; and

WHEREAS, it is efficient and economical to act jointly in such regard; and

WHEREAS, Danville has previously entered into a Master Services Agreement with AMP, AMP Contract No. C-2-2006-4975 (“MSA”), which contemplates that Danville may enter into various schedules for the provision of capacity and associated energy and related services from AMP to Danville; and

WHEREAS, certain Members, including Danville, have determined that they can utilize additional sources of reliable and economical electric capacity and energy on a long-term basis, and have requested that AMP arrange for the same by acquiring interests through a purchased power agreement (“PPA”); and

WHEREAS, in furtherance of this purpose, AMP has entered into a purchase power agreement (“Potomac Energy Center PPA”) with Potomac Energy Center, LLC (the “Seller”) under the terms of which AMP will purchase and Seller will supply and sell up to approximately 268 MW of base capacity as well as an additional share of the 32 MW of duct firing on a pro-rata basis and associated energy from a combined cycle, gas-fired electric power plant located in Loudoun County, Virginia, for a period of fifteen (15) years; and

WHEREAS, it is necessary and desirable for Danville to enter into a schedule to the MSA to provide for an additional source of capacity and energy; and

WHEREAS, through approval and execution of the Potomac Energy Center Schedule authorized below, Members now have the right, but not the obligation, to authorize and request AMP to acquire capacity and energy through the Potomac Energy Center PPA; and

WHEREAS, Danville requests and authorizes AMP to explore an arrangement whereby AMP may prepay all or a portion of AMP's obligations to purchase energy and capacity at some point during the term of the Potomac Energy Center PPA and finance the prepayment on behalf of Danville through the issuance of bonds by AMP in order to achieve additional savings on the capacity and energy derived from the Potomac Energy Center PPA that AMP can pass through to Danville ("Prepay Agreement") subject to the additional requirements set forth in the Potomac Energy Center Schedule.

NOW THEREFORE BE IT RESOLVED, by the Council of the City of Danville, Virginia, that after due consideration, Danville has determined it is reasonable and in its best interests to proceed as authorized herein below and requests and authorizes AMP to acquire capacity and energy from the Seller upon the terms and conditions set forth in the Potomac Energy Center PPA.

SECTION 1. That the Potomac Energy Center Schedule between Danville and AMP, substantially in the form attached hereto or on file with the Clerk, including Exhibits thereto and related agreements, if necessary, is approved, and the Authorized Representative of Danville, identified below, is hereby authorized to execute and deliver the Potomac Energy Center Schedule with such changes as the

Authorized Representative may approve as neither inconsistent with this Resolution nor materially detrimental to the Danville, his or her execution of the Potomac Energy Center Schedule to be conclusive evidence of such approval.

SECTION 2. That the Authorized Representative is hereby authorized to (i) acquire under the Potomac Energy Center Schedule, authorized above, a Contract Amount as defined in that Schedule of up to 10,000 kW, without bid, and (ii) make any determinations and approvals required thereunder, if any, as the Authorized Representative shall deem necessary and advisable.

SECTION 3. If any section, subsection, paragraph, clause or provision or any part thereof of this Resolution shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Resolution shall be unaffected by such adjudication and all the remaining provisions of this Resolution shall remain in full force and effect as though such section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

SECTION 4. That it is found and determined that all formal actions of this City Council concerning and relating to the passage of this Resolution were taken in conformance with applicable open meetings laws and that all deliberations of this City Council and of any committees that resulted in those formal actions were in compliance with all legal requirements including any applicable open meetings requirements; and

BE IT FURTHER RESOLVED, that after due consideration, the City of Danville, Virginia has determined it is reasonable and in its best interests to proceed as authorized herein below and requests and authorizes AMP to acquire capacity and energy from the Developer upon the terms and conditions set forth in the Natural Gas Power Agreements.

BE IT FINALLY RESOLVED, 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 Agreements and to any other documents necessary to be executed or signed to complete this transaction.

This Resolution shall take effect at the earliest date allowed by law.

Approved:

Mayor

Attest:

Clerk

Approved as to
Form and Legal Sufficiency:

City Attorney

Power Energy Center PPA

January 26, 2026



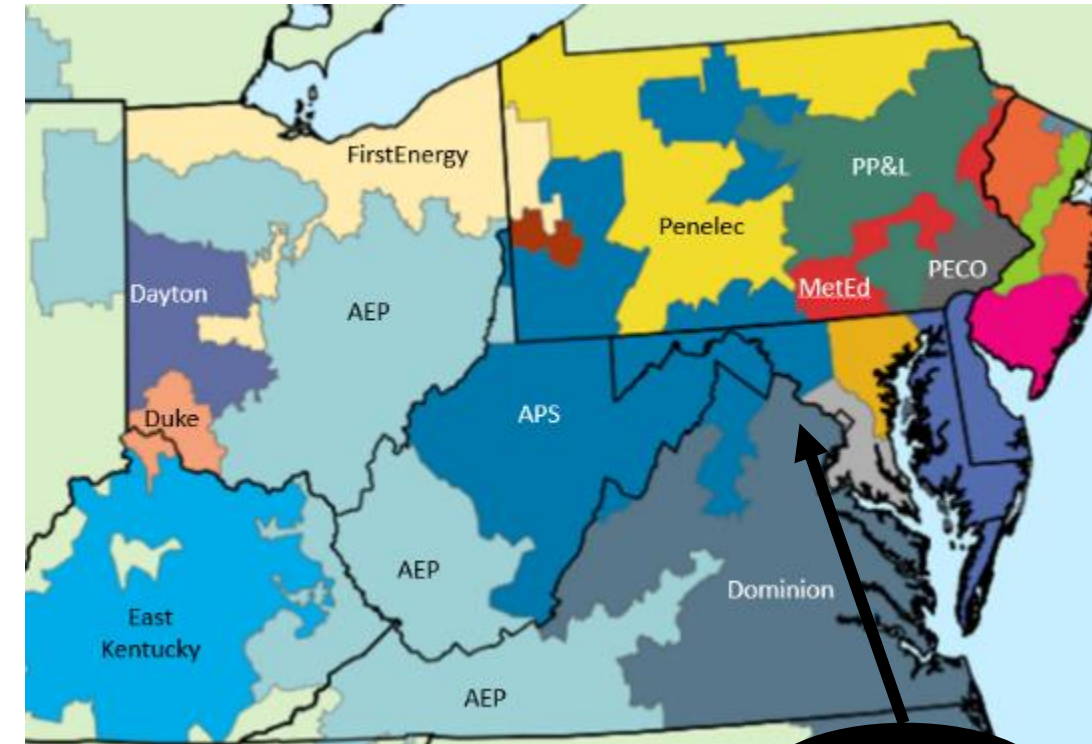
Potomac Energy Center PPA

- The Potomac Energy Center is a 774 MW combined cycle natural gas plant owned by Blackstone Energy and operated by Kindle Energy
 - Kindle Energy manages and operates 9,400 MWs of natural gas and coal in the United States
- The plant consists of two Siemens gas turbines and one steam turbine with 670 MW of base capacity and 80 MW of duct firing capability
- The plant came on-line in spring 2017
- The Potomac Energy Center is in Northwest Virginia, near Leesburg, VA and interconnected to Dominion Energy



Potomac Energy Center Project Description

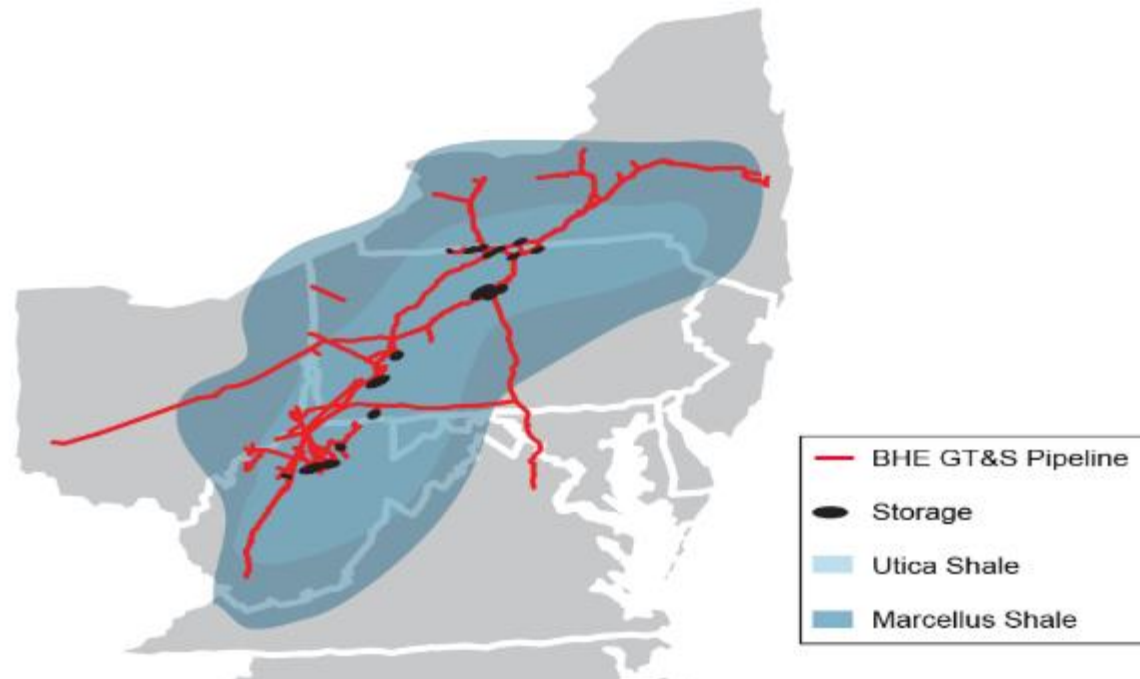
Project Information	
COD	Spring 2017
Location	Loudon County, VA
Size	750 MW (Summer) 774 MW (Winter)
Electric Point of Interconnection	Dominion Zone – Belmont LMP
Gas Point of Interconnection	Eastern Gas South
Heat Rate at Full 750 MW	7,136 MMBtu / MWh
PJM 27/28 ELCC (Effective Load Carrying Capability)	74%
AMP Share of Plant Energy and Capacity (300 MW Summer)	40% of 750 MW



Eastern Gas Transmission and Storage System

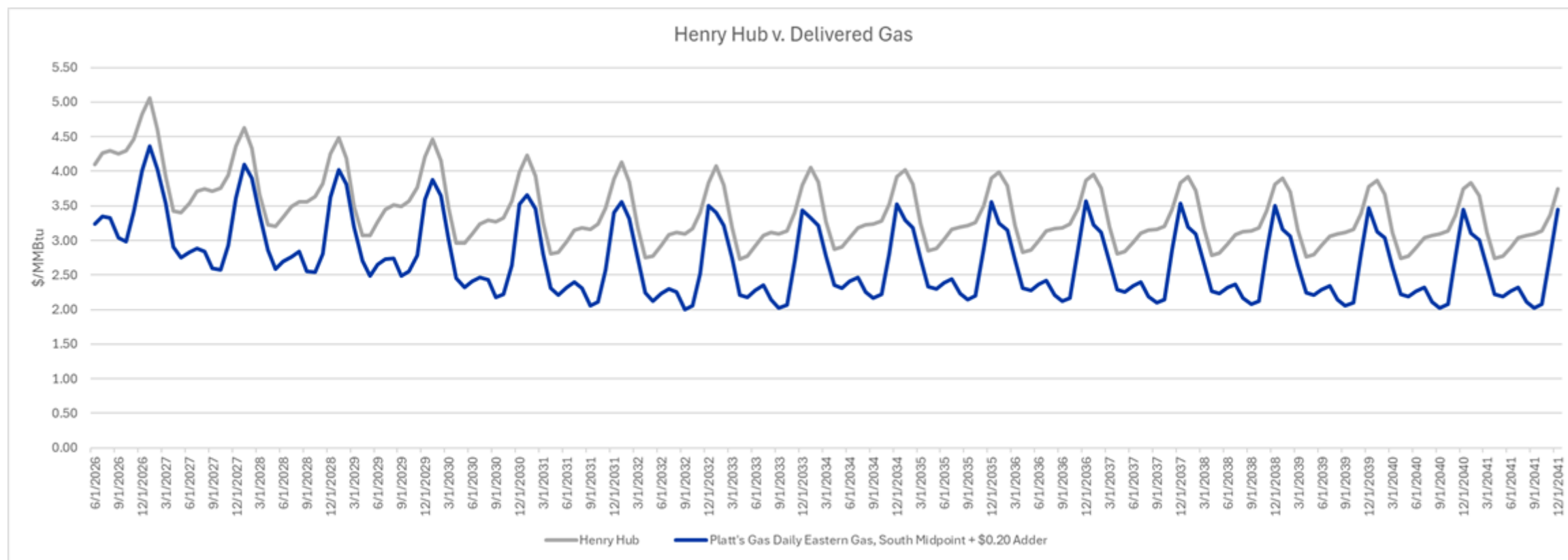
- The plant is located on a favorable part of the gas transmission system with access to the Marcellus shale gas production region. This provides a negative basis in locational prices compared to the Henry Hub market in Louisiana.

EGTS System Map



TEA MARKET ASSUMPTIONS – CONTRACT GAS BASIS

Mark Date: 5/9/2025

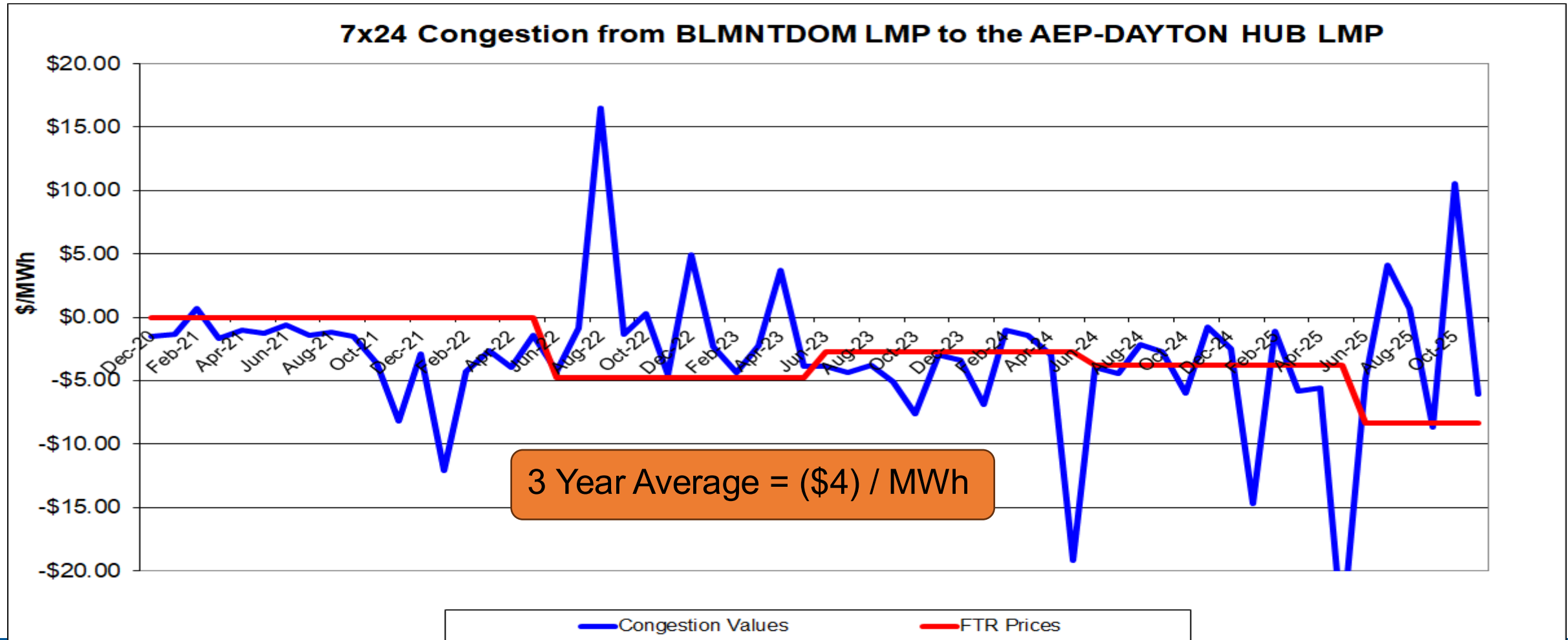


Energy Cost of Potomac CC

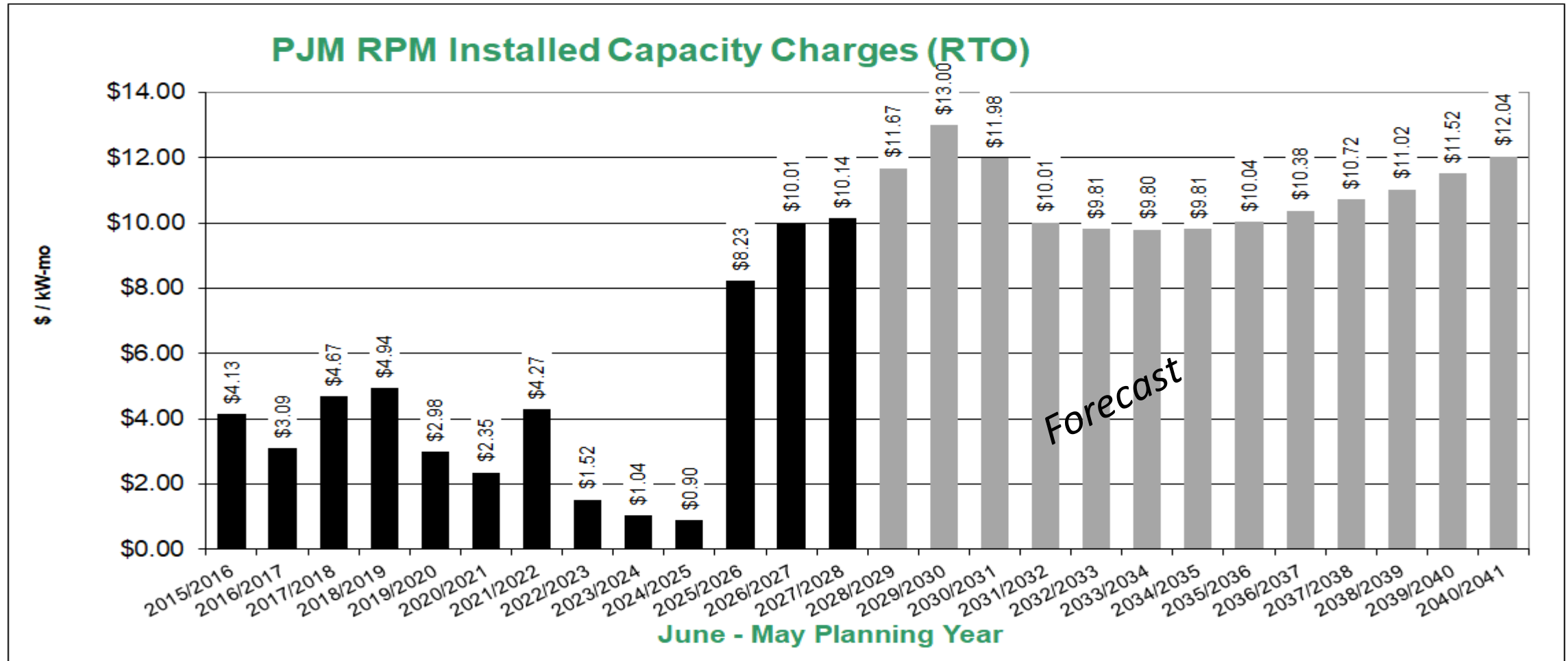
- Base Portion of Plant has 6,959 MMBtu / kWh
- Based on a Natural Gas price of \$2.50 / MMBtu to \$4.00 / MMBtu, plant fuel costs would be \$17.40 / MWh to \$27.84 / MWh
- With a \$3 / MWh O&M adder, Dispatch Costs for Base would be:
- \$20.40 / MWh to \$30.84 / MWh
- Base with Duct Portion of Plant has 7,165 MMBtu / kWh
- Based on a Natural Gas price of \$2.50 / MMBtu to \$4.00 / MMBtu, plant fuel costs would be \$17.91 / MWh to \$28.66 / MWh
- With a \$3 / MWh O&M adder, Dispatch Costs for Full Plant would be:
- \$20.91 / MWh to \$31.66 / MWh

Potomac Energy CC Congestion to Member Load

Congestion from Potomac Energy location to AEP-Dayton Hub has normally been negative.



Potomac CC receives Installed Capacity credit from PJM. Capacity Costs are expected to remain elevated.



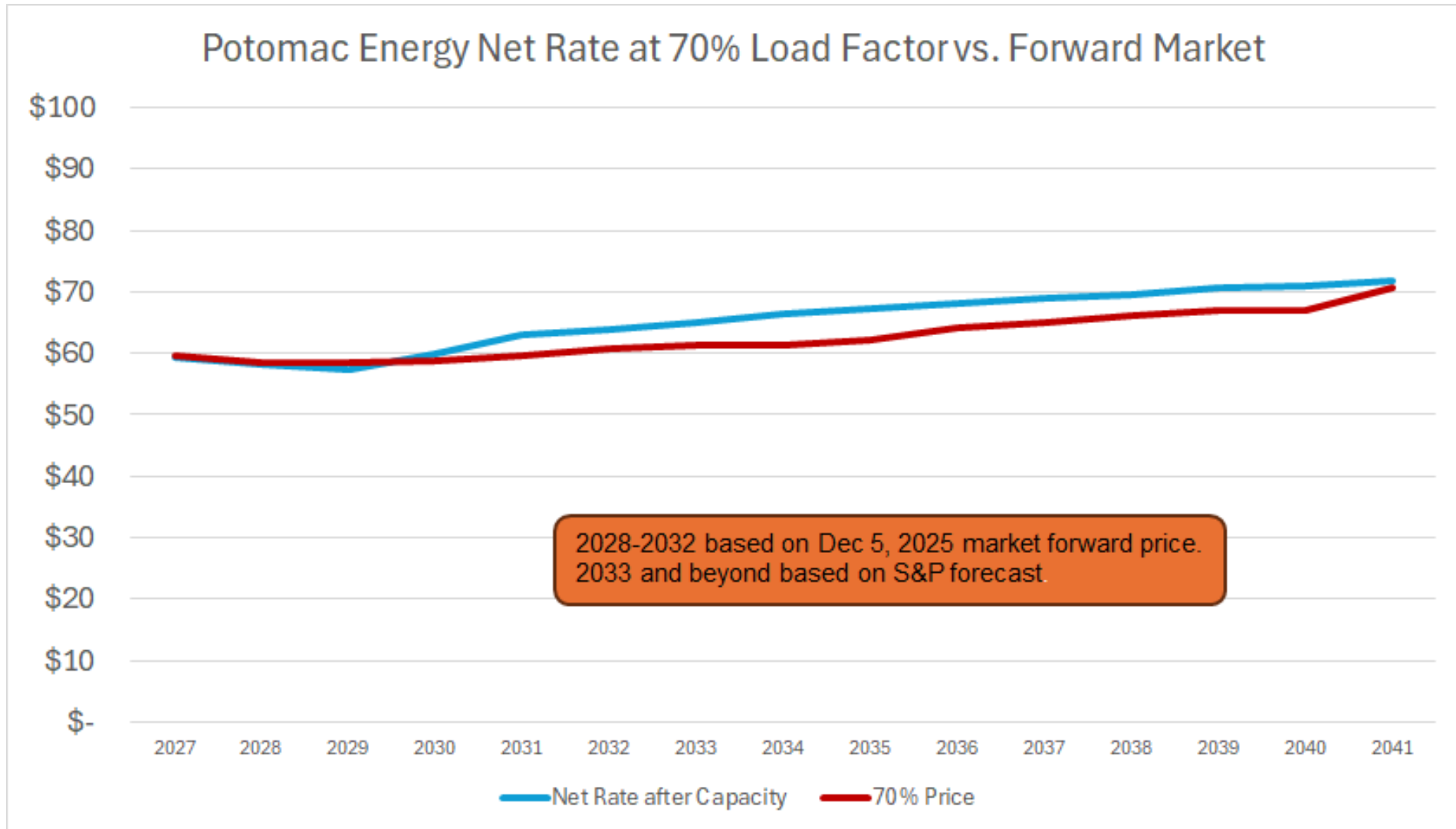
Potomac Energy Center Pricing (Year One)

	First Year
Term	15 Years (start June 2026)
Products	Energy/Capacity
Demand Charge	\$18.50 / kW-mo
Firm Gas Transportation	\$2.69 / kW-mo
Variable O&M Charge	\$2.95 / MWh
Estimated Fuel Cost with \$3 / MMBtu gas	\$21.50 / MWh
Estimated Load Factor (L.F.)	70%
Estimated Capacity Value	(\$14.50) /MWh <i>Based on \$10.00 / kW-mo x 74% ELCC</i>
Estimated 1st Year Price	<u>\$48.50 /MWh</u>
Forward 70% L.F. Price	\$55 / MWh (2027)

Potomac Energy Center Pricing (Average 15 Year)

	15 Year Average
Term	15 Years (start June 2026)
Products	Energy/Capacity
Demand Charge	\$18.50 / kW-mo with 2.5% annual escalation <i>Average over 15 years = \$22.41 / kW-mo</i>
Firm Gas Transportation	\$2.69 / kW-mo
Variable O&M Charge	\$2.95 / MWh with 3% annual escalation <i>Average over 15 years = \$3.61 / MWh</i>
Estimated Fuel Cost with \$3 / MMBtu gas	\$21.50 / MWh
Estimated Load Factor (L.F.)	70%
Estimated Capacity Value	(\$14.50) /MWh <i>Based on \$10.00 / kW-mo x 74% ELCC</i>
Estimated Average 15 Year Price	<u>\$59.75 /MWh</u>
Forward 70% L.F. Price	\$63.11 / MWh (Average 2027-2041)

Market Prices



Potomac Energy Center as Installed Capacity (Avg. 15 Year)

	15 Year Average
Term	15 Years (start June 2026)
Demand Charge	\$18.50 / kW-mo with 2.5% annual escalation <i>Average over 15 years = \$22.41 / kW-mo</i>
Firm Gas Transportation	\$2.69 / kW-mo
Total Demand Charge	\$25.10 / kW-mo <i>(\$22.41 + \$2.69)</i>
Energy Revenue from Generation	\$38.00 / MWh <i>\$63.11 / MWh (market) – \$25.11 / MWh (fuel costs)</i>
Demand Charge Revenue from Energy	\$19.42 / kW-mo <i>\$38.00 x (730 hrs x 70%)</i>
ICAP Value of Potomac CC	\$5.68 / kW-mo <i>(\$25.10 - \$19.42)</i>
Net Capacity Value of Potomac after ELCC	\$7.68 / kW-mo <i>\$5.68 / 74% ELCC</i>
Expected PJM Installed Capacity Cost	<u>\$10.00 / kW-mo</u>

Council Letter City of Danville, Virginia



CL - 2591

NEW BUSINESS D.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: A Resolution Approving the City Manager to Enter into a Purchase Power Agreement with American Municipal Power for Five-Megawatts of Solar Generation.

From: Jason Grey, Director of Utilities

COUNCIL ACTION

A Resolution Approving the City Manager to Enter into a Purchase Power Agreement with American Municipal Power for Five-Megawatts of Solar Energy Generation.

SUMMARY

City staff has evaluated multiple power supply options to stabilize energy and capacity costs. The Avangrid Bright Mountain Solar power purchase agreement provides a long-term capacity resource that is expected to generate savings for electric customers over the 25-year contract term. The facility is located in eastern Kentucky within the AEP transmission zone, which is expected to help mitigate congestion costs during periods of high demand. This agreement will also reduce the City's exposure to higher-cost market energy purchases and rising PJM capacity prices. The contract term begins in January 2028.

BACKGROUND

Recent industrial growth and the expiration of several short-term energy block purchases will increase the City's exposure to the hourly energy market beginning in 2026. The proposed power purchase agreements will provide a stable source of energy and capacity for customers. The recommended five-megawatt solar purchase power agreement will reduce hourly market exposure and mitigate the risk of price volatility during periods of high demand.

RECOMMENDATION

Staff recommends that City Council authorize the City Manager to enter into a power purchase agreement with American Municipal Power for five megawatts of solar generation.

Attachments

1. Resolution
 2. Bright Mountain Solar PPA Presentation
-

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2026-_____._____

A RESOLUTION APPROVING THE CITY MANAGER TO ENTER INTO
A PURCHASE POWER AGREEMENT WITH AMERICAN MUNICIPAL POWER FOR
FIVE-MEGAWATTS OF SOLAR ENERGY GENERATION

WHEREAS, the City of Danville, Virginia (“Danville”) owns and operates an electric utility system for the sale of electric capacity and associated energy for the benefit of its customers; and

WHEREAS, to satisfy the electric capacity and energy requirements of its electric utility system, Danville has heretofore purchased, or desires to purchase in the future, economical, reliable and environmentally sound capacity and energy and related services from, or arranged by, American Municipal Power, Inc. (“AMP”), of which Danville is a Member; and

WHEREAS, AMP is a nonprofit corporation, organized to own and operate facilities, or to provide otherwise, for the generation, transmission or distribution of electric capacity and energy, or any combination thereof, and to furnish technical services on a cooperative, nonprofit basis, for the mutual benefit of AMP members (“Members”), such Members, including Danville, being political subdivisions that operate, or whose members operate, municipal electric utility systems; and

WHEREAS, Danville, acting individually, and through AMP with other political subdivisions of this and other states that own and operate electric utility systems jointly, endeavors to arrange for reliable, environmentally sound and reasonably priced supplies of electric capacity and energy and related services for ultimate delivery to its customers; and

WHEREAS, it is efficient and economical to act jointly in such regard;
and

WHEREAS, Danville has previously entered into a Master Services Agreement with AMP, AMP Contract No. C-2-2006-4975 (the “MSA”), which contemplates that Danville may enter into various schedules for the provision of capacity and associated energy and related services from AMP to Danville; and

WHEREAS, certain Members, including Danville, have determined that they can utilize additional sources of reliable and economically generated electric capacity and energy on a long-term basis, and have requested that AMP arrange for the same by acquiring interests through a purchased power agreement (PPA) in certain energy facilities; and

WHEREAS, in furtherance of this purpose, AMP has entered into a purchase power agreement (“Bright Mountain PPA”) with Bright Mountain, LLC (the “Developer”) under the terms of which AMP will purchase and Developer will supply and sell up to 80 MWac of capacity and associated energy and environmental attributes from the Bright Mountain generation project located in Perry County, Kentucky for a period of up to twenty-five (25) years; and

WHEREAS, it is necessary and desirable for Danville to enter a schedule to the MSA to provide for an additional source of capacity, energy and environmental attributes; and

WHEREAS, through approval and execution of the Bright Mountain Solar Schedule authorized below, Members now have the right, but not the

obligation, to authorize and request AMP to acquire capacity and energy through the Bright Mountain PPA; and

WHEREAS, prior to the adoption of this Resolution AMP has (i) informed Danville of the terms of the Bright Mountain Solar Schedule; (ii) provided Danville the opportunity to review the anticipated form of the Bright Mountain PPA; and (iii) offered representatives of Danville the opportunity to ask such questions, review data and reports, conduct inspections and otherwise perform such investigations with respect to, as applicable, the acquisition of capacity and energy and the terms and conditions of the Bright Mountain Solar Schedule authorized below as Danville deems necessary or appropriate in connection herewith; and

WHEREAS, Danville requests and authorizes AMP to explore an arrangement whereby AMP may prepay all or a portion of AMP's obligations to purchase energy, capacity and environmental attributes at some point during the term of the Bright Mountain PPA and finance the prepayment on behalf of Danville through the issuance of bonds by AMP in order to achieve additional savings on the capacity, energy and environmental attributes derived from the Bright Mountain PPA that AMP can pass through to Danville ("Prepay Agreement") subject to the additional requirements set forth in the Bright Mountain Solar Schedule.

NOW THEREFORE BE IT RESOLVED, by the Council of the City of Danville, Virginia, that after due consideration, Danville has determined it is reasonable and in its best interests to proceed as authorized herein below and requests and authorizes AMP to acquire capacity and energy from the Developer upon the terms and conditions set forth in the Bright Mountain PPA.

SECTION 1. That the Bright Mountain Solar Schedule between Danville and AMP, substantially in the form attached hereto or on file with the Clerk, including Exhibits thereto, is approved, and the Authorized Representative of Danville, identified below, is hereby authorized to execute and deliver the Bright Mountain Solar Schedule with such changes as the Authorized Representative may approve as neither inconsistent with this Resolution nor materially detrimental to the Danville, his or her execution of the Bright Mountain Solar Schedule to be conclusive evidence of such approval.

SECTION 2. That the Authorized Representative is hereby authorized to (i) acquire under the Bright Mountain Solar Schedule, authorized above, a Contract Amount as defined in that Schedule of up to 5 MW, without bid, and (ii) make any determinations and approvals required thereunder, if any, as the Authorized Representative shall deem necessary and advisable.

SECTION 3. If any section, subsection, paragraph, clause or provision or any part thereof of this Resolution shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Resolution shall be unaffected by such adjudication and all the remaining provisions of this Resolution shall remain in full force and effect as though such section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

SECTION 4. That it is found and determined that all formal actions of this City Council concerning and relating to the passage of this Resolution were taken in conformance with applicable open meetings laws and that all deliberations of this

[Council/Board of Public Affairs] and of any committees that resulted in those formal actions were in compliance with all legal requirements including any applicable open meetings requirements.

BE IT FINALLY RESOLVED, 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 Agreements and to any other documents necessary to be executed or signed to complete this transaction.

This Resolution shall take effect at the earliest date allowed by law.

Approved:

Mayor

Attest:

Clerk

Approved as to
Form and Legal Sufficiency:

City Attorney

Bright Mountain Solar Power PPA

January 26, 2026



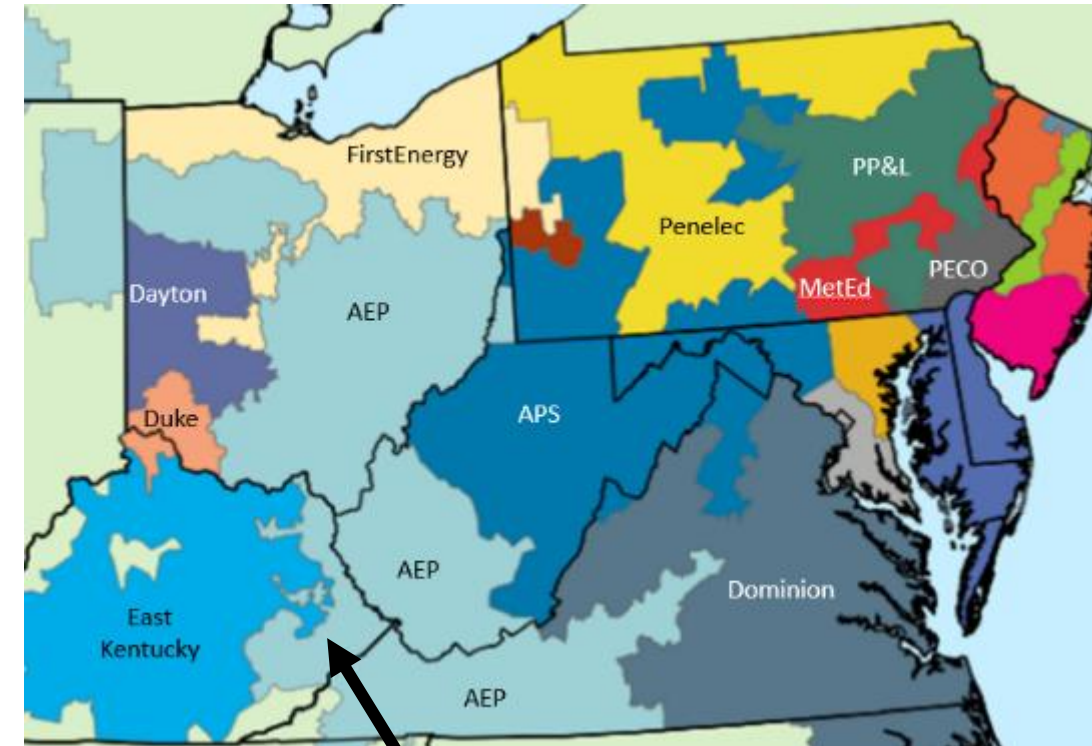
Bright Mountain Solar PPA

- The Bright Mountain Solar project will be owned/operated by Avangrid
 - Avangrid has over 8,400 MWs of wind and solar projects across the country, including the Blue Creek and Locust Ridge wind projects that AMP currently has purchased power from.
- The Bright Mountain Solar Project is in Southeast Kentucky, and is planned to come on line by January 1, 2028
 - The project will be interconnected to AEP
- AMP had been working with Avangrid on Wild Grains solar, but the Bright Mountain project has lower prices, is much closer to the finish line and has a similar AEP Zone location with low congestion costs to member loads.



Bright Mountain Solar Project Description

Project Information	
Estimated COD	December 31, 2027
Location	Perry County, KY
Site Control	100%
Permitting	100% Complete
PJM Interconnection Agrmt.	Fully Executed
Point of Interconnection	AEP – Bonnyman LMP
Size	80 MWac
Net Capacity Factor	21.95%
Annual MWh	155,000
PJM 27/28 ELCC (Fixed Tilt)	8%



Project
Location

Bright Mountain Solar Pricing (Year One)

	2028
Term	25 Years
Products	Energy/Capacity/RECs
Fixed Price (Yr 1-5) (2028-32)	\$73.19 /MWh
Estimated Capacity Value	(\$5.00) /MWh <i>Based on \$10.00 / kW-mo x 8% ELCC</i>
Estimated REC Value [†]	(\$24.00 - \$4.00) /MWh
Estimated Net Price for Term	<u>\$44.19 - \$64.19 /MWh</u>
Forward 5x16	\$60 / MWh

[†] - The facility would currently qualify for OH, VA, and DE RECs.

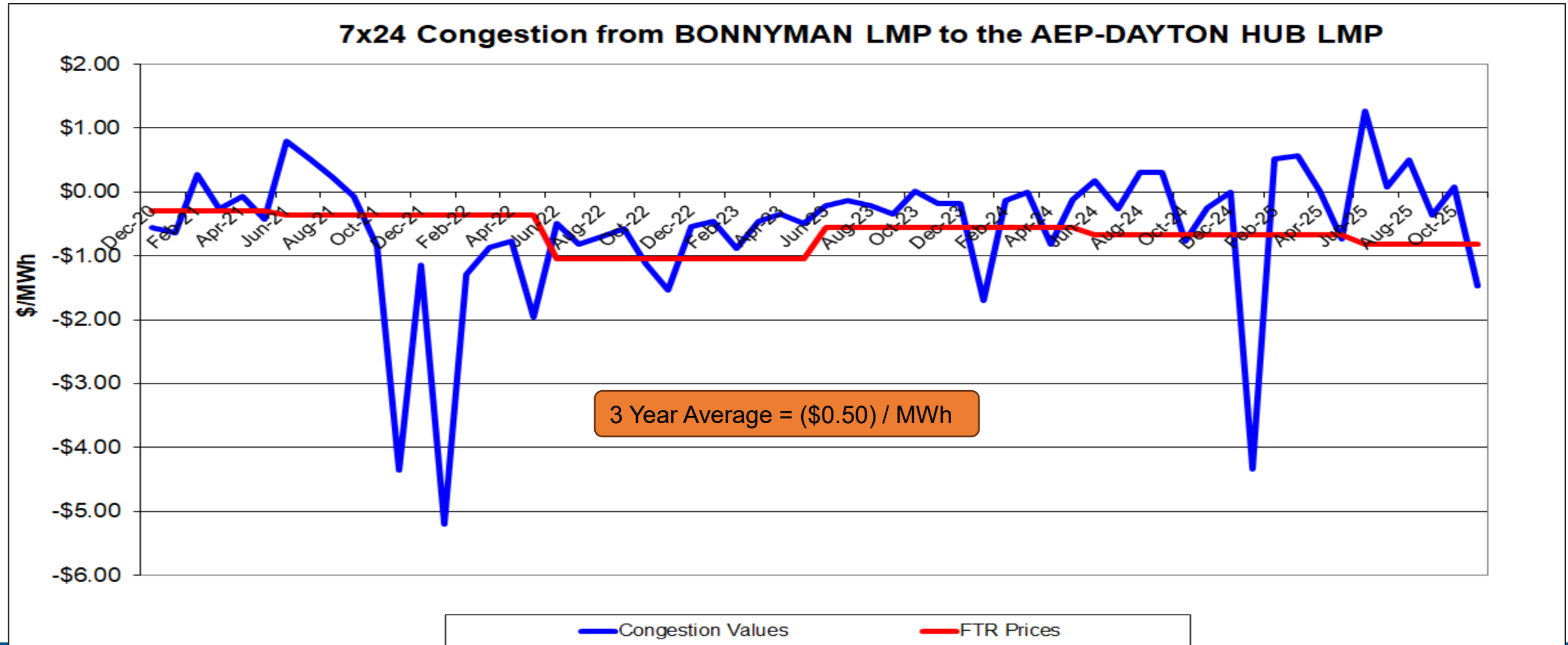
Bright Mountain Solar Pricing

	Option
Term	25 Years
Products	Energy/Capacity/RECs
Fixed Price (Yr 1-5) (2028-32)	\$73.19 /MWh
Fixed Price (Yr 6-25) (2033-52)	\$78.19 /MWh
Blended Price for 25 yr Term	<u>\$77.19 /MWh</u>
Estimated Capacity Value	(\$5.00) /MWh <i>Based on \$10.00 / kW-mo x 8% ELCC</i>
Estimated REC Value [†]	(\$24.00 - \$4.00) /MWh
Estimated Net Price for Term	<u>\$48.19 - \$68.19 /MWh</u>
Average Forward Solar Value	\$65 / MWh

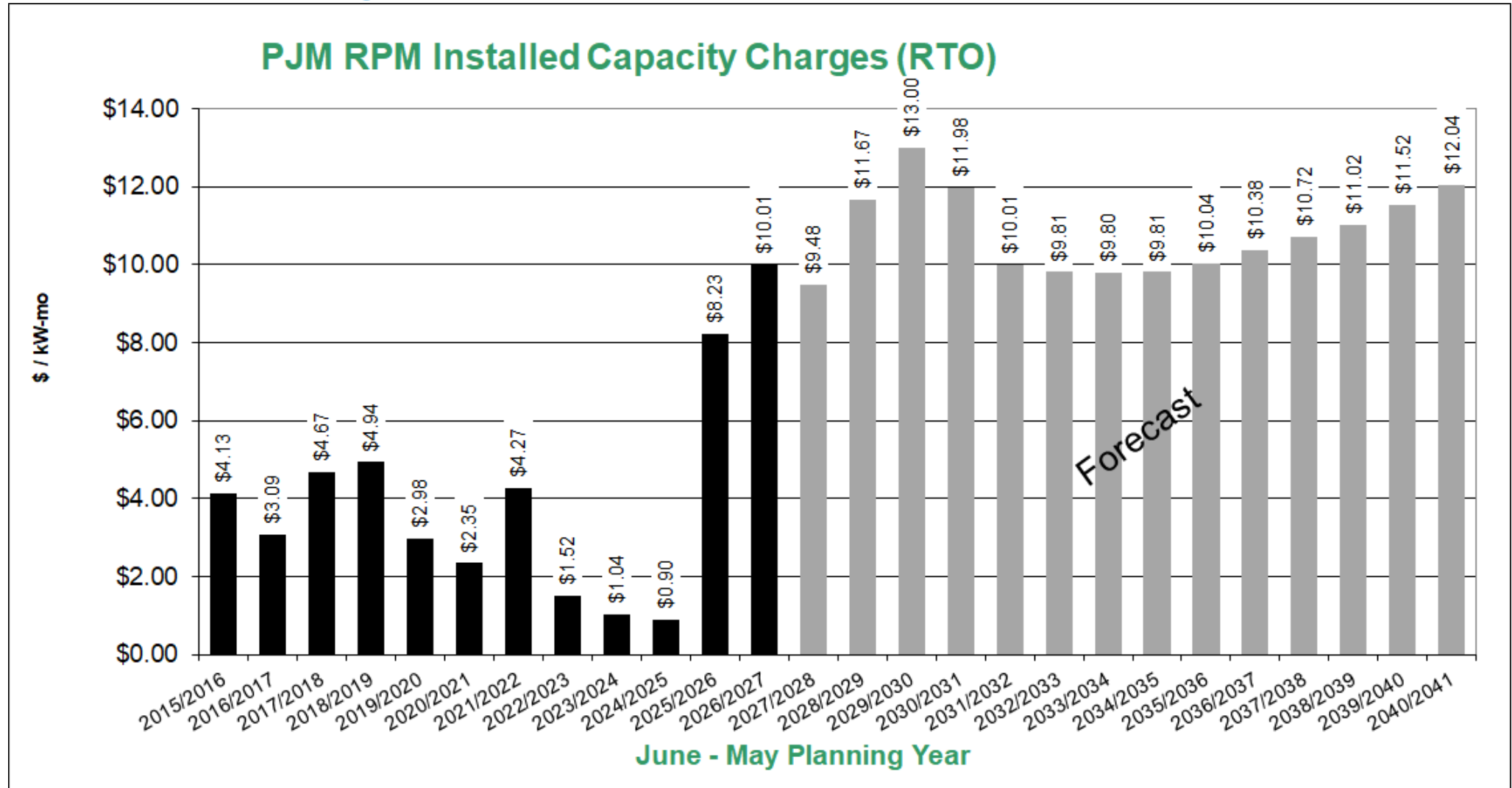
[†] - The facility would currently qualify for OH, VA, and DE RECs.

Bright Mountain Solar Congestion

Congestion from Bright Mountain location to AEP-Dayton Hub has historically been near zero.



Installed Capacity Price Forecast



- Average \$10.00 / kW-mo or \$10,000 / MW per month
 - \$120,000 per 1 MW per year
- PJM effective load carrying capability (ELCC) expected at 8%
 - \$9,600 per each MW per year
- Effective Capacity Value
 - $\$9,600 \times 80 \text{ MW} = \$768,000$ per year
 - Divided by 155,000 MWh
 - = \$5 / MWh

REC Prices

- Potential for sales into Virginia market.

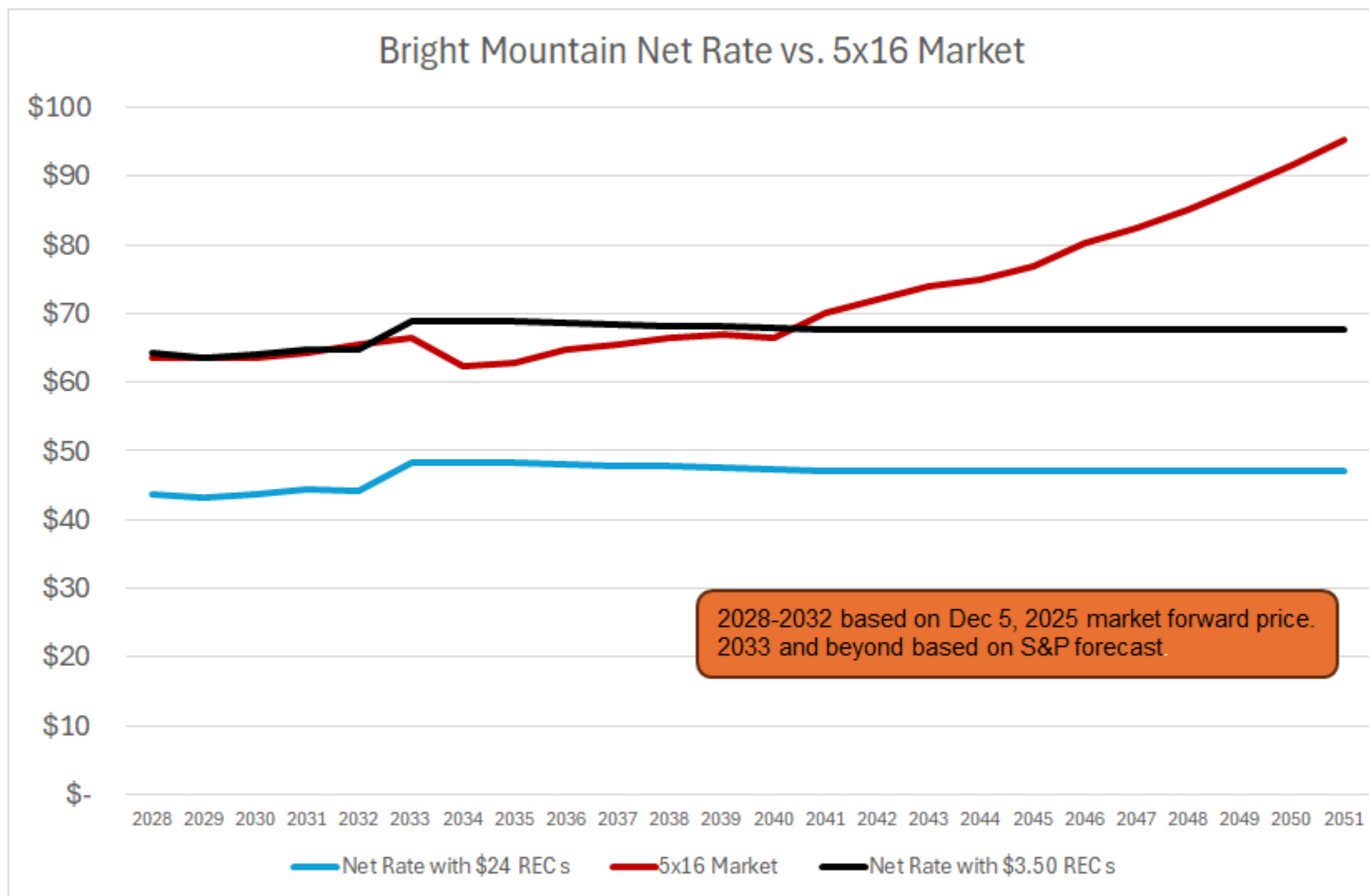


Friday, December 5, 2025

ICAP Energy, LLC
Ph: 281.340.8300
Fax: 281.340.8308

OH Certified	Bid	Ask
2024	2.50	3.50
2025	2.75	3.75
2026	3.00	4.00
VA RECs	Bid	Ask
2024	22.00	24.00
2025	22.50	24.50
2026	23.00	25.00

Market Prices



Council Letter City of Danville, Virginia



CL - 2571

NEW BUSINESS E.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: Amending the Fiscal Year 2026 Budget Appropriation Ordinance for a Grant and Loan from the Virginia Tobacco Region Revitalization Commission.

From: Jason Grey, Director of Utilities

COUNCIL ACTION

An Ordinance Amending the Fiscal Year 2026 Budget Appropriation Ordinance to Provide for a Virginia Tobacco Region Revitalization Commission \$459,000 Grant and \$2,000,000 Loan to Assist with the City's Natural Gas Pipeline Extension to the Southern Virginia Mega Site at Berry Hill.

First Reading

SUMMARY

The City was awarded a \$459,000 grant and \$2,000,000 loan by the Virginia Tobacco Region Revitalization Commission to fund the engineering and construction of the 3.5 mile natural gas pipeline from the City's gas infrastructure to the Southern Virginia Megasite at Berry Hill. The City received a separate Virginia Economic Development Partnership grant to fund the construction of this extension. Staff expects the engineering to be completed by May and that construction to start in July 2026.

BACKGROUND

The City has been working with Southwestern Virginia Gas (SWVG) in partnering to bring natural gas service to the Southern Virginia Megasite at Berry Hill. The City plans to transport natural gas from the William Transcontinental pipeline to SWVG to be able to serve Microporous and other tenants inside the industrial park.

RECOMMENDATION

Staff recommends that City Council adopt an ordinance Amending the Fiscal Year 2026 Budget Appropriation Ordinance in the amount of \$459,000 grant funds and \$2,000,000 loan loans from the Virginia Tobacco Region Revitalization Commission to fund the engineering and construction costs associated with the natural gas pipeline to the Southern Virginia Megasite at Berry Hill.

Attachments

1. Ordinance
 2. Grant Agreement
-

PRESENTED: _____

ADOPTED: _____

ORDINANCE NO. 2026____.

AN ORDINANCE AMENDING THE FISCAL YEAR 2026 BUDGET APPROPRIATION ORDINANCE TO PROVIDE FOR A VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION \$459,000 GRANT AND \$2,000,000 LOAN TO ASSIST WITH THE CITY'S NATURAL GAS PIPELINE EXTENSION TO THE SOUTHERN VIRGINIA MEGA SITE AT BERRY HILL.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that the Fiscal Year 2026 Budget Appropriation Ordinance be, and the same is hereby, amended by increasing revenues for in the amount of \$2,459,000 from the Virginia Tobacco Region Revitalization in the form of a \$459,000 grant and \$2,000,000 Loan, such funds to be appropriated in the Utility Gas Capital Project fund as follows:

ANTICIPATED REVENUES

<u>Description</u>	<u>Account No.</u>	<u>Amount</u>
Southern Virginia Megasite at Berry Hill Natural Gas Extension		
Virginia Tobacco Region Revitalization Commission Grant	62094000-46010	\$ 459,000
Virginia Tobacco Region Revitalization Commission Loan	62094000-44045	\$ 2,000,000
	TOTAL	<u>\$ 2,459,000</u>

ANTICIPATED EXPENDITURES

<u>Description</u>	<u>Account No.</u>	<u>Amount</u>
Southern Virginia Megasite at Berry Hill Natural Gas Extension	62094999-50	\$ 2,459,000

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

BE IT FINALLY ORDAINED that all other accounts and provisions of the Fiscal Year 2026 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

GRANT AGREEMENT – RESTRICTED FUNDS

This Grant Agreement (this “Agreement”) made and entered into on the **22nd day of May, 2024** (the “Award Date”), by and between the **Tobacco Region Revitalization Commission**, a body corporate and political subdivision of the Commonwealth of Virginia (the “Commission”), **City of Danville** whose Federal Employer Identification Number is **546001243** (the “Grantee”), a political subdivision of the Commonwealth.

WITNESSETH:

WHEREAS, the Virginia General Assembly created the Commission to, among other things, stimulate the economic growth and development of tobacco dependent communities in the Southern and Southwest regions (the “**Region**”) of the Commonwealth of Virginia (the “**Commonwealth**”), and

WHEREAS, the Grantee submitted an application, to the Commission for funding (the “**Application**”) to undertake the Project (as defined herein) entitled **Southern Virginia Megasite Natural Gas Gate Engineering and Permitting Loan**, and

WHEREAS, the Commission has determined that the Project benefits the Region and is consistent with and in furtherance of the Commission’s public purposes, and

WHEREAS, the Commission approved a grant to the Grantee in the amount of **\$459,000** (the “**Grant**”) to fund the Project, the approval and funding of such Grant the Commission has determined constitutes a valid public purpose for the expenditure of public funds and is the animating purpose for the Grant, and

WHEREAS, the parties desire to set forth their understanding and agreement as to the use of the Grant and the parties’ respective rights and obligations.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby represent, warrant, covenant and agree as follows:

1. Definitions. In addition to terms defined in the Recitals and the body of this Agreement, the following capitalized terms used in this Agreement have the meanings set forth below:

“**Capital Expenditure**” means any cost of a type that is properly chargeable to capital account (or would be so chargeable with (or but for) a proper election or the application of the definition of “placed in service” under Treas. Regs. §1.150-2(c)) under general federal income tax principles, determined at the time the expenditure is paid.

“Commission-Related Party” means a Person that is a Related Party to the Commission, the Issuer or the Commonwealth.

“Controlled Group” means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of this definition.

(i) The determination of direct control is made on the basis of all the relevant facts and circumstances. One entity or group of entities (the controlling entity) generally controls another entity or group of entities (the controlled entity) for purposes of this definition if the controlling entity possesses either of the following rights or powers and the rights or powers are discretionary and non-ministerial—

(A) The right or power both to approve and to remove without cause a controlling portion of the governing body of the controlled entity; or

(B) The right or power to require the use of funds or assets of the controlled entity for any purpose of the controlling entity.

(ii) If a controlling entity controls a controlled entity under the test set forth in paragraph (i) of this definition, then the controlling entity also controls all entities controlled, directly or indirectly, by the controlled entity or entities.

(iii) An entity is not a controlled entity under paragraph (i) of this definition if the entity possesses substantial taxing, eminent domain, and police powers. For example, a city possessing substantial amounts of each of these sovereign powers is not a controlled entity of the state (Commonwealth).

“501(c)(3) Organization” means any Person described in Section 501(c)(3) of the Tax Code and exempt from tax under Section 501(a) of the Tax Code.

“Governmental Person” means a state or local governmental unit as defined in Treas. Regs. § 1.103-1 or any instrumentality thereof. The federal government and its agencies and instrumentalities are not Governmental Persons.

“Issuer” means the Tobacco Settlement Financing Corporation, a public body corporate and an independent instrumentality of the Commonwealth.

“Loan” means any transaction that is generally characterized as a loan for federal income tax purposes. A Loan may arise from the direct lending of money or may arise from transactions in which indirect benefits that are the economic equivalent of a loan are conveyed within the meaning of Treas. Regs. § 1.141-5. Certain leases, management contracts and other contractual arrangements and certain prepayments for property or services may constitute Loans under Treas. Regs. § 1.141-5.

“Person” means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, corporation or partnership, or any other entity (including a governmental entity).

“Project Expenses” means the expenditures to be paid by or on behalf of, or reimbursed to, the Grantee in connection with the Grant as set forth in the Project Budget.

“Related Party” means, in reference to a Governmental Person or a 501(c)(3) Organization, any Person that is a member of the same Controlled Group and, in reference to any Person that is not Governmental Person or a 501(c)(3) Organization, a Related Person.

“Related Person” shall have the meaning set forth in Section 144(a)(3) of the Tax Code. For purposes of Section 144(a)(3) of the Tax Code, a Person is a Related Person to another Person if—

(A) the relationship between such Persons would result in a disallowance of losses under Section 267 or 707(b) of the Tax Code, or

(B) such persons are members of the same controlled group of corporations (as defined in Section 1563(a) of the Tax Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

“Tax Code” means the Internal Revenue Code of 1986, as amended, and the applicable provisions of the regulations of the U.S. Department of Treasury promulgated thereunder.

“Tobacco Bonds” means the Tobacco Settlement Asset-Backed Bonds, Series 2005, which were issued by the Issuer on May 16, 2005, and have a stated final maturity date of June 1, 2037, and the Tobacco Settlement Asset-Backed Bonds, Series 2007 B, C, and D which were issued by the Issuer on May 3, 2007, and have a stated final maturity date of June 1, 2047.

“Working Capital Expenditure” means any cost that is not a Capital Expenditure. Generally, current operating expenses are Working Capital Expenditures.

2. Source of Grant Funds; Reliance. The Grantee represents that it understands that the Grant funds are derived from the proceeds of the Tobacco Bonds, the interest on which must remain excludible from gross income for federal income tax purposes (that is, “tax-exempt”) pursuant to both (i) Virginia law and (ii) contractual covenants made by the Commission, the Issuer and the Commonwealth for the benefit of the owners of the Tobacco Bonds. The Grantee further represents that (a) the undersigned authorized representative of the Grantee has been informed of the purpose and scope of Sections 103 and 141-150 of the Tax Code as they relate to the Tobacco Bonds and the Grant, and (b) the representations and warranties contained in this Section and throughout this Agreement can be relied on by the Commission, the Issuer and bond counsel for the Commission and Issuer in executing certain documents and rendering certain opinions in connection with the Tobacco Bonds.

3. Nature of Grantee. The Grantee represents that it is neither a Commission-Related Party nor an agent of the Issuer, the Commission or the Commonwealth. A true, correct and complete copy of the Grantee’s charter, articles of incorporation or similar governing instrument is attached hereto as **Exhibit D** and is in full force and effect on the date hereof. If the Grantee is a 501(c)(3) Organization, a copy of its IRS determination letter shall also be attached as part of **Exhibit D** hereto. The Grantee will not make any changes to its governing documents or structure, funding or operations during the term of the Tobacco Bonds that would or may cause the Grantee

to become a Commission-Related Party or an agent of the Issuer, the Commission or the Commonwealth.

4. Project and Budget. The Grantee will complete all actions described in **Exhibit A** and the Application (the “**Project**”), both of which are hereby incorporated by reference. In connection with the Project, the Grantee shall meet or exceed the deliverables described in Exhibit A (the “**Project Outputs**”). In the event the description of the Project or Project Outputs in the Application and Exhibit A conflict, Exhibit A will control.

The Grantee agrees to complete the Project within three years of the Award Date (the “**Grant Period**”). The Grant Period may be extended as provided in the Funding Policies (as defined herein).

The Grantee represents that the Grant funds and funds available from the other sources specified in the Project Budget (as defined herein) will be sufficient to cause the Project to be completed and agrees that the Commission makes no actual or implied promise to fund the Project except as provided herein.

The “**Project Budget**” is the budget included in **Exhibit B** that is attached hereto and incorporated by reference. The expenses for which the Grant will be used are identified in the Project Budget (“**Project Expenses**”). Upon the Commission’s request, the Grantee agrees to provide a detailed line item budget that more specifically identifies how the Grantee will expend the Grant for the Commission’s review and approval (“**Detailed Budget**”), and the Detailed Budget will replace the Project Budget. If requested, the Commission shall not disburse any portion of the Grant until it receives an acceptable Detailed Budget.

The Grantee agrees to use the Grant exclusively for Project Expenses without the prior written approval of the Executive Director of the Commission (the “**Executive Director**”) or his designee. The Grantee must incur all Project Expenses during the Grant Period and acknowledges that the Commission will rescind and de-obligate any remaining Grant proceeds.

The Grantee agrees that it may not make any material changes to the scope of the Project or to the Project Budget without obtaining the prior written approval of the Commission as provided in the Commission’s Funding Policies for Grant Awards that are hereby incorporated by reference (“**Funding Policies**”). The Commission’s approval must specifically set forth the accepted change(s). The Grantee acknowledges the Commission may update the Funding Policies from time to time and agrees to comply with the Funding Policies then in effect.

The Grantee agrees to provide a dollar-for-dollar match from non-Commission sources as required by Va. Code § 3.2-3103(A)(7) (“**Match**”) and that the Match must be consistent with the Funding Policies. The Executive Director or his designee must approve the Match. If the Project Budget does not identify an acceptable Match as of the Award Date, the Grantee must obtain the Match and provide satisfactory evidence thereof to the Commission within one year of the Award Date. The Grantee may make a written request for an extension for one or more years by demonstrating good cause for why it has not yet obtained the Match and explaining how it will obtain the Match. In his sole discretion, the Executive Director may grant a written extension for

one or more additional years. If the Grantee fails to satisfy these requirements, the Commission may terminate this Agreement and rescind the Grant.

The Grantee represents, warrants and covenants as follows:

(a) All Project Expenses will be Capital Expenditures. No Project Expenses will be a Working Capital Expenditure.

(b) Other than as described in Sections 11 and 12 below, the Grant does not impose on the Grantee any obligation or condition to directly or indirectly repay any amount (in cash, property or services or otherwise) to the Commission, the Issuer, the Commonwealth or any Commission-Related Party.

(c) No Project Expenses will represent, nor will the Grant involve, the use by the Grantee of any portion of the Grant funds, directly or indirectly, (i) to make or finance a grant or a Loan to a Commission-Related Party or (ii) to refund, redeem or pay debt service on the debt obligations (including without limitation any tax-exempt bonds) of the Grantee or any other Person.

(d) No part of the assets to be financed by the Grant will be used by the Commission, the Issuer, the Commonwealth or other Commission-Related Party pursuant to a lease, a management or service contract, output contract, or pursuant to any other arrangement conveying special legal entitlements for the use of such assets that is comparable to a lease, a management or service contract or an output contract, such as an arrangement conveying priority rights to the use or capacity of a Grant-financed asset.

The average reasonably expected economic life of the assets to be financed by the Grant is set forth in Exhibit E attached hereto.

5. Payment of Grant Funds. Subject to the terms of this Agreement, the Funding Policies, and the conditions set forth in **Exhibit C** attached hereto and incorporated by reference, the Commission will pay the Grant to the Grantee on a reimbursement basis. The Commission in its sole discretion will determine whether the Grantee is in compliance with this Agreement and the documents incorporated by reference.

Prior to any disbursement, the Grantee must designate the officers, employees, or agents authorized to make a reimbursement request by submitting the Commission's Signature Authorization Form. The Grantee may request reimbursement of Project Expenses upon submission of an original payment request on the Commission's then-current form ("**Payment Request Form**") signed by an authorized officer, employee or agent. The Grantee may submit reimbursement requests no more frequently than quarterly unless the Commission agrees otherwise. The Grantee acknowledges that expenses incurred prior to the Award Date are not eligible for reimbursement.

The Grantee agrees to provide all supporting documentation required by the Funding Policies with each Payment Request Form. The Commission may in its sole discretion refuse to

make a disbursement if the Grantee's documentation is not in accordance with the Funding Policies, adequate expenditure of Match has not been documented, the disbursement includes items that are not Project Expenses, or is otherwise contrary to or in violation of the provisions hereof. In addition, the Commission may refuse to disburse any funds to the Grantee if the Grantee is not current on its obligations to the Commission under this Agreement or an agreement related to a different Commission grant.

If the Grant exceeds the amount necessary to complete the Project, the Grantee agrees that the Commission will retain the excess. If the Commission disbursed excess funds, the Grantee shall return such excess to the Commission within thirty (30) days of the completion of the Project or the expiration of the Grant Period, whichever occurs first.

6. Right of Inspection. The Grantee agrees that the Commission (including its employees and agents) may inspect the Project upon reasonable notice to the Grantee; provided, however, that in the event of an emergency, the Commission may inspect the Project to preserve the intended purpose of the Grant, with notice to the Grantee as practicable given the circumstances.

7. Inadequate Progress; Assurances. If after the first two years of the Grant Period have passed, the Grantee has failed to make material progress toward completing the Project such that the Commission determines in its sole discretion that it is not reasonably likely the Project will be completed before the end of the Grant Period, the Commission may give written notice that it is ceasing any further disbursements until the Grantee provides acceptable assurances. If the Grantee fails to provide assurances the Commission finds acceptable in its sole discretion within 30 days of such notice, the Commission may terminate this Agreement and rescind the undisbursed portion of the Grant.

8. Recordkeeping. The Grantee shall maintain accurate and timely books and records with respect to the Grant and the Project and in accordance with generally accepted accounting principles. The Grantee shall retain all invoices from goods purchased and services performed or received, receipts, or other evidence of the actual payment of costs related to the Project. For at least three years after the end of the Grant Period, the Grantee shall retain all such documentation and copies of all Payment Request Forms with supporting documentation and Annual and Final Reports (as defined herein) submitted to the Commission. The Commission (including its employees and agents) shall have the right to inspect and make copies of all such documentation.

9. Annual Reports. The Grantee shall submit to the Commission annual financial and narrative reports reflecting activity related to the Project and progress made toward completion of the Project and Project Outputs using the Commission's then-current grant reporting form ("**Annual Report**"). The Grantee shall provide its first Annual Report one year from the Award Date and annually thereafter until the Project is complete. The Commission reserves the right to request, and the Grantee agrees to provide, additional information to supplement the information provided in the Annual Report, including but not limited to, the Grantee's audited financial statements. In addition, the Grantee shall submit any additional information related to the Project upon the Commission's request.

10. Final Report. The Grantee shall submit to the Commission a final financial and narrative report with the final reimbursement request using the Commission's then-current grant reporting form ("**Final Report**"). The Final Report shall contain the type of information contained in the Annual Reports, including a narrative as to the success of the Project, the status of Project Outputs, and a discussion of the long-term achievements and expectations for the Project. The Commission may withhold disbursement of the final reimbursement until it receives a satisfactory Final Report. In addition, the Grantee agrees to provide any additional reports concerning the Project that the Commission may request.

11. Misuse of Award; Rights of Commission. If the Commission determines that any part of the Grant has not been used for Project Expenses or for a purpose otherwise approved in writing by the Executive Director, or that the Grantee has failed to comply with any material term or condition of this Agreement, or has made any materially false or misleading statement to the Commission in this Agreement, the Application, or in communications with the Commission, its employees, or its agents related to the Project, the Commission may withhold any further disbursements to the Grantee until the Grantee provides further assurances the Commission finds acceptable in its sole discretion. In addition, the Commission may:

- (a) terminate this Agreement and rescind the Grant by written notice to the Grantee, in which event the Grantee shall be obligated to return to the Commission, within five (5) days following receipt of such notice, an amount, from legally available funds, equal to all Grant proceeds received pursuant to this Agreement;
- (b) take any action as necessary to preserve the integrity of the Grant or to preserve Grant funds for appropriate uses;
- (c) determine that the Grantee is ineligible to receive future grant funding from the Commission;
- (d) withhold any and all disbursements requested by the Grantee from the Commission under any other grant approved by the Commission; and/or
- (e) take such judicial action as is necessary to collect any amounts owed, including legal action for breach of this Agreement.

The Commission reserves the right to modify or withhold any disbursement of Grant funds if the Commission determines that it is necessary to protect the purposes and objectives of the Commission and the Grant, the Grantee is unable or unwilling to complete the Project, or to comply with any law or regulation applicable to the Commission, the Grant and/or the Grantee.

12. Sale or Encumbrance; Security Interest. To the extent permitted by law, Grantee hereby pledges, delivers and assigns to the Commission a security interest in all tangible and intangible property acquired or improved with any portion of the Grant. Upon the Commission's request, the Grantee shall execute, provide and sign all documents necessary to perfect Commission's security interest in such property, including deeds of trust, supplemental deeds of

trust, amendments or modifications thereto, financing statements, continuation statements or other instruments and documents which may be reasonably required from time to time.

The Grantee agrees that if any interest in property acquired or improved in whole or in part with the Grant is licensed, leased, sold, exchanged, disposed of, hypothecated, mortgaged or encumbered in any manner, or no longer used in connection with the Project, the Commission will be entitled to recover the portion of the current fair market value of the property attributable to the Commission's funding of the Project as further provided in the Funding Policies. None of the assets or property acquired, constructed, improved, equipped, and/or furnished as part of the Project may be licensed, leased, sold, exchanged, disposed of, hypothecated, mortgaged or encumbered without the prior written approval of the Executive Director. In the event that such asset or property is licensed, leased, sold, exchanged, disposed of, hypothecated, mortgaged or encumbered without the prior written approval of the Executive Director, the Commission may assert its interest in the asset or property to recover the Commission's share of the value of such asset or property and/or recover from the Grantee, unless otherwise prohibited by law.

13. Compliance; Procurement. The Grantee agrees to comply with all applicable federal, state, and local laws and regulations pertaining to the Project and the use of Grant funds. If the Grantee is a "public body" under the Virginia Public Procurement Act (Va. Code § 2.2-4300 *et seq.*) (the "VPPA") and will procure goods or services from nongovernmental sources in connection with the Project, the Grantee agrees to comply with the VPPA. If the Grantee is not a public body or is otherwise not required to comply with the VPPA, the Grantee agrees to conduct competitive procurement processes consistent with applicable industry practice.

14. Miscellaneous.

(a) Press Releases. The Grantee agrees that it shall not issue any press releases or other public statements regarding the Grant without the prior written consent of the Executive Director.

(b) Entire Agreement; Assignment. To the extent there are inconsistencies between this Agreement and documents and exhibits incorporated by reference, this Agreement shall control. This Agreement expresses the entire understanding and all agreements between the Commission and the Grantee and may not be modified except in a writing signed by the parties. Neither this Agreement nor any rights under this Agreement may be assigned, by operation of law or otherwise, by the Grantee without the prior written consent of the other parties hereto. The provisions of this Agreement shall bind and inure to the benefit of the parties and their respective successors and permitted assigns.

(c) Governing Law; Jurisdiction; Venue. This Agreement shall be governed by the applicable laws of the Commonwealth. The venue of any judicial action shall be in the Circuit Court of the City of Richmond, Virginia, and such litigation shall only be brought in such court.

(d) Limitation of Liability; Indemnification; Attorneys' Fees. No member, employee, or agent of the Commission shall incur any personal liability with respect to any action taken by him or her pursuant to this Agreement. In connection with the award of the Grant or the

administration of the Project, the Commission does not and shall not assume any liability for any financial or other obligations of the Grantee made to third parties, whether or not related to the Project. There are no third party beneficiaries to this Agreement. Nothing contained herein shall be deemed an express or implied waiver of the sovereign immunity of the Commission or the Commonwealth. To the extent permitted by law, Grantee shall indemnify, save, and hold harmless the Commission, its agents, and employees from any claims or causes of action arising from the performance of this Agreement by the Grantee or the Grantee's agents or employees. In the event the Commission is required to take legal action under this Agreement, the Grantee shall be liable for all of the Commission's costs expended for the administration and enforcement of this Agreement, including but not limited to, reasonable attorneys' fees and court costs. In addition, the Grantee shall to the extent permitted by law at all times protect, indemnify and hold the Commission, the Issuer, the Commonwealth and the owners of the Tobacco Bonds, and their respective members, directors, officers, employees, attorneys and agents (the "Bond Indemnitees"), harmless against any and all liability, losses, damages, costs, expenses, penalties, taxes, causes of action, suits, claims, demands and judgments of any nature arising from or in connection with any misrepresentation, breach of warranty, noncompliance or default by or on behalf of the Grantee under this Agreement, including, without limitation, all claims or liability (including all claims of and liability to the Internal Revenue Service) resulting from, arising out of or in connection with the loss of the excludability from gross income of the interest on all or any portion of the Tobacco Bonds that may be occasioned by any cause whatsoever pertaining to such misrepresentation, breach, noncompliance or default, such indemnification to include the reasonable costs and expenses of defending any Bond Indemnitee or investigating any claim of liability and other reasonable expenses and attorneys' fees incurred by any Bond Indemnitee in connection therewith. If the Grantee is a public body, the Commission acknowledges the Grantee's obligations pursuant to this subsection (d) may be subject to receipt of necessary appropriations and applicable law.

(e) Severability. If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

(f) Public Documents. Unless specifically exempted pursuant to the Virginia Freedom of Information Act (Va. Code § 2.2-3700 *et seq.*), all reports, documents, financial data and other information provided to the Commission shall be public records.

(g) Notices. Unless otherwise provided for herein, all notices, approvals, consents, correspondence and other communications pursuant to this Agreement shall be in writing and shall be deemed received upon receipt or refusal after mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee) to (a) the Commission at 701 East Franklin Street, Suite 501, Richmond, Virginia 23219, Attention: Executive Director, or (b) the Grantee at the address set forth below.

(h) Conditional Funding. In the event that disbursement of Grant funds is contingent upon the happening of an event or events described herein that have not yet occurred as of the Award Date, the Commission may withdraw the Grant if such contingency has not been satisfied within twelve (12) months of the Award Date, unless otherwise provided in **Exhibit C**.

(i) Survival. The rights and remedies available to the Commission shall survive any expiration or termination of this Agreement.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, and all of which together shall constitute but one and the same instrument.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

TOBACCO REGION REVITALIZATION COMMISSION, a body corporate and political subdivision of the Commonwealth of Virginia

Signature of Acting Executive Director _____

Printed Name of Acting Executive Director: Stephen Versen

Date: _____

City of Danville

Signature of Grantee's Chief Executive: _____

Printed Name of Chief Executive: _____

Date: _____

Organizations Information:

Address _____

Phone # _____ e-mail _____ Federal ID # _____

Project Description:

This funding will support the engineering and permitting costs for construction of natural gas infrastructure necessary for delivery of natural gas to serve the Southern Virginia Megasite at Berry Hill. This is necessary to provide natural gas to address requirements for Microporous. VEDP VBRSP approved a \$6 million grant to support the natural gas infrastructure construction costs. The plan for delivery of natural gas is for the City of Danville to assume responsibility for construction of the natural gas line to the Megasite Lots 1 and 2 from an existing gas gate owned by the City. Microporous and all future customers would be transportation customers for the City with Southwest Virginia Gas Company providing the final connection and selling natural gas directly to the customers. Preliminary estimates and routing details are available for the proposed 3.5 mile gas main extension which will utilize VDOT and City right-of-way.

Project Outputs:

Engineering design for natural gas facilities extension to serve the Southern Virginia Megasite

Project Budget

TRRC #4219, City of Danville				Exhibit B
<i>Southern Virginia Megasite Natural Gas Gate Engineering and Permitting</i>				
		Approved Budget 1/12/2026		
Budget Categories & Line Items		TRRC	Match	Total
CONTRACTUAL SERVICES		\$ 459,000	\$ -	\$ 459,000
	A&E - Design, Permitting, Surveying, Specification & Documents, Bid Services	\$ 459,000	\$ -	\$ 459,000
PROPERTY & IMPROVEMENTS		\$ -	\$ 459,000	\$ 459,000
	Berry Hill Industrial Park Natural Gas Facilities Extension (A portion of ~ \$7.3 million total construction costs.)	-	\$ 459,000	\$ 459,000
TOTAL PROJECT BUDGET		\$ 459,000	\$ 459,000	\$ 918,000
Sources of Funds		TRRC	Match	Total
Tobacco Region Revitalization Commission		\$ 459,000		\$ 459,000
VEDP Business Ready Site Program			\$ 459,000	\$ 459,000
TOTAL - SOURCES OF FUNDS		\$ 459,000	\$ 459,000	\$ 918,000

Grant Conditions

1. At least 50% of the total Project Budget must be funded by non-Commission sources. The Grantee must provide satisfactory evidence thereof to the Commission prior to disbursement of any Grant proceeds. Unapproved applications to other funding sources are not satisfactory evidence.

Governing Documents of Grantee

Attach charter, articles of incorporation or similar governing instruments, also attach IRS determination letter if a 501(c)(3) Organization.

**DETERMINATION OF AVERAGE REASONABLY EXPECTED
ECONOMIC LIVES OF PROJECT ASSETS**

The Tax Code limits the length of average maturity for certain tax-exempt bonds, such as the Tobacco Bonds, to no more than 120% of the average reasonably expected economic life of the assets being financed with the proceeds of such bonds. In this Exhibit, the Grantee will determine the average reasonably expected economic life of the assets being financed by the Grant.

There are two safe harbors in determining "economic life": the ADR midpoint life under IRS Revenue Procedures 87-56 and the guideline life under IRS Revenue Procedure 62-21(in the case of structures). For the purposes hereof, the reasonably expected economic life of an asset is to be determined as of the date the asset is expected to be placed in service. You may wish to consult your accountant in completing this Exhibit. Commission staff can provide copies of the above-referenced Revenue Procedures.

Please complete the attached Schedule as follows:

Step 1. Please list each of the assets comprising the Project to be financed or refinanced by the Grant funds by describing them in Column I. At the minimum, the assets should be broken down as "Land," "Land Improvements," "Building," and "Equipment." In Column II, indicate whether each asset will be acquired, constructed, installed, renovated, etc.

Step 2. In Column III, set forth the corresponding total cost of each asset to be paid with Grant funds. Any amounts shown on the Project Budget as "Contingency" should be assigned to the shortest-lived asset.

Step 3. In Column IV, set forth the date each asset is expected to be placed in service. An asset is first placed in service when it is first placed in a condition or state of readiness and availability for a specifically assigned function.

Step 4. In Column V, set forth in years the ADR midpoint life or the guideline life of each asset listed in Column I, in accordance with the following:

Land. If any portion of the Grant funds will be used to finance the acquisition of land, Commission staff should be consulted to determine the economic life to be assigned. In most cases, Commission staff will direct you to assign the land an economic life of 0 and to exclude the land from the economic life calculation.

If land improved with one or more existing buildings will be acquired, please allocate the purchase price between the land and buildings and furnish the Commission with a copy of a recent appraisal of the relative value of the land and buildings to support your allocation.

Buildings. A guideline life must be determined under Revenue Procedure 87-56 for any building to be financed with the Grant. Forty years is the guideline life for most buildings. Based on the nature of the particular building, your accountant or Commission staff will assist you in determining whether another guideline life is more appropriate. Each building includes the structural shell of the building and all integral parts thereof, equipment which services normal

Exhibit E con't

heating, plumbing, air conditioning, fire prevention and power requirements, and equipment such as elevators and escalators.

Equipment. Please select a ADR midpoint life for each item of equipment to be financed. The tables of asset guideline classes, asset guideline periods and asset depreciation ranges included in Revenue Procedures 87 – 56 are used for reference.

To use the table, you should first determine the asset guideline class in which each item of equipment falls. General business assets fall into classes 00.11 through 00.4 to the extent that a separate class is provided for them. Other assets, to the extent that a separate class is provided, fit into one or more of classes 01.1 through 80.0. Subsidiary assets (jigs, dies, molds, patterns, etc.) are in the same class as are the other major assets in an industry activity unless the subsidiary assets are classified separately for that industry. Each item of equipment should be classified according to the activity in which it is primarily used. If the equipment is not described in any asset guideline class, its estimated economic life must be determined on a case by case basis.

Working Capital. Working Capital Expenditures are ineligible for Grant funding.

Step 5. In Column VI, adjust the ADR midpoint or guideline life for each asset by adding the amount of time (in years) between May 16, 2005 (the closing date of the Tobacco Bonds) and the in-service date specified in Column IV. For example, if a building with a guideline life of 40 years will be placed in service one year and six months after May 16, 2005, the adjusted economic life for such building in Column VI should be 41.5

Step 6. In Column VII, show with respect to each asset the product of the respective entry in Column III multiplied by the respective entry in Column VI.

Step 7. Total all of entries in Column III and Column VII.

Step 8. Divide the Column VII Total by the Column III Total. The quotient is the average reasonably expected economic life of the assets to be financed with Grant funds as part of the Project.

INFORMATION SCHEDULE
REASONABLY EXPECTED ECONOMIC LIVES
OF PROJECT FACILITIES

	COLUMN I	COLUMN II	COLUMN III	COLUMN IV	COLUMN V	COLUMN VI	COLUMN VII
	DESCRIPTION OF ASSETS INCLUDED IN THE PROJECT	ACQUISITION, CONSTRUCTION, INSTALLATION, RENOVATION, ETC.	TOTAL COST TO BE FINANCED BY GRANT	IN SERVICE DATE	GUIDELINE OR ADR MIDPOINT LIFE	ADJUSTED ECONOMIC LIFE	COLUMN III X COLUMN VI
1	Land Improvements- Gas Utility Distribution Facility	Design and Engineering	\$459,000	5/31/27	35	57.04	\$26,181,360
2							
3							
4							
5							
6							
			Total: \$459,000				Total: \$26,181,360

AVERAGE REASONABLY EXPECTED ECONOMIC LIFE:

COLUMN VII TOTAL \$26,181,360 ÷ COLUMN III TOTAL: \$459,000 = 57.04 YEARS

Council Letter City of Danville, Virginia



CL - 2593

NEW BUSINESS F.

City Council REGULAR MEETING

Meeting Date: March 17, 2026

Subject: Amending the Fiscal Year 2026 Budget Appropriation Ordinance for State Aviation Capital Funding.

From: Marc Adelman, Director of Transportation Services

COUNCIL ACTION

An Ordinance Amending the Fiscal Year 2026 Budget Appropriation Ordinance to Provide for State Aviation Capital Grant Funding to Complete a Site Preparation Construction Project at the Danville Regional Airport in the Amount of \$993,760 and for the Local Share in the Amount of \$110,418 for a Total of \$1,104,178 and Appropriating the Same.

First Reading

SUMMARY

State aviation funding has been approved to complete a site prep construction project located adjacent to the south ramp at the Danville Regional Airport.

BACKGROUND

Design services were completed earlier this fiscal year to complete a site prep construction project that will be located adjacent to the south ramp at the Danville Regional Airport. This project will support development opportunities and will involve grading work, drainage improvement and the completion of a 30-space parking lot and paved service road. The area that will be graded adjacent to the south ramp, which is 510' x 425' will support construction up to 13,000 square feet.

RECOMMENDATION

It is recommended that City Council approve the attached ordinance appropriating state aviation capital funds to support a site prep construction project at the Danville Regional Airport.

Attachments

1. Ordinance
 2. Exhibit
-

PRESENTED: _____

ADOPTED: _____

ORDINANCE NO. 2026 - _____ - _____

AN ORDINANCE AMENDING THE FISCAL YEAR 2026 BUDGET APPROPRIATION ORDINANCE TO PROVIDE FOR STATE AVIATION CAPITAL GRANT FUNDING TO COMPLETE A SITE PREPARATION CONSTRUCTION PROJECT AT THE DANVILLE REGIONAL AIRPORT IN THE AMOUNT OF \$993,760 AND FOR THE LOCAL SHARE IN THE AMOUNT OF \$110,418 FOR A TOTAL OF \$1,104,178 AND APPROPRIATING THE SAME

WHEREAS, the Virginia Department of Aviation recommended funding to complete a site preparation construction project for the Danville Regional Airport; and

WHEREAS, the planned project supports future development objectives at the Danville Regional Airport; and

WHEREAS, the Virginia Aviation Board has approved state funding to complete a site prep construction project located adjacent to the airport's south ramp to support future corporate hangar development.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia that the Fiscal Year 2026 Budget Appropriation Ordinance be, and it is hereby, amended by increasing revenues for grants from the Virginia Department of Aviation in the amount of Nine hundred ninety-three thousand, seven hundred sixty and 00/100 dollars (\$993,760) such funds to be appropriated as follows:

ANTICIPATED REVENUES

<u>Description</u>	<u>Account No.</u>	<u>Amount</u>
South Ramp Site Prep State Aviation Funds	61988001-45712	\$ 993,760

Local Share		
FY26 Capital & Special Projects Plan		110,418
	Total	<u>\$ 1,104,178</u>

ANTICIPATED EXPENDITURES

<u>Description</u>	<u>Account No.</u>	<u>Amount</u>
South Ramp Site Prep	61988999-50	\$ 1,104,178

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

BE IT FINALLY ORDAINED by the Council of the City of Danville, Virginia, that the Fiscal Year 2026 Budget Appropriation Ordinance, as amended, not hereby amended, shall continue in full force and effect unless and until hereafter further amended or repealed.

Approved:

Mayor

Attest:

Clerk

Approves as to Form
And Legal Sufficiency:

City Attorney

