



DANVILLE CITY COUNCIL SPECIAL CALLED MEETING AGENDA

MUNICIPAL BUILDING

May 11, 2026

10:30 AM

PRESIDING: Alonzo L. Jones, Mayor

CITY COUNCIL MEMBERS: James B. Buckner, Vice Mayor
L.G. "Larry" Campbell, Jr.
Bryant Hood
Daniel W. Marshall, III

Barry P. Mayo
Dr. Gary P. Miller
Sherman M. Saunders
J. Lee Vogler, Jr.,

STAFF: Ken F. Larking, City Manager
Earl B. Reynolds, Jr., Deputy City Manager

W. Clarke Whitfield, Jr., City Attorney
Susan M. DeMasi, City Clerk

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

Time and Place of Meeting

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

Communications from Visitors

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

Guidelines for Public Hearings

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

MEETING CALLED TO ORDER

ROLL CALL

OLD BUSINESS

- A. Consideration of a Resolution to Issue Revenue Bonds for Utility Infrastructure Projects.
Council Letter Number CL - 2768.

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.

ADJOURNMENT

Council Letter City of Danville, Virginia



CL - 2768

OLD BUSINESS A.

City Council SPECIAL CALLED MEETING

Meeting Date: May 11, 2026

Subject: Issuance of Revenue Bonds.

From: W. Clarke Whitfield Jr., City Attorney

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
-

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 6.0% (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