DANVILLE CITY COUNCIL REGULAR MEETING AGENDA

MUNICIPAL BUILDING

September 15, 2026

7:00 PM

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

INVOCATION - JAMES B. BUCKNER

PLEDGE OF ALLEGIANCE TO THE FLAG

ANNOUNCEMENTS AND SPECIAL RECOGNITION

A. Proclamation: A Day of Action Against Hunger and Poverty

Presented to: Sherri Tuck

CONSENT AGENDA

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

PUBLIC HEARING

A. Consideration of Approval of Minutes from Regular Council meeting held on August 18, 2026.

B. Consideration of Amending the Fiscal Year 2027 Budget Appropriation Ordinance for a Residential Substance Abuse Treatment for Prisoners Grant.
Council Letter Number CL - 2895.

An Ordinance of the Council of the City of Danville, Virginia Amending the Fiscal Year 2027 Budget Appropriation Ordinance by Increasing Revenue from the Department of Criminal Justice Services for a Residential Substance Abuse Treatment for State Prisoners (RSAT) Competitive Program Grant in the Amount of $225,000 and to Provide for the Local Share in the Amount of $75,000 for a Total Appropriation of $300,000 and Appropriating the Same.
Final Adoption

C. Consideration of Amending the Fiscal Year 2027 Budget Appropriation Ordinance for the Older Americans Act Grant.
Council Letter Number CL - 2905.

An Ordinance of the Council of the City of Danville, Virginia Amending the Fiscal Year 2027 Budget Appropriation Ordinance by Increasing Certain Revenues to Provide for Title III-B Grant Funds and Local Share for Senior Citizen Transportation Services and Appropriating the Same.
Final Adoption

D. Consideration of Amending the Fiscal Year 2027 Budget Appropriation Ordinance for the Creative Communities Partnership Grant from the Virginia Commission for the Arts.
Council Letter Number CL - 2914.

An Ordinance of the Council of the City of Danville, Virgina Amending the Fiscal Year 2027 Budget Appropriation Ordinance to Provide for a Virginia Commission for the Arts Grant in the Amount of $4,500, and to Provide for the Local Share in the Amount of $5,000 for a Total Grant of $9,500.
Final Adoption

APPOINTMENTS

A. Consideration of Appointments to Boards and Commissions.
Council Letter Number CL - 2982.

Consideration of Appointments to the Following Boards and Commissions:

1. A Resolution Reappointing Tyrell Payne to the Community Improvement Council.

2. A Resolution Appointing Robert David to the Danville Community College Board to fill an Unexpired Term.

3. A Resolution Appointing Andrea Staten to the Danville Community Policy and Management Team.

OLD BUSINESS

A. Consideration of an Ordinance to Issue Revenue Bonds for Utility System Improvements.
Council Letter Number CL - 2915.

An Ordinance of the Council of the City of Danville, Virginia Approving and Authorizing the Issuance of Bonds of the City of Danville, Virginia, in the Maximum Aggregate Principal Amount of $16,500,000 to Finance Various Expenditures for Its Utility System.
Final Adoption

NEW BUSINESS

A. Review of General Fund Financials as of August 31, 2026.
Council Letter Number CL - 2860.

Review of General Fund Financials as of August 31, 2026. Financial Statements are included

B. Consideration of a Resolution to Issue Revenue Bonds for Utility Infrastructure Projects.
Council Letter Number CL - 2939.

A Resolution of the Council of the City of Danville, Virginia, Providing for the Issuance and Sale by the City of Danville, Virginia, of Taxable Utility System Revenue Bonds in an Aggregate Principal Amount Not to Exceed $16,500,000, Heretofore Authorized, and Providing for the Form, Details and Payment of Such Bonds.

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. Each individual speaker shall have three uninterrupted minutes. A representative of a group may have up to five uninterrupted minutes to make a presentation. The representative shall identify the group and a group may have no more than one spokesperson. Time will be kept using the electronic timer on the podium.

COMMUNICATIONS

A. City Manager

B. Deputy City Manager

C. Assistant City Manager Adkins

D. Assistant City Manager Evans

E. City Attorney

F. City Clerk

G. Roll Call

ADJOURNMENT

Council Letter
City of Danville, Virginia

CL - 2951 **CONSENT AGENDA A.**

City Council REGULAR MEETING

Meeting Date: September 15, 2026

Subject: Approval of Minutes

From: Susan DeMasi, City Clerk

COUNCIL ACTION

Consideration of Approval of Minutes from Regular Council meeting held on August 18, 2026.

Attachments

1. Meeting Minutes

The Second August meeting of the Danville City Council was held on August 18, 2026, at 7:00 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building, 427 Patton Street, Danville, Virginia. The following Council Members were present: Vice Mayor James B. Buckner, L.G. “Larry” Campbell Jr., Bryant Hood, Mayor Alonzo L. Jones, 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., Assistant City Manager/CFO Michael Adkins, Assistant City Manager Briana Evans, City Attorney W. Clarke Whitfield, Jr., and City Clerk Susan M. DeMasi.

Mayor Jones presided.

INVOCATION AND PLEDGE OF ALLEGIANCE

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

Mayor Jones asked City Manager Ken Larking to give an update. Mr. Larking stated, *I wanted to let the public know that the city will soon be issuing a request for proposal seeking input from qualified firms with expertise in the full range of companion animal services, including animal control, public health related responsibilities, shelter operations and animal welfare programs. The goal is to evaluate best practices and to identify opportunities to strengthen the services we provide to our community. This effort will be conducted in close collaboration with the Danville Area Humane Society as well as other stakeholders and community partners. We value the important role these organizations play and look forward to working together to ensure Danville continues to provide effective, responsible and compassionate animal services for both residents and animals.*

Mayor Jones noted they looked forward to working together with their partners; they were better together.

MEETING MINUTES

Upon **Motion** by Vice Mayor Buckner and **second** by Council Member Mayo, Minutes of the Regular Council Meeting held on July 21, 2026 were approved as presented. Draft copies had been distributed to Council Members prior to the Meeting.

NEW BUSINESS

REVIEW OF GENERAL FUND FINANCIALS AS OF JUNE 30, 2026

Assistant City Manager/Chief Financial Officer Michael Adkins noted Council will find in their packets the preliminary, unaudited results for Fiscal Year 2026; staff has made all the adjustments and estimates they know to make at this point. Things were still fluid, but he did not think there would be anything materially different from what he was reporting tonight.

Beginning with total revenues, they slightly exceeded budgeted expectations at 101% of budget; the budget was $192M, the extra 1% represents about $2M, and the City received $194M total. That overage of 1% stems from a few major areas; they had a significant increase in their delinquent tax collections this year, both real estate and personal property. Combined, that collection was about $575,000 over what was anticipated for FY 26. Current year collections were just above budget at 101% as well. Interest and Investment Earnings did well; they had anticipated an interest rate decrease when the budget was put together, but as the year unfolded, those interest rates held steady and the City was able to get approximately 3% on most of their investment earnings throughout the year. That resulted in an extra $1M in those earnings. The casino gaming taxes outperformed budgeted expectations in FY 26; the $41.7M budget ended up being about $1.2M over what was anticipated. As per the policy that was established by City Council, that overage will float to the Capital Expenditure Reserve for this year, and the years to come. There were some items that did fall short or didn't meet the targeted budget and most of those were in the local tax section. Meals tax was almost at target at 99%, about $80,000 short of target; this was on a $13.9M budget, but the City still did have growth in that area. Meals tax did increase about $600,000 over last year and just didn't quite meet budgeted expectations. The same was true for lodging taxes; the City received about 98% of budget, $60,000 short; the budget was $3.7M, but the City still had growth there, about $27,000 over last year. Sales tax was a little slow this past year, they only received 93% of budget, a shortfall of about $930,000. The budget was $14M and to note, the current year's budget for FY 27 was scaled back to $13M; that will be reported on as the year progresses. Business licenses also fell a little short, they received about 95% of budget, about a $400,000 shortfall. State and Federal fundings and other cost recoveries were either on target or just above budget, ranging anywhere from 99% to 101% of budget. In total, revenues still outperformed budgeted expectations.

On the Expenditure side, if encumbrances were included, which were goods and services that the City has had on order on June 30, but had not paid for yet, the City spent or encumbered 98.5% of budget. That left 1.5% of budget unspent, or about $2.9M. Most of that underspending was a result of vacancy savings, positions that were not filled or partially filled throughout the year, and the benefits related to those positions. The City does budget for vacancy savings each year, this just outperformed expectations. The remaining $900,000 of underspending was a combination of many categories throughout all the departments in the General Fund representing cost containment efforts in each. The end result for FY 26, as of now, the City will be adding about $2.5M to its unassigned fund balance; that will raise it from $54M to $56.5M. Some of this could drop off if they receive any FY 26 invoices from this point on, but they should be insignificant. There were some adjustments needed, there was a cap on how much interest the City can earn on their unspent bond proceeds. He does not have those figures yet, they come from an outside agency; that was also an adjustment that could cause them to go down a bit. For FY 27, the minimum fund balance needed for the current year budget was about $47.5M, so the city has about an $8.5M cushion over the minimum required. The auditors will be here next month through the end of November to review the financial statements for FY 26.

CONSIDERATION OF A RESOLUTION OF OFFICIAL INTENT TO REIMBURSE EXPENDITURES WITH PROCEEDS OF A BORROWING

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

RESOLUTION NO. 2026-08.05

A RESOLUTION OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA, DECLARING OFFICIAL INTENT TO REIMBURSE EXPENDITURES WITH PROCEEDS OF A BORROWING.

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

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Marshall
Mayo, Miller, Saunders and Vogler (9)

NAY: None (0)

CONSIDERATION OF A RESOLUTION OF SUPPORT FOR PINEY FOREST ROAD PROJECT UPC 123202

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

RESOLUTION NO. 2026-08.06

A RESOLUTION OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA, EXPRESSING CONTINUED SUPPORT FOR THE PINEY FOREST ROAD IMPROVEMENTS PROJECT.

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

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

CONSIDERATION OF A RESOLUTION OF SUPPORT FOR STATE OF GOOD REPAIR PROJECT UPC 128926

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

RESOLUTION NO. 2026-08.07

A RESOLUTION OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA, SUPPORTING THE WEST MAIN STREET STATE OF GOOD REPAIR RESURFACING PROJECT AND AUTHORIZING THE USE OF LOCAL MATCHING FUNDS.

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

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

CONSIDERATION OF AMENDING AND ESTABLISHING RENTAL FEES FOR AIRPORT FACILITIES

Mayor Jones opened the floor for a Public Hearing regarding Rental Fees for Airport Facilities. Notice of the Public Hearing was published in the *Danville Register & Bee* on August 11, 2026, and August 15, 2026. No one present desired to be heard and the Public Hearing was closed.

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

ORDINANCE NO. 2026-08.04

AN ORDINANCE OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA AMENDING AND ESTABLISHING MONTHLY RENTAL FEES FOR A NEW HANGAR LOCATED AT THE DANVILLE REGIONAL AIRPORT EFFECTIVE AUGUST 17, 2026.

The Motion was **seconded** by Vice Mayor Buckner and carried by the following vote:

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

COMMUNICATIONS FROM VISITORS

Mayor Jones recognized Patsy Hazelwood, who spoke to Council about a stray mother cat that was trapped by city animal control.

Mayor Jones recognized Katherine Wall who thanked the City for starting to repave North Main Street and asked if the City could put out more bids for contractors, spoke on a program for insulating attics, her idea on helping the homeless shelter and asked if there would be open transportation for voting day.

Mayor Jones recognized Jessica Florez, speaking on behalf of Best Friends Animal Society, who stated they were encouraged that the City was issuing a request for proposal about animal policies.

COMMUNICATIONS

Assistant City Manager Adkins noted today, the Procurement Division had another workshop for small businesses and SWaM businesses. They are going into the community, meeting at a host business to conduct the sessions. This was the second of five sessions, with other sessions planned for September, October and November.

Assistant City Manager Evans noted Visit Sosi brings tourism to the community and engages residents and visitors, on what Danville has to offer. The blocks on Council's desks showcase the activities going on in the City.

City Attorney Clarke Whitfield noted the GW Football game that was scheduled for Friday night at 7:00 p.m. has been moved to 6:00 p.m. Thursday night because of the impending rain, at Gretna.

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

Council Member Miller noted he attended a meeting with Council Member Saunders for Faces of Our Children, a sickle cell organization, where he was asked to speak. Dr. Miller discussed symptoms and treatment, which depend on public support, and encouraged people to donate and support the organization.

Council Member Vogler noted the first GW home game was Friday, August 28th against Reidsville. Mr. Vogler asked the City Manager to repeat his announcement regarding the request for proposals for companion animal services, and stated he attended an event at DCC with faculty, staff and alumni; they also had a celebration of former athletes at DCC; it was a fantastic event.

Vice Mayor Buckner noted this past Saturday with Mr. Marshall, Mr. Hood and Dr. Miller, he attended the First Responders Appreciation Day honoring emergency services around the City and County; it was a wonderful event.

Council Member Campbell questioned Mr. Larking if the Riverfront Park area had a curfew and Mr. Larking stated they have hours of operation; there was a curfew in the City.

Council Member Hood noted Hoops Don't Shoot's 10th Anniversary will be held at Cherrystone Association, 5551 Tom Fork Road on Saturday, September 19, 2026, at 4:00 p.m. Mr. Hood recognized the First Responders Appreciation Day, he had the honor of giving the Invocation for the event, and noted his prayers were with the Thacker family on the passing of Monroe Thacker, and the Caviness family with the passing of Stanley Caviness.

Council Member Marshall noted with the start of the school year, asked citizens to pray for the blessing of all the students, teachers and staff for a safe school year.

Mayor Jones noted the DCC convocation was amazing, along with visiting the new event center at DCC. Mayor Jones wished Mr. Saunders a Happy Birthday this Saturday.

MEETING ADJOURNED AT 7:35 P.M.

APPROVED:

____
MAYOR

ATTEST:

____
CITY CLERK

Council Letter
City of Danville, Virginia

CL - 2895 **CONSENT AGENDA B.**

City Council REGULAR MEETING

Meeting Date: September 15, 2026

Subject: Amending the Fiscal Year 2027 Budget Appropriation Ordinance for a Residential Substance Abuse Treatment for Prisoners Grant.

From: Aisha Gwynn, Grant Administrator

COUNCIL ACTION

An Ordinance of the Council of the City of Danville, Virginia Amending the Fiscal Year 2027 Budget Appropriation Ordinance by Increasing Revenue from the Department of Criminal Justice Services for a Residential Substance Abuse Treatment for State Prisoners (RSAT) Competitive Program Grant in the Amount of $225,000 and to Provide for the Local Share in the Amount of $75,000 for a Total Appropriation of $300,000 and Appropriating the Same.

Final Adoption

SUMMARY

The Virginia Department of Criminal Justice Services has awarded the City of Danville a SFY26 Residential Substance Abuse Treatment for Prisoners (RSAT) Competitive Grant Award to fund “The Challenge Project at the Adult Detention Center,” which is designed to address substance use disorders and opioid use disorders among male inmates. The project supports individuals during incarceration and through reentry by working with Danville-Pittsylvania Community Services to coordinate case management, treatment planning, AfterCare services, and community-based supports.

BACKGROUND

The Challenge Project at the Adult Detention Center responds to the need for targeted substance use treatment and recovery support within the correctional setting. Danville Pittsylvania Community Services will serve as the service partner by delivering direct interventions, including individual counseling, crisis intervention, psychoeducational classes, and support groups.

RECOMMENDATION

It is recommended that the City Council approve and adopt the accompanying Budget Appropriation Ordinance amending the FY 27 Budget to include the $300,000.00 grant award from the Department of Criminal Justice Services for the SFY26 Residential Substance Abuse Treatment for Prisoners (RSAT) Competitive program.

Attachments

1. Ordinance

PRESENTED: ______________________

ADOPTED: ______________________

ORDINANCE NO. 2026___ . ___

AN ORDINANCE OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA AMENDING THE FISCAL YEAR 2027 BUDGET APPROPRIATION ORDINANCE BY INCREASING REVENUE FROM THE DEPARTMENT OF CRIMINAL JUSTICE SERVICES FOR A RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS (RSAT) COMPETITIVE PROGRAM GRANT IN THE AMOUNT OF $225,000 AND TO PROVIDE FOR THE LOCAL SHARE IN THE AMOUNT OF $75,000 FOR A TOTAL APPROPRIATION OF $300,000 AND APPROPRIATING THE SAME.

WHEREAS, the City of Danville has been awarded a grant from the Virginia Department of Criminal Justice Services for the State Fiscal Year 2026 Residential Substance Abuse Treatment for State Prisoners (RSAT) Competitive Program totaling Two Hundred Twenty-five Thousand Dollars ($225,000); and

WHEREAS, the local matching funds will be provided from the City of Danville's Opioid Direct Distribution Funds received as part of the original opioid settlement funds; and

WHEREAS, the funding will support a collaborative effort between the City of Danville – Adult Detention Center and Danville-Pittsylvania Community Services to expand opioid and substance use disorder treatment services for justice-involved individuals.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that the Fiscal Year 2027 Budget Appropriation Ordinance be, and the same is hereby, amended by increasing revenues from Department of Criminal Justice Services in the amount of Two Hundred Twenty-five Thousand Dollars ($225,000), with matching funds from Opioid Direct Distribution Funds in the amount of Seventy-five Thousand Dollars ($75,000), for a total of Three Hundred Thousand Dollars ($300,000) such revenue and appropriations to be as follows:

ANTICIPATED REVENUE

Description	Account No.	Amount
DCJS – Residential Substance Abuse Treatment Treatment for Prisoners (RSAT) Competitive Program – Adult Detention Center		
Federal Aid Grants	62083000-48055	$ 225,000
Local Share		
Transfer from Virginia Opioid Fund	62083000-43820	75,000
	TOTAL	$ 300,000

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
DCJS – RSAT Adult Detention	62083999-50	$ 300,000

BE IT FURTHER ORDAINED, that a transfer from the Special Revenue Fund revenue and appropriation in the Virginia Opioid Fund project is hereby authorized to cover the City of Danville's local share as follows:

TRANSFER FROM

Description	Account No.	Amount
Virginia Opioid Fund		
Opioid Direct	61792000-43820	($ 75,000)
Project Expenditures	61792999-50	($ 75,000)

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 appropriated; and

BE IT FINALLY ORDAINED, that all other accounts and provisions of the Fiscal Year 2027 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

Approved as to
Form and Legal Sufficiency:

City Attorney

Council Letter
City of Danville, Virginia

CL - 2905 **CONSENT AGENDA C.**

City Council REGULAR MEETING

Meeting Date: September 15, 2026

Subject: Amending the Fiscal Year 2027 Budget Appropriation Ordinance for the Older Americans Act Grant.

From: Marc Adelman, Director of Transportation Services

COUNCIL ACTION

An Ordinance of the Council of the City of Danville, Virginia Amending the Fiscal Year 2027 Budget Appropriation Ordinance by Increasing Certain Revenues to Provide for Title III-B Grant Funds and Local Share for Senior Citizen Transportation Services and Appropriating the Same.

Final Adoption

SUMMARY

The City of Danville applies annually for federal Older Americans Act funds and state transportation funds to serve as a subcontractor for the Southern Area Agency on Aging to provide transportation services for senior citizens aged sixty and over.

BACKGROUND

The Transportation Services Department requests City Council's approval to appropriate Title III-B Older Americans Act Grant funds for the federal fiscal year from October 1, 2026, through September 30, 2027, in the amount of $48,899. In addition, this request applies to the appropriation of $22,012 in State Transportation funds. Total federal and state funding for FY27 will increase by $1,228 compared to FY26 funding levels. The Ordinance includes an appropriation for in-kind services for the Title III-B Older Americans Act Grant for $380,790. These charges are appropriated in the Transportation Services budget. The appropriation for in-kind service is necessary for administrative and reporting activities to complete operational and supervisory duties to support the Senior Transportation program.

RECOMMENDATION

It is recommended that City Council approve the attached Ordinance appropriating Title III-B Older American Act Grant funds received through the Southern Area Agency on Aging for Fiscal Year 2027.

Attachments

1. Ordinance

PRESENTED: _____________

ADOPTED: _______________

ORDINANCE NO. 2026 -_____ . ______

AN ORDINANCE OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA AMENDING THE FISCAL YEAR 2027 BUDGET APPROPRIATION ORDINANCE BY INCREASING CERTAIN REVENUES TO PROVIDE FOR TITLE III-B GRANT FUNDS AND LOCAL SHARE FOR SENIOR CITIZEN TRANSPORTATION SERVICES AND APPROPRIATING THE SAME.

BE IT ORDAINED by the Council of the City of Danville, Virginia that the Fiscal Year 2027 Budget Appropriation Ordinance by, and it is hereby, amended to provide for a grant from Title III-B Older Americans Act funds in the amount of Forty-eight Thousand Eight Hundred Ninety-nine Dollars ($48,899); Virginia General Fund monies in the amount of Twenty-two Thousand Twelve Dollars ($22,012), administered by the Southern Area Agency on Aging to the Department of Transportation Services for the Federal Fiscal Year beginning October 1, 2026 and ending September 30, 2027; Three Hundred Eighty Thousand Seven Hundred Ninety Dollars ($380,790) In-Kind Services for a total of Four Hundred Fifty-one Thousand Seven Hundred One Dollars ($451,701), and appropriating such funds within the Special Grants Fund, such revenue and appropriations to be as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Categorical Aid – Federal:		
Older Americans Act		
Title III-B Funds (FY26-27)	62130000-48050	$ 70,911
Local Share:		
Older Americans Act		
Title III-B In Kind (FY26-27)	62132000-44890	380,790
	TOTAL	**$ 451,701**

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Older Americans Act Title III-B (FY26-27):		
Salary and Wages	62130000-51200	$ 22,952
FICA	62130000-51450	1,991
Mass Transit Services	62130000-52660	45,968
	Subtotal	**$ 70,911**

Description	Account No.	Amount
Older Americans Act Title III-B In-Kind (FY26-27):		
Salary and Wages	62132000-59500	$ 341,014
FICA	62132000-59510	23,058
Outside Services	62132000-59610	550
Postage	62132000-59630	2,150
Travel/Training Expense	62132000-59645	1,833
Office Supplies	62132000-59650	4,000
Lease/Rent Buildings	62132000-59670	8,185
	Subtotal	**$ 380,790**
	TOTAL	**$ 451,701**

AND BE IT FURTHER ORDAINED that all other accounts and provisions of the Fiscal Year 2027 Budget Appropriation Ordinance, as amended, not hereby amended, shall continue in full force and effect unless and until hereafter further amended or repealed; and

BE IT FINALLY ORDAINED, that this appropriation shall be continuing appropriation and such appropriation shall carry forward from year to year until such funds are expended for the purpose for which they were appropriated.

Approved:

____

Mayor

Attest:

____

Clerk

Approved as to
Form and Legal Sufficiency:

____

City Attorney

Council Letter
City of Danville, Virginia

CL - 2914 **CONSENT AGENDA D.**

City Council REGULAR MEETING

Meeting Date: September 15, 2026

Subject: Amending the Fiscal Year 2027 Budget Appropriation Ordinance for the Creative Communities Partnership Grant from the Virginia Commission for the Arts.

From: Lee Rainboth, Cultural Art Manager

COUNCIL ACTION

An Ordinance of the Council of the City of Danville, Virgina Amending the Fiscal Year 2027 Budget Appropriation Ordinance to Provide for a Virginia Commission for the Arts Grant in the Amount of $4,500, and to Provide for the Local Share in the Amount of $5,000 for a Total Grant of $9,500.
Final Adoption

SUMMARY

The City of Danville participates in the Creative Communities Partnership Grant through the Virginia Commission for the Arts. The City of Danville has received notification from the Commission that a grant of $4,500 has been awarded for Fiscal Year 2027.

BACKGROUND

A local match of $5,000 has been provided to local arts organizations. Some of the local groups that have been assisted by this program over the years include: the Danville Area Choral Art Society, Danville Museum of Fine Art and History, Danville Symphony Orchestra, Danville Concert Association, and Smokestack Theater Company. A Public Notice will be advertised for the week of September 15, 2026, soliciting applications. Agencies above will be emailed letters advising them of the funding opportunity and informing them that they must complete an application. The applications are due back no later than October 2, 2026. City staff will review the applications and make award recommendations to the local arts grant task force who will vote on the final awards. Award recipients are notified by letter of their grant amount, and funds must be spent prior to June 30, 2027.

RECOMMENDATION

It is recommended that the City Council adopt the accompanying Ordinance, providing funds for a Creative Communities Partnership Grant from the Virginia Commission for the Arts, and the required share.

Attachments

1. Ordinance

PRESENTED:________________________

ADOPTED:__________________________

ORDINANCE NO. 2026-_____ . ____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGNIA AMENDING THE FISCAL YEAR 2027 BUDGET APPROPRIATION ORDINANCE TO PROVIDE FOR A VIRGINIA COMMISSION FOR THE ARTS GRANT IN THE AMOUNT OF $4,500, AND TO PROVIDE FOR THE LOCAL SHARE IN THE AMOUNT OF $5,000 FOR A TOTAL GRANT OF $9,500.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that the Fiscal Year 2027 Budget Appropriation Ordinance be, and the same is hereby, amended by increasing revenues for a grant in the amount of Four Thousand Five Hundred Dollars ($4,500) from the Commonwealth of Virginia, Virginia Commission for the Arts, and the local share of the grant in the amount of Five Thousand Dollars ($5,000), all for its support of local arts, such funds to be appropriated in the Special Grants fund and to be as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Virginia Commission for the Arts Categorical Aid - State	60139000-47520	$ 4,500
Local Share Transfer from General Fund	60139000-6101	$ 5,000
	TOTAL	$ 9,500

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Virginia Commission for the Arts	60139000-55005	$ 9,500

AND BE IT FINALLY ORDAINED that all other accounts and provisions of the Fiscal Year 2027 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

Approved as to
Form and Legal Sufficiency:

____
City Attorney

Council Letter
City of Danville, Virginia

CL - 2982 **APPOINTMENTS A.**

City Council REGULAR MEETING

Meeting Date: September 15, 2026

Subject: Appointments to Boards and Commissions.

From: Susan DeMasi, City Clerk

COUNCIL ACTION

Consideration of Appointments to the Following Boards and Commissions:

1. A Resolution Reappointing Tyrell Payne to the Community Improvement Council.

2. A Resolution Appointing Robert David to the Danville Community College Board to fill an Unexpired Term.

3. A Resolution Appointing Andrea Staten to the Danville Community Policy and Management Team.

Attachments

1. Appointment Resolutions

PRESENTED: ______________________

ADOPTED: ____________________

RESOLUTION NO. 2026 – ____ . ____

A RESOLUTION REAPPOINTING TYRELL PAYNE TO THE COMMUNITY IMPROVEMENT COUNCIL.

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Tyrell Payne be, and he is hereby reappointed as a member of the Community Improvement Council for a two-year term commencing September 1, 2026 and ending December 31, 2028.

APPROVED:

____
MAYOR

ATTEST:

____
CITY CLERK

PRESENTED: ______________________

ADOPTED: ____________________

RESOLUTION NO. 2026 – ____ . ____

A RESOLUTION APPOINTING ROBERT DAVID TO THE DANVILLE COMMUNITY COLLEGE BOARD TO FILL AN UNEXPIRED TERM.

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Robert David be, and he is hereby appointed as a member of the Danville Community College Board to fill the unexpired term of Gary Terry ending June 30, 2029.

APPROVED:

____
MAYOR

ATTEST:

____
CITY CLERK

PRESENTED: ______________

ADOPTED: ________________

RESOLUTION NO. 2026 – ___ . ___

A RESOLUTION APPOINTING ANDREA STATEN AS A MEMBER OF THE DANVILLE COMMUNITY POLICY AND MANAGEMENT TEAM AS THE 22ND DISTRICT COURT SERVICES UNIT REPRESENTATIVE.

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Andrea Staten be, and she is hereby appointed as a member of the Danville Community Policy and Management Team as the 22nd District Court Services Unit representative.

APPROVED:

____
MAYOR

ATTEST:

____
CITY CLERK

Council Letter
City of Danville, Virginia

CL - 2915 **OLD BUSINESS A.**

City Council REGULAR MEETING

Meeting Date: September 15, 2026

Subject: Issuance of Revenue Bonds for Utility System Improvements.

From: Amy Chandler, Director of Finance

COUNCIL ACTION

An Ordinance of the Council of the City of Danville, Virginia Approving and Authorizing the Issuance of Bonds of the City of Danville, Virginia, in the Maximum Aggregate Principal Amount of $16,500,000 to Finance Various Expenditures for Its Utility System.

Final Adoption

SUMMARY

The approved Fiscal Year 2027 Capital and Special Projects Budget for the City of Danville includes issuing debt for planned improvements to the City's Wastewater, Water, and Electric systems. Specifically, the FY 2027 budget includes plans for a new pumping station at the Southside Wastewater Plant, a force main and pumping station at the Coleman industrial site, completion of the water main extension to serve the eastern portion of the Southern Virginia Megasite at Berry Hill, 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 $16.5 million, which includes issuance costs, 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 2027 Capital and Special Projects Budget for the City of Danville includes issuing debt for planned improvements to the City's Wastewater, Water, 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 plans for a new pumping station at the Southside Wastewater Plant, a force main and pumping station at the Coleman industrial site, completion of the water main extension to serve the eastern portion of the Southern Virginia Megasite at Berry Hill, 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 $16.5 million, which includes issuance costs.

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

1. Ordinance

PRESENTED: _______________

ADOPTED: _______________

ORDINANCE NO. 2026-____ . ____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING THE ISSUANCE OF BONDS OF THE CITY OF DANVILLE, VIRGINIA, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF $16,500,000 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 and use the proceeds thereof (a) to finance capital improvement projects for the City’s water, sewer, electric and gas utility systems (collectively, the “Projects”), and (b) to pay related issuance and financing costs.

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 Sixteen Million Five Hundred Thousand and 00/100 Dollars ($16,500,000.00) for the purposes of (a) financing, together with other available funds, the costs to plan, design, acquire, construct,

extend, renovate, equip and/or improve the Projects, and (b) paying the related issuance and financing costs.

3. The Bonds shall be dated such date or dates, mature at such time or times not exceeding 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 - 2860 **NEW BUSINESS A.**

City Council REGULAR MEETING

Meeting Date: September 15, 2026

Subject: Review of General Fund Financials as of August 31, 2026.

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

---

COUNCIL ACTION

Review of General Fund Financials as of August 31, 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

From: **Amy M. Chandler, Director of Finance**

Date: **September 8, 2026**

Subject: Summary of Preliminary General Fund Financial Results for August 31, 2026

After completing the first two months of the new fiscal year, revenues are tracking well with budget and are almost identical to the prior year showing a slight increase. As of August 31, General Fund revenues were $17,826,802. This represents nearly 9.5% of the FY 2027 budget. Last year at this time, we had collected $17,042,230 or 9.2% of budget.

We continue to see steady performance in the collection of delinquent real estate taxes with $499,568 realized in the first two months of this fiscal year. This accounts for 42% of the current year budget. Tax bills for FY 2027 will be mailed in November, and we will begin realizing the collection of current real estate and personal property taxes at that time. Local taxes collected through August 31, were $7,036,411, or 12% of budget. This exceeds FY 2026 collections by $41,000.

Regarding local taxes, sales tax collections through August amounted to $2,194,451, or 17% of budget. Meals taxes collected for the first two months of the fiscal year amounted to $2,407,977 or 17% of budget, an increase of $126,129 from last year. Business Licenses realized at the end of August were $455,180. Lodging taxes received as of August 31, were $737,984 or 20% of budget, an increase of $9,800 from the prior year. All other revenue categories are tracking well with budget at this point.

Expenditures through August 31 totaled $34,761,570, or 18% of budget, which is a $21 million decrease from the prior year. Although total expenditures decreased from the prior year, departmental spending increased. Departmental expenditures for the first two months totaled $19.8 million, or 17% of budget, which is $4.1 million higher than the prior year. This increase is primarily due to higher salaries and benefits, as well as timing differences related to IDA contributions and Social Services expenditures. The decrease in total expenditures is primarily due to the timing of Transfers to Capital Projects, which occurred differently in FY 2026 compared with FY 2027.

P.O. Box 3300 | Danville, Virginia 24543 | 434.799.5185 | DanvilleVA.gov

Fund expenditures exceeded revenues by $16,934,768. This is typical for the start of the fiscal year in the General Fund because the timing of the revenue recognition is not matched to expenditures. At this point, the General Fund is performing as expected compared to the current budget.

CITY OF DANVILLE, VIRGINIA
GENERAL FUND REPORT
17% OF YEAR LAPSED AS OF AUGUST 31, 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	$ 52,446,700	$ 1,910,583	3.64%		$ 50,536,117	$ 2,148,883
Other Local Taxes	57,358,800	7,036,411	12.27%		50,322,389	6,995,607
License Permits & Privilege Fees	532,070	92,137	17.32%		439,933	67,857
Fines & Forfeitures	306,050	53,361	17.44%		252,689	60,599
Revenue From Use Money & Property	2,742,220	677,930	24.72%		2,064,290	406,076
Charges For Services	3,233,010	779,996	24.13%		2,453,014	725,802
Miscellaneous Revenue	25,100	95,324	379.78%		(70,224)	96,947
Recovered Cost	10,992,430	1,408,797	12.82%		9,583,633	1,032,164
Intergovernmental	46,351,338	3,158,262	6.81%		43,193,076	2,894,295
Transfers From Utilities	15,684,000	2,614,000	16.67%		13,070,000	2,614,000
TOTAL REVENUES	**$ 189,671,718**	**$ 17,826,802**	**9.40%**		**$ 171,844,916**	**$ 17,042,230**
EXPENDITURES:						
General Government Administration	$ 18,907,610	$ 3,645,698	19.28%	$ 1,701,320	$ 13,560,592	$ 3,470,626
Judicial Administration	10,452,458	1,659,146	15.87%	8,884	8,784,428	1,664,586
Public Safety	50,125,950	8,300,584	16.56%	616,351	41,209,015	7,050,761
Public Works	7,446,250	877,953	11.79%	330,110	6,238,187	805,528
Health, Education, Welfare & Soc. Svc.	12,369,950	1,311,430	10.60%	41,433	11,017,087	1,144,906
Parks, Recreation & Cultural	8,483,060	1,210,977	14.28%	91,301	7,180,781	1,033,835
Community Development	9,627,040	2,799,693	29.08%	384,588	6,442,759	585,990
Non-Departmental	16,505,990	3,629,475	21.99%	9,000	12,867,515	2,715,762
Education	37,352,260	10,285,145	27.54%	-	27,067,115	16,927,546
Transfer to Capital Projects	14,569,050	213,136	1.46%	-	14,355,914	21,246,330
Transfer to Other Funds	4,872,100	828,333	17.00%	-	4,043,767	1,742,840
TOTAL EXPENDITURES	**$ 190,711,718**	**$ 34,761,570**	**18.23%**	**$ 3,182,988**	**$ 152,767,160**	**$ 58,388,709**
	-					
Revenue over(under) Expenditures		$ (16,934,768)				$ (41,346,479)
FUND BALANCE:						
Beginning Fund Balance 07/01/2026		$ 69,459,355				$ 70,952,996
Revenue over(under) Expenditures		(16,934,768)				(40,225,081)
Ending Fund Balance 08/31/2026		**$ 52,524,587**				**$ 30,727,915**
Composition of Fund Balance:						
Reserved for Encumbrances/Designated Funds		$ 8,662,176				$ 15,584,144
Unassigned		43,862,412				15,143,772
TOTAL FUND BALANCE 08/31/2026		**$ 52,524,587**				**$ 30,727,915**

CITY OF DANVILLE, VIRGINIA
GENERAL FUND
COMPOSITION OF FUND BALANCE
PRELIMINARY - AS OF AUGUST 31, 2026

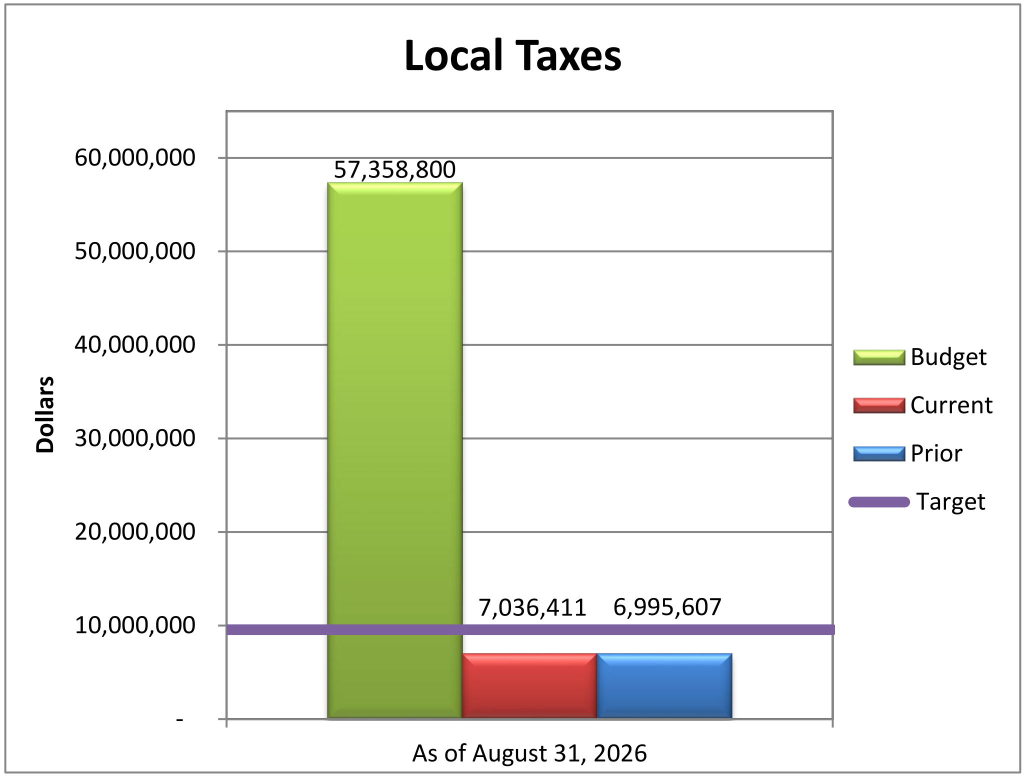
Beginning Total Fund Balance, July 1, 2026	69,459,355.44
Add: General Fund Revenues	17,826,802.19
Deduct: General Fund Expenditures Ending	(34,761,570.22)
Total Fund Balance, August 31, 2026	52,524,587.41

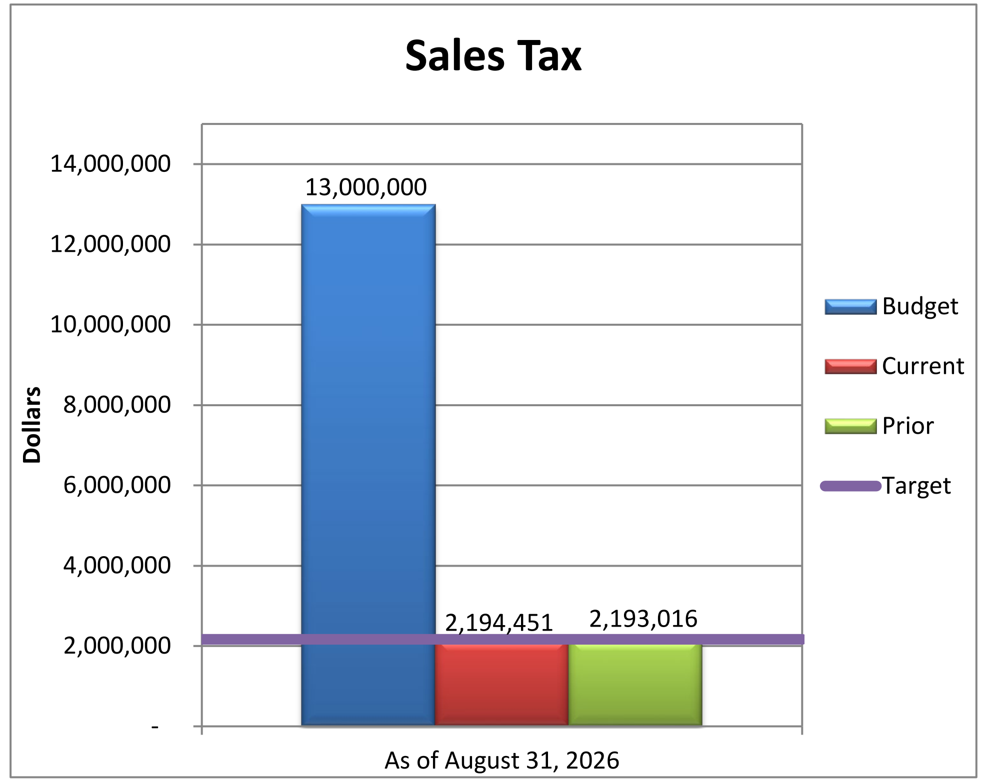
Composition of Fund Balance:	
Restricted for Commonwealth Attorney	123,954.42
Restricted for Police Department	142,633.83
Restricted for Fire Department	117,977.27
Committed for Sheriff's Department	18,251.42
Committed to Schools	-
Committed to Budget Stabilization	4,547,248.06
Assigned to Sheriff's Department	36,565.93
Assigned to Community Development	13,303.51
Assigned for Encumbrances	3,182,988.26
Assigned Casino Revenue	-
Nonspendable (Inventory and Prepaids)	479,253.06
UNASSIGNED	**43,862,411.66**
Total Fund Balance, August 31, 2026	52,524,587.41
	-

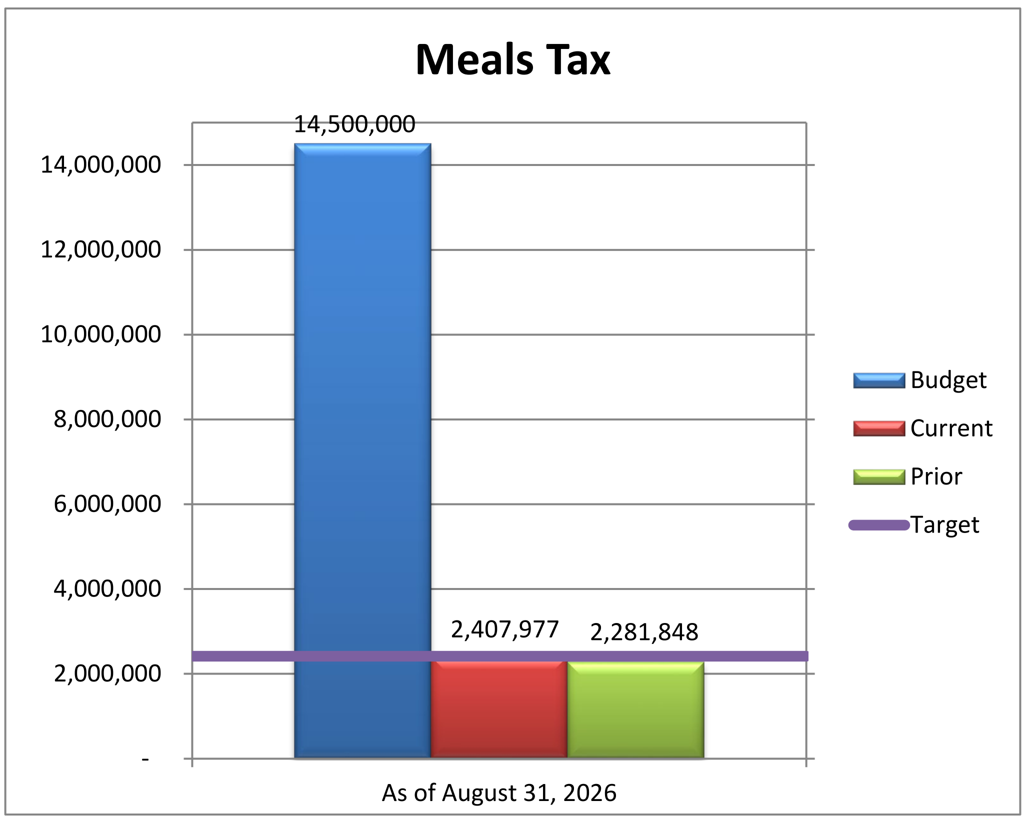
Unassigned fund balance from above	43,862,411.66
Unassigned Minimum per policy (25% of General Fund Operating Revenues) based on FY 2027 budget	47,417,929.50
Current surplus (deficit) over (under) minimum	(3,555,517.85)

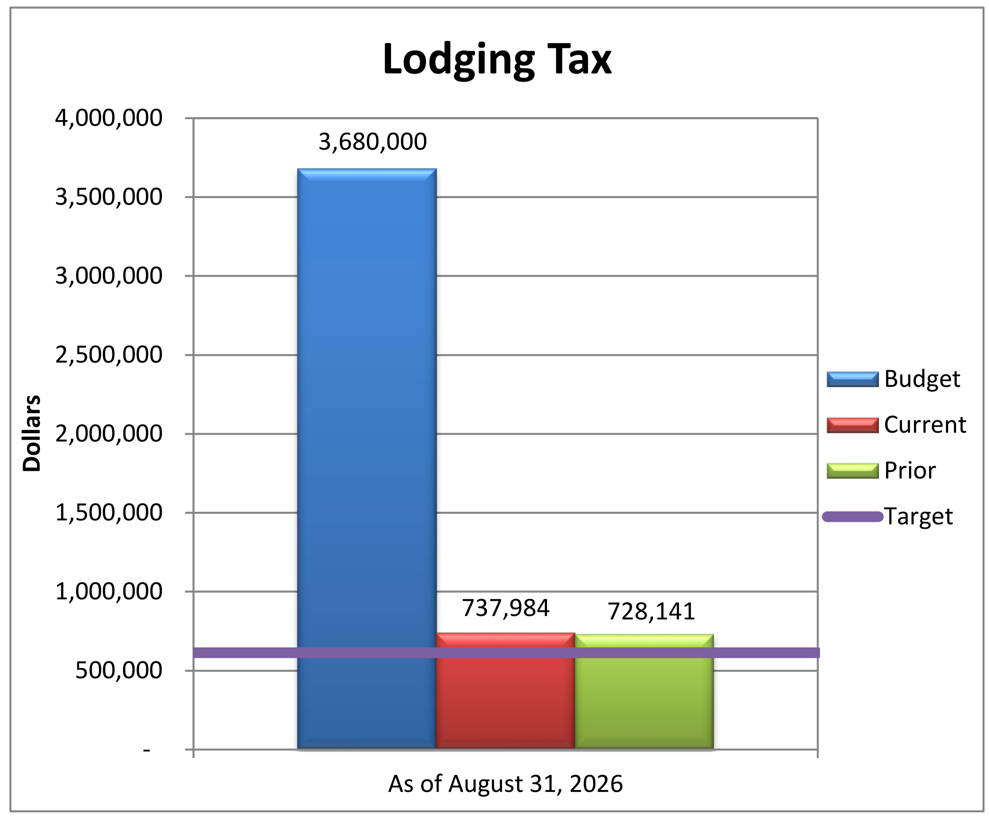
City of Danville, Virginia
Summary of Other Local Tax Revenues - PRE-CLOSING - UNAUDITED
For the period ending August 31, 2026

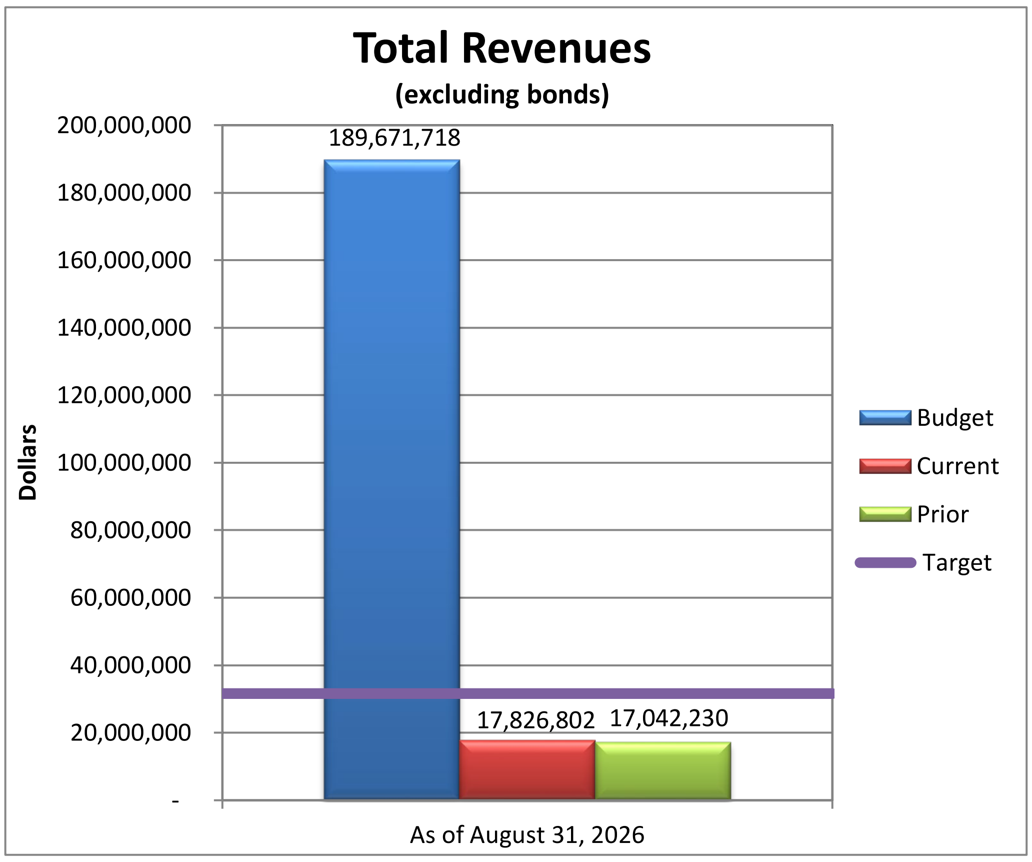
Description	Current Budget	Revenue Realized	Percentage Realized	Prior Year Budget	Prior Year Realized	Percentage Prior Year
Sales Tax	$ 13,000,000	$ 2,194,451	16.88%	$ 14,000,000	$ 2,193,016	15.66%
Business Licenses	8,500,000	455,180	5.36%	8,582,000	583,582	6.80%
Meals Tax	14,500,000	2,407,977	16.61%	13,900,000	2,281,848	16.42%
Utility Taxes	940,000	95,431	10.15%	930,000	82,478	8.87%
Vehicle License Fees	-	92,317	0.00%	1,000,000	96,008	9.60%
Bank Stock Tax	1,100,000	-	0.00%	1,100,000	-	0.00%
Recordation Tax	380,000	73,022	19.22%	370,000	75,997	20.54%
Hotel Motel Tax	3,680,000	737,984	20.05%	3,680,000	728,141	19.79%
Daily Property Rental Tax	20,800	14,422	69.34%	20,800	11,784	56.65%
Cannabis Tax	200,000	-	0.00%	-	-	0.00%
Motor Vehicle Tax	240,000	38,390	16.00%	240,000	39,833	16.60%
DMV Fees	248,000	24,554	9.90%	275,000	26,323	9.57%
Ceasars Min Fee	14,550,000	902,681	6.20%	13,300,000	876,597	6.59%
TOTAL	$ 57,358,800	$ 7,036,411	12.27%	$ 57,397,800	$ 6,995,607	12.19%

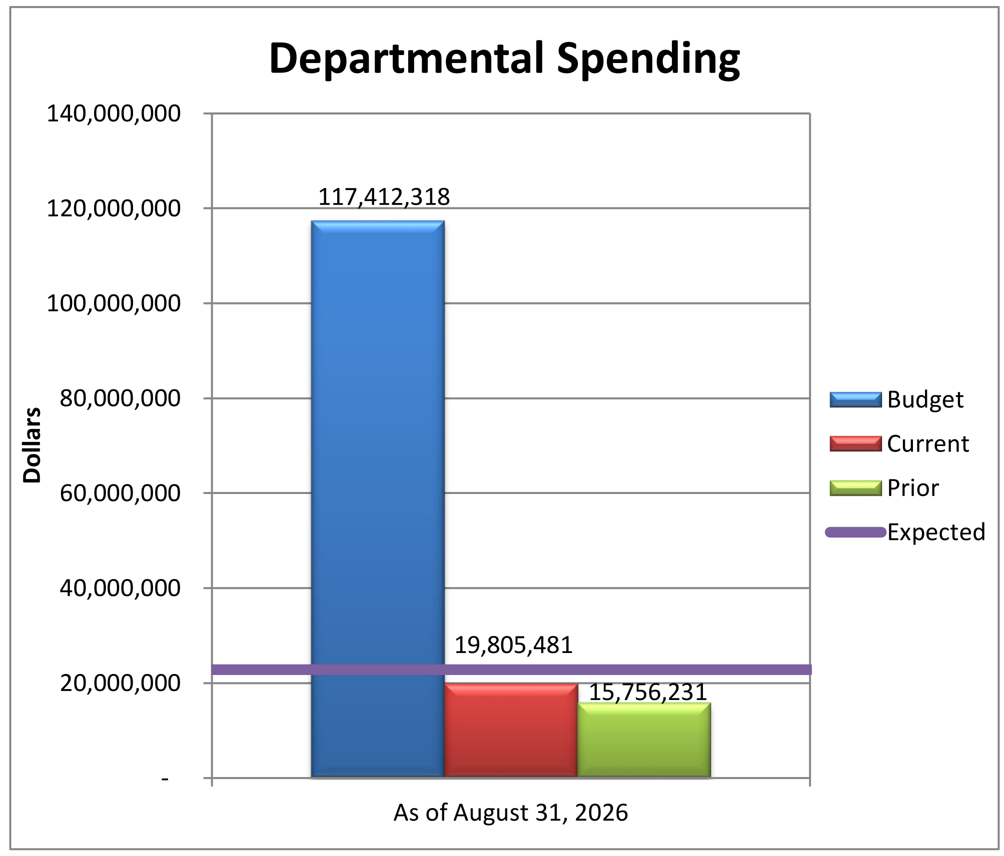

Local Taxes
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
Dollars
57,358,800
7,036,411
6,995,607
Budget
Current
Prior
Target
As of August 31, 2026

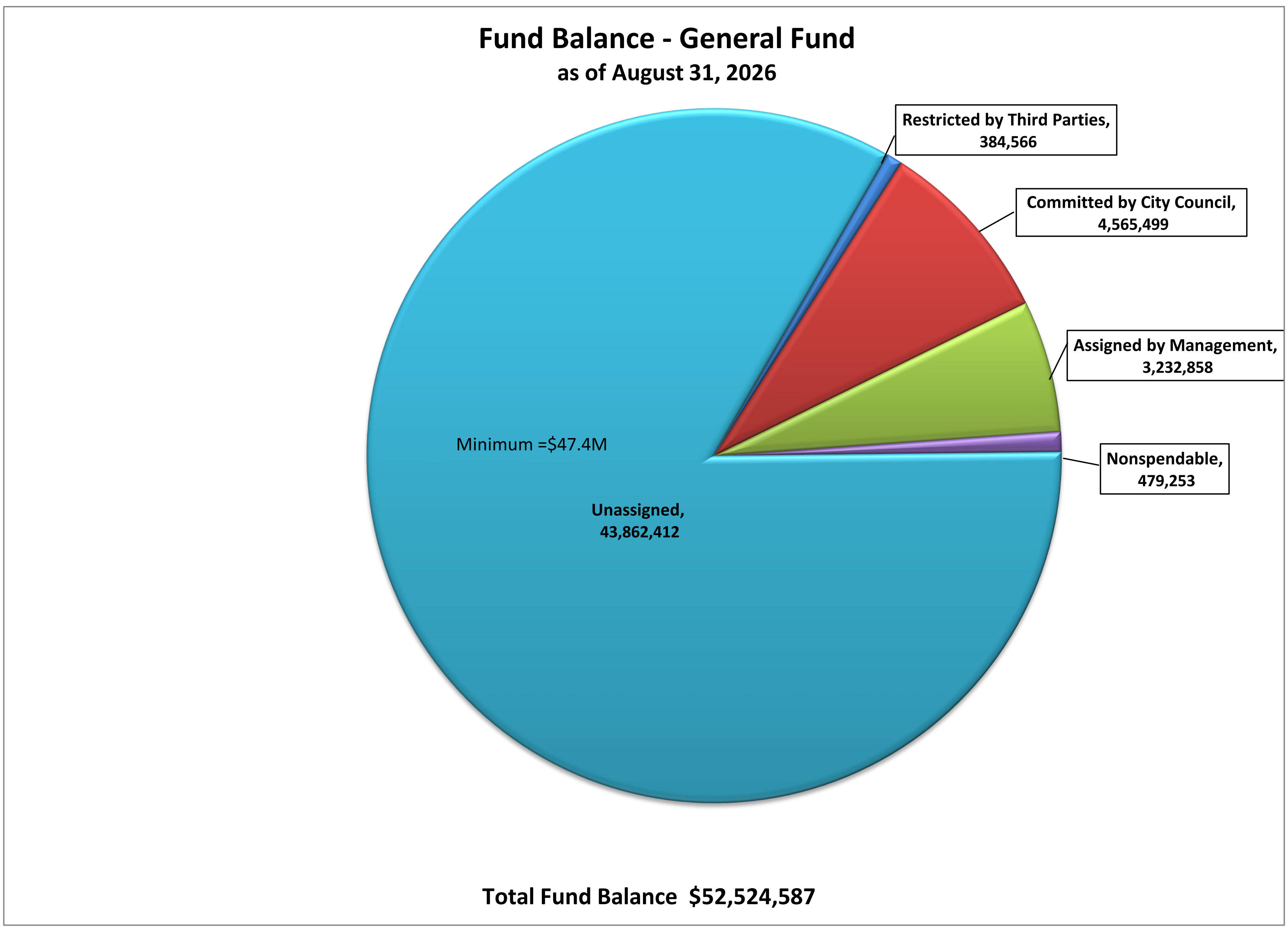

Sales Tax
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
Dollars
13,000,000
2,194,451
2,193,016
Budget
Current
Prior
Target
As of August 31, 2026


Meals Tax
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
14,500,000
2,407,977
2,281,848
Budget
Current
Prior
Target
As of August 31, 2026


Lodging Tax
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
Dollars
3,680,000
737,984
728,141
Budget
Current
Prior
Target
As of August 31, 2026


Total Revenues
(excluding bonds)
Dollars
200,000,000
180,000,000
160,000,000
140,000,000
120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
-
189,671,718
17,826,802
17,042,230
Budget
Current
Prior
Target
As of August 31, 2026


Departmental Spending
Dollars
140,000,000
120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
-
117,412,318
19,805,481
15,756,231
Budget
Current
Prior
Expected
As of August 31, 2026


Fund Balance - General Fund
as of August 31, 2026
Restricted by Third Parties, 384,566
Committed by City Council, 4,565,499
Assigned by Management, 3,232,858
Nonspendable, 479,253
Minimum =$47.4M
Unassigned, 43,862,412
Total Fund Balance $52,524,587

Council Letter
City of Danville, Virginia

CL - 2939 **NEW BUSINESS B.**

City Council REGULAR MEETING

Meeting Date: September 15, 2026

Subject: Resolution to Issue Revenue Bonds for Utility Infrastructure Projects

From: Amy Chandler, Director of Finance

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 Taxable Utility System Revenue Bonds in an Aggregate Principal Amount Not to Exceed $16,500,000, Heretofore Authorized, and Providing for the Form, Details and Payment of Such Bonds.

SUMMARY

In accordance with the Fiscal Year 2027 Capital and Special Projects Budget, revenue bonds are to be issued as funding for Wastewater, Water, 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 $16.5 million and utility revenues will be the source of debt service.

BACKGROUND

The Fiscal Year 2027 Capital and Special Projects Budget was adopted by City Council on June 16, 2026. This budget includes the following projects to be funded with a borrowing:

Sewer System Improvements — Sewer Line Reconstruction, New Sewer Lines/Inflow & Infiltration Reduction, & Tributary Lines to Jackson Branch Outfall	$1,400,000
Wastewater Pumping Station — Coleman Industrial Site	$5,000,000
Water Mains — Trotter's Creek Water Main at Berry Hill	$6,000,000
Electric System Reliability Improvements	$3,500,000

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 state projects.

Attachments

1. Resolution
2. Sixth Supplemental Trust Agreement
3. Danville Financing Agreement
4. Danville Financing Agreement

PRESENTED: ________________

APPROVED: ________________

RESOLUTION NO. 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 TAXABLE UTILITY SYSTEM REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $16,500,000, HERETOFORE AUTHORIZED, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT OF SUCH BONDS.

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 September 15, 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 $16,500,000 to finance various capital improvement projects for the City’s water, sewer, and electric utility systems, including (without limitation) (i) new sewer lines and general wastewater system improvements, (ii) electric system reliability improvements, (iii) the Coleman Site Wastewater Pumping Station improvements, (iv) the Trotters Creek Water Main Expansion improvements and (v) Microporous sanitary sewer extension improvements (collectively, the “Project”), and to pay related costs of issuance; and

WHEREAS, the Council desires to issue utility system revenue bonds in an aggregate principal amount not to exceed $16,500,000 (the “Bonds”) to finance the Project and to pay the costs of issuing the Bonds; and

WHEREAS, the City has applied to the Virginia Resources Authority ("VRA") for the purchase of the Bonds, and VRA has indicated its willingness to purchase the Bonds 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 Supplemental Agreement of Trust prepared for the Bonds (the "Supplement" and, together with the Master Trust Agreement, the "Trust Agreement") to be dated as of a date specified by the City Manager (which term shall include the Deputy City Manager for purposes of this Resolution), between the City and the Trustee, and (b) one or more Local Bond Sale and Financing Agreements to be dated as of a date specified by VRA (together, 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 aggregate sum of $16,150,000 (plus an amount sufficient to pay related costs of issuance) is the amount of proceeds requested for the 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 Bonds (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 Bonds, and, consequently, (a) the aggregate principal amount of the Bonds 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 Bonds 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 Bonds may not exceed the parameters set forth below in Section 4.

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

1. Issuance and Sale of Bonds. 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 Bonds in an aggregate principal amount not to exceed $16,500,000 to finance the Project and to pay the related costs of issuing the Bonds. The Bonds 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 Supplement. The Mayor and the City Manager, either of whom may act, are authorized and directed to execute the Supplement and deliver such documents to the Trustee. The Supplement shall be in substantially the same form as made available at 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 at this meeting is hereby approved. The City Manager is authorized to execute and deliver one or more Financing Agreements (one for each series of Bonds issued, if requested by VRA) 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 Bonds may be issued in one or more series, with each Bond of a series issued as a registered bond, designated "Taxable Utility System Revenue Bond" (with an appropriate series designation determined by the City Manager), numbered R-1 (for each series), and dated the date that is on or about 30 days prior to the closing date of the VRA Bonds. The Council authorizes the issuance and sale of the Bonds 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 Bonds of all series (i) shall be issued in an aggregate principal amount not to exceed $16,500,000, (ii) shall have a "true" interest cost (calculated on a combined basis across all series) not to exceed 6.50% (exclusive of "Supplemental Interest" as provided in the Financing Agreement), (iii) shall be sold to VRA at an aggregate price that is substantially equal to the Proceeds Requested, (iv) shall be payable in principal installments ending not later than December 31, 2047, and (v) shall be subject to prepayment upon the terms set forth in the Financing Agreement and the 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 aggregate principal amount of the Bonds and (y) the amortization schedule (including the principal installment dates and amounts) for each series of Bonds.

(b) If the limitation on the maximum aggregate principal amount of the Bonds 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 Bonds at an amount less than the Proceeds Requested. The actions of the City Manager in determining the final terms of the Bonds 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 Bonds shall be payable in lawful money of the United States of America.

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

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

6. Pledge of Security. The Bonds 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 Bonds 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. For any series of Bonds purchased by VRA from the proceeds of VRA Bonds issued on a tax-exempt basis (the “Tax-Exempt VRA Bonds”), the City covenants that it shall not take or omit to take any action the taking or omission of which will cause the Tax-Exempt 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 Tax-Exempt 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 any Bonds purchased from proceeds of Tax-Exempt VRA Bonds, 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 Tax-Exempt 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. With respect to any series of Bonds purchased from proceeds of Tax-Exempt VRA Bonds, 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 any series of Bonds purchased from proceeds of Tax-Exempt VRA Bonds, 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 any series of Bonds purchased from proceeds of Tax-Exempt VRA Bonds from becoming "private activity bonds" 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 any series of Bonds purchased from proceeds of Tax-Exempt VRA Bonds. The Council acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the City in connection with SNAP, except as otherwise provided in the Contract.

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 Bonds 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 Bonds 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.

Adopted ___________, 2026.

Approved:

____
Mayor

Attest:

____
City Clerk

Approved as to
Form and Legal Sufficiency:

____
Deputy City Attorney

[SIXTH] SUPPLEMENTAL AGREEMENT OF TRUST

between

CITY OF DANVILLE, VIRGINIA

and

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

Dated as of [September 18,] 2026

TABLE OF CONTENTS

THIS [SIXTH] SUPPLEMENTAL AGREEMENT OF TRUST dated as of [September 18,] 2026 (the "[Sixth] 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 Taxable Utility System Revenue Bond, Series 2023, its Taxable Utility System Revenue Bond, Series 2024, its Taxable Utility System Revenue Bond, Series 2026, its Taxable Utility System Revenue Bond, Series 2026B, its Taxable Utility System Revenue Bond, Series 2026C, and ____________ (collectively, the "Outstanding Parity Bonds"), all pursuant to the terms and provisions of the Master Trust Agreement and related supplements;

WHEREAS, the City is not in default under the Master Trust Agreement or in the payment of the principal of or interest on the Outstanding Parity Bonds;

WHEREAS, pursuant to and in accordance with the Master Trust Agreement, the City has determined to issue, on parity with the Outstanding Parity Bonds, its Taxable Utility System Revenue Bond, Series 2026[D], in the principal amount of $[__________] (the "Series 2026[D] Bond"), to finance capital improvement projects for the City's water, sewer, and electric utility systems, including but not limited to (i) new sewer lines and general wastewater system improvements, (ii) electric system reliability improvements, and (iii) the Trotters Creek Water Main Expansion improvements (collectively, the "Series 2026[D] Project") and to pay related costs of issuance;

WHEREAS, the City has entered into a Local Bond Sale and Financing Agreement dated as of [September 18,] 2026 (the "2026[D] Financing Agreement"), with the Virginia Resources Authority ("VRA") for the sale of the Series 2026[D] Bond to, and the purchase of the same by, VRA; and

WHEREAS, pursuant to and in accordance with the Master Trust Agreement, the City has determined to issue, on parity with the Outstanding Parity Bonds, its Taxable Utility System Revenue Bond, Series 2026[E], in the principal amount of $[__________] (the "Series 2026[E] Bond"), to finance capital improvement projects for the City's water, sewer, and electric utility systems, including but not limited to, Microporous sanitary sewer extension improvements (collectively, the "Series 2026[E] Project") and to pay related costs of issuance;

WHEREAS, the City has entered into a Local Bond Sale and Financing Agreement dated as of [September 18,] 2026 (the "2026[E] Financing Agreement"), with VRA for the sale of the Series 2026[E] Bond to, and the purchase of the same by, VRA; and

WHEREAS, the City has taken all necessary action to make the Series 2026[D] Bond and Series 2026[E] Bond, when authenticated by the Trustee and issued by the City, valid and binding limited obligations of the City and to constitute this [Sixth] Supplemental Agreement a valid and binding agreement authorizing and providing for the details of such Bonds;

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

ARTICLE I

[SIXTH] SUPPLEMENTAL AGREEMENT

Section 3.101 Authorization of [Sixth] Supplemental Agreement. This [Sixth] 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[D] Bond and the Series 2026[E] Bond and to the holder thereof, except as otherwise provided in this [Sixth] Supplemental Agreement.

Section 3.102 Definitions. Except as otherwise defined in this [Sixth] Supplemental Agreement, terms defined in the Master Trust Agreement are used in this [Sixth] Supplemental Agreement with the same meanings assigned to them in the Master Trust Agreement. In addition, the following words as used in this [Sixth] 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[D] Financing Agreement or the 2026[E] Financing Agreement, as applicable.

"Outstanding Parity Bonds" shall have the meaning assigned to such term in the recitals hereto.

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

"Series 2026[D] Bond" shall mean the City's $[_____________] Taxable Utility System Revenue Bond, Series 2026[D], authorized to be issued pursuant to this [Sixth] Supplemental Agreement.

"Series 2026[D] Project" shall have the meaning set forth in the recitals hereto.

"Series 2026[E] Bond" shall mean the City's $[_____________] Taxable Utility System Revenue Bond, Series 2026[E], authorized to be issued pursuant to this [Sixth] Supplemental Agreement.

"Series 2026[E] Project" shall have the meaning set forth in the recitals hereto.

"[Sixth] Supplemental Agreement" shall mean this [Sixth] 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[D] Financing Agreement and 2026[E] Financing Agreement, as applicable.

"2026[D] Financing Agreement" shall have the meaning set forth in the recitals hereto.

"2026[E] 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 [Sixth] Supplemental Agreement.

ARTICLE II

AUTHORIZATION, DETAILS AND FORM OF BONDS

Section 3.201 Authorization of Bonds.

(a) 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[D]," to provide funds to finance all or a portion of the Cost of the Series 2026[D] Project and the related costs of issuance.

(b) 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[E]," to provide funds to finance all or a portion of the Cost of the Series 2026[E] Project and the related costs of issuance.

Section 3.202 Details of Bonds.

(a) The Series 2026[D] Bond shall be dated [__________], 2026, shall be issued as a single, registered bond and shall be in the principal amount of $[__________]. The Series 2026[D] 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 April 1, 2027, 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

(b) The Series 2026[E] Bond shall be dated [__________], 2026, shall be issued as a single, registered bond and shall be in the principal amount of $[__________]. The Series 2026[E] 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 April 1, 2027, 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 Bonds; Appointment of Registrar.

(a) The Series 2026[D] Bond and the Series 2026[E] Bond shall be payable solely from Revenues, and nothing in the 2026[D] Financing Agreement, the 2026[E] Financing Agreement, the Series 2026[D] Bond, the Series 2026[E] Bond or this [Sixth] 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[D] Bond and the Series 2026[E] Bond shall be payable as provided in the 2026[D] Financing Agreement and the 2026[E] Financing Agreement, respectively, in lawful money of the United States of America. As set forth in the 2026[D] Financing Agreement and the 2026[E] 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[D] Bond or Series 2026[E] Bond, respectively, at the office of the Trustee. The City intends that amounts constituting interest on the Series 2026[D] Bond and the Series 2026[E] 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[D] Bond and the Series 2026[E] Bond. Except as otherwise provided herein, the Series 2026[D] Bond and the Series 2026[E] Bond shall be payable, executed, authenticated, registrable, exchangeable and secured, all as set forth in the Master Trust Agreement.

Section 3.204 Form of Bonds. Each of the Series 2026[D] Bond and the Series 2026[E] 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 [Sixth] Supplemental Agreement. The terms and provisions of the Series 2026[D] Bond and Series 2026[E] Bond that are set forth in Exhibit A shall be deemed to be incorporated into this [Sixth] Supplemental Agreement as though fully set forth herein.

Section 3.205 Delivery of Bonds. The Trustee shall authenticate and deliver the Series 2026[D] Bond and the Series 2026[E] 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 BONDS

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

ARTICLE IV

APPLICATION OF PROCEEDS OF BONDS

Section 3.401 Application of Proceeds of Bonds.

(a) The net proceeds of the Series 2026[D] Bond ($[__________]) shall be held in the Local Account to be disbursed in accordance with Section [4.3] of the 2026[D] 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[D] Project (including the related costs of issuance of the Series 2026[D] 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[D] Project shall be transferred in accordance with the provisions of the 2026[D] Financing Agreement and in a manner consistent with the provisions of Section 505 of the Master Trust Agreement. No proceeds of the Series 2026[D] 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[D] Bond.

(b) The net proceeds of the Series 2026[E] Bond ($[__________]) shall be held in the Local Account to be disbursed in accordance with Section [4.3] of the 2026[E] 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[E] Project (including the related costs of issuance of the Series 2026[E] 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[E] Project shall be transferred in accordance with the provisions of the 2026[E] Financing Agreement and in a manner consistent with the provisions of Section 505 of the Master Trust Agreement. No proceeds of the Series 2026[E] 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[E] Bond.

ARTICLE V

SECURITY FOR BONDS

Section 3.501 Security for Bonds.

(a) The Series 2026[D] Bond and the Series 2026[E] Bond shall be issued pursuant to the Master Trust Agreement and this [Sixth] Supplemental Agreement and shall be equally and ratably secured under the Master Trust Agreement with the Outstanding Parity Bonds 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[D] Bond or the Series 2026[E] Bond, and no debt service reserve fund or account has been established or funded in connection with the issuance of the Series 2026[D] Bond or the Series 2026[E] 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 [Sixth] Supplemental Agreement or the Series 2026[D] Bond or the Series 2026[E] Bond is intended or shall be construed to give to any person other than the parties hereto and the holder of Series 2026[D] Bond and the Series 2026[E] Bond, as applicable, any legal or equitable right, remedy or claim under or in respect to this [Sixth] Supplemental Agreement or any covenants, conditions and agreements herein contained since this [Sixth] 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[D] Bond or the Series 2026[E] Bond, as herein provided.

Section 3.602 Incorporation by Reference of Financing Agreements.

(a) For so long as the Series 2026[D] Bond shall be deemed Outstanding, the provisions and covenants of the 2026[D] Financing Agreement shall be incorporated by reference in this [Sixth] Supplemental Agreement and shall be treated as if set forth herein.

(b) For so long as the Series 2026[E] Bond shall be deemed Outstanding, the provisions and covenants of the 2026[E] Financing Agreement shall be incorporated by reference in this [Sixth] 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[D] Bond or the Series 2026[E] Bond shall be deemed Outstanding, (a) any notices required under the terms of the Master Trust Agreement or this [Sixth] Supplemental Agreement to be provided by the City to the Trustee shall also be provided to VRA as holder of the Series 2026[D] Bond and the Series 2026[E] Bond, as applicable, 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 [Sixth] Supplemental Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this [Sixth] Supplemental Agreement shall be construed and enforced as if such illegal provision had not been contained herein.

Section 3.605 Successors and Assigns. This [Sixth] 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 [Sixth] Supplemental Agreement shall be governed by the applicable laws of the Commonwealth.

Section 3.607 Counterparts. This [Sixth] 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.

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the City and the Trustee have caused this [Sixth] 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

[Signature Page to [Sixth] Supplemental Agreement of Trust]

EXHIBIT A

FORM OF SERIES 2026[D/E] 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[D/E]

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 April 1, 2027, 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 [September 18,] 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 September 15, 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 September 15, 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 [Sixth] Supplemental Agreement of Trust dated as of [September 18,] 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, its Taxable Utility System Revenue Bond, Series 2024, its Taxable Utility System Revenue Bond, Series 2026, its Taxable Utility System Revenue Bond, Series 2026B, and its Taxable Utility System Revenue Bond, Series 2026C, and ____________ (collectively, the "Outstanding Parity Bonds"). Additional bonds secured by a pledge of Revenues (as defined in the Trust Agreement) on a parity with this bond and the Outstanding Parity Bonds 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 and electric utility systems, including but not limited to [(i) new sewer lines and general wastewater system improvements, (ii) electric system reliability improvements, and (iii) the Trotters Creek Water Main Expansion improvements] [Microporous sanitary sewer expansion improvements], 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[D/E] 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

LOCAL BOND SALE AND FINANCING AGREEMENT

between

VIRGINIA RESOURCES AUTHORITY

and

CITY OF DANVILLE, VIRGINIA

Dated as of September 18, 2026

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

TABLE OF CONTENTS

Page

TABLE OF CONTENTS (cont.)

Page

TABLE OF CONTENTS (cont.)

Page

LOCAL BOND SALE AND FINANCING AGREEMENT

This **LOCAL BOND SALE AND FINANCING AGREEMENT** is dated as of September 18, 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:

"2026C 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 November 17, 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 September 18, 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 2026C Acquisition Fund.

"Local Authorization" means, together, the ordinance adopted on September 15, 2026 (the "Ordinance") and the bond resolution adopted on September 15, 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[E], 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 and the Local Indenture.

"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 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 $__________, 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 2026C (Taxable) (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-Fifth Supplemental Series Indenture of Trust dated as of November 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 October 27, 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 **<u>Representations by VRA</u>**. 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 **<u>Representations by Local Government</u>**. 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.

(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 and this Agreement.

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, 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.

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

Section 5.2 **Rate Covenant**. (a) The Local Government covenants and agrees that it will fix and collect rates, fees and other charges for use of and for services furnished or to be furnished by 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) [Reserved];

(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 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 Reserved.

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. 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 <u>**Assignment by Local Government**</u>. 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 <u>**Continuing Disclosure**</u>. (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 <u>Exhibit E</u>.

"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**. 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.

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.

Section 9.11 **Local Government Costs Responsibility**. On or prior to October 19, 2026, the Local Government may request VRA to terminate this Agreement and not sell the Related Portion of VRA Bonds, subject to the consent of VRA, which consent shall not be unreasonably withheld. Upon such early termination, the Local Government shall pay to VRA its reasonable costs and expenses, including reasonable attorney's fees, if any, incurred to date by VRA in connection with the proposed loan to the Local Government pursuant to this Agreement. Subject to the immediately preceding sentence, if the Local Government fails to deliver the Local Bond or any item required under Section 3.4(a) hereof, as of the Closing Date, provided doing so would not violate any Financing Parameter, such that VRA does not purchase the Local Bond on the Closing Date, VRA shall invest the available related proceeds of the Related Series of VRA Bonds that VRA would have used to purchase the Local Bond on the Closing Date. If the Local

Government cures the Local Government's failure to deliver the Local Bond or any such item required under Section 3.4(a) hereof within 30 days of the Closing Date, VRA, in its sole and absolute discretion, may purchase the Local Bond, and the Local Bond will bear interest from the date that is 30 days prior to the date of delivery and payment therefor or such other date satisfactory to VRA. The Local Government shall, however, be required to pay to VRA at such closing an amount equal to the positive difference, if any, between (i) the amount of interest that would have accrued on the Local Bond had VRA purchased the Local Bond on the Closing Date and (ii) the lesser of (a) the amount of interest income VRA.

ARTICLE X
DEFAULTS AND REMEDIES

Section 10.1 **Events of Default**. Upon the occurrence and continuance of an Event of Default under the Local Indenture, VRA and the Trustee will have the respective rights and remedies provided for in the Local Bond, the Local Indenture, and the Master Indenture. Failure by VRA or the Trustee to insist on performance of any of the terms or the provisions of the Local Bond, the Local Indenture, or the Master Indenture will not operate as a waiver of any subsequent default 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 **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 **October 17, 2026**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF DANVILLE, VIRGINIA

TAXABLE UTILITY SYSTEM REVENUE BOND, SERIES 2026[E]

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 April 1, 2027, 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 [September 18,] 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 September 15, 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 September 15, 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 [Sixth] Supplemental Agreement of Trust dated as of [September 18,] 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, its Taxable Utility System Revenue Bond, Series 2024, its Taxable Utility System Revenue Bond, Series 2026, its Taxable Utility System Revenue Bond, Series 2026B, and its Taxable Utility System Revenue Bond, Series 2026C, and ____________ (collectively, the "Outstanding Parity Bonds"). Additional bonds secured by a pledge of Revenues (as defined in the Trust Agreement) on a parity with this bond and the Outstanding Parity Bonds 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 and electric utility systems, including but not limited to [(Microporous sanitary sewer extension improvements] (the "Project"), 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 15^{th} 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[E] 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

EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project consists of the financing of capital improvement projects for the Local Government's water, sewer, electric and gas utility systems, including but not limited to [(Microporous sanitary sewer extension improvements], and to pay related costs of issuance.

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 September 18, 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 2026C Acquisition Fund established under the Sixty-Fifth Supplemental Series Indenture.

Payee (including wiring instructions if receiving electronic payment):

Address:

Amount to be paid:

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

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

The undersigned certifies that (i) the amounts requested by this Requisition will be applied 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 2026C
Local Representative: ____________________________
Title: ____________________________
Date: ____________________________

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

SCHEDULE 2

Wire Instructions for Requisition

[To be provided by the Local Government]

CERTIFICATE OF CONSULTING ENGINEER (PAYMENTS FOR LABOR/CONTRACTORS)

The undersigned Consulting Engineer for the Local Government hereby certifies that insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or materialmen, (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]

November 17, 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[E]

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[E] (the "Local Bond"), the net proceeds of which will be applied to finance the Project (as defined in the hereafter defined Financing Agreement), and in such capacity, I have examined, among other things, the following documents:

(a) certified copies of the ordinance adopted on [September 15], 2026, and bond resolution adopted on [September 15], 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 September 18, 2026, between the City and VRA; and

(c) a copy of the Local Indenture.

The documents referred to in clauses (b) and (c) 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

[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 September 18, 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.]

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
$8,385,000 Taxable Utility System Revenue Bond, Series 2026
$________ Taxable Utility System Revenue Bond, Series 2026B
$________ Taxable Utility System Revenue Bond, Series 2026[C]

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

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

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 VPFP Series 2026C (Tax-Exempt)	$
Principal Amount of VPFP Series 2026C (AMT)	
Principal Amount of VPFP Series 2026C (Taxable)	
Total Principal Amount of VPFP Series 2026C	$
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]

Revenue
New Money

LOCAL BOND SALE AND FINANCING AGREEMENT

between

VIRGINIA RESOURCES AUTHORITY

and

CITY OF DANVILLE, VIRGINIA

Dated as of September 18, 2026

Virginia Resources Authority
Infrastructure and State Moral Obligation Revenue Bonds
(Virginia Pooled Financing Program)
Series 2026C (Tax-Exempt)

227291971_1

TABLE OF CONTENTS

Page

TABLE OF CONTENTS (cont.)

Page

ARTICLE VII
OPERATION AND USE COVENANTS

ARTICLE VIII
INSURANCE

ARTICLE IX
SPECIAL COVENANTS

ARTICLE X
DEFAULTS AND REMEDIES

ARTICLE XI
MISCELLANEOUS

TABLE OF CONTENTS (cont.)

LOCAL BOND SALE AND FINANCING AGREEMENT

This **LOCAL BOND SALE AND FINANCING AGREEMENT** is dated as of September 18, 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:

"2026C 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 November 17, 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 September 18, 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 2026C Acquisition Fund.

"Local Authorization" means, together, the ordinance adopted on September 15, 2026 (the "Ordinance") and the bond resolution adopted on September 15, 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[D], 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 $__________, 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 2026C (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-Fifth Supplemental Series Indenture of Trust dated as of November 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 October 27, 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**. The Revenues shall be pledged in accordance with Section 615 of the Local Indenture.

Section 5.2 **Rate Covenant**. (a) The Local Government covenants and agrees that it will fix and collect rates, fees and other charges for use of and for services furnished or to be furnished by 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 **<u>Payment of Local Bond and Related Amounts</u>**. (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 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.

Section 9.11 **Local Government Costs Responsibility**. On or prior to October 19, 2026, the Local Government may request VRA to terminate this Agreement and not sell the Related Portion of VRA Bonds, subject to the consent of VRA, which consent shall not be unreasonably withheld. Upon such early termination, the Local Government shall pay to VRA its reasonable costs and expenses, including reasonable attorney’s fees, if any, incurred to date by VRA in connection with the proposed loan to the Local Government pursuant to this Agreement. Subject to the immediately preceding sentence, if the Local Government fails to deliver the Local Bond or any item required under Section 3.4(a) hereof, as of the Closing Date, provided doing so would not violate any Financing Parameter, such that VRA does not purchase the Local Bond on the Closing Date, VRA shall invest the available related proceeds of the Related Series of VRA Bonds that VRA would have used to purchase the Local Bond on the Closing Date. If the Local Government cures the Local Government's failure to deliver the Local Bond or any such item required under Section 3.4(a) hereof within 30 days of the Closing Date, VRA, in its sole and absolute discretion, may purchase the Local Bond, and the Local Bond will bear interest from the date that is 30 days prior to the date of delivery and payment therefor or such other date satisfactory to VRA. The Local Government shall, however, be required to pay to VRA at such closing an amount equal to the positive difference, if any, between (i) the amount of interest that would have accrued on the Local Bond had VRA purchased the Local Bond on the Closing Date and (ii) the lesser of (a) the amount of interest income VRA.

ARTICLE X
DEFAULTS AND REMEDIES

Section 10.1 <u>Events of Default</u>. Upon the occurrence and continuance of an Event of Default under the Local Indenture, VRA and the Trustee will have the respective rights and remedies provided for in the Local Bond, the Local Indenture, and the Master Indenture. Failure by VRA or the Trustee to insist on performance of any of the terms or the provisions of the Local Bond, the Local Indenture, or the Master Indenture will not operate as a waiver of any subsequent default thereunder.

Section 10.2 <u>Remedies</u>. 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 <u>Delay and Waiver</u>. 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 <u>State Aid Intercept</u>. The Local Government acknowledges that VRA is treating the Local Bond as a "local obligation" within the meaning of Section 62.1-199 of the Act, including amendments thereto taking effect as of July 1, 2011, which in the event of a nonpayment thereunder authorizes VRA or the Trustee to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Act. In purchasing the Local Bond, VRA is further relying on Section 62.1-216.1 of the Act, providing that if the Governor is satisfied that such nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the Local Government of all funds, or of any part of them, appropriated and payable by the Commonwealth of Virginia to the Local Government for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

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

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

Section 11.4 **__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

[Signature Page of Local Bond Sale and Financing Agreement – Danville – City]

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 **October 17, 2026**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF DANVILLE, VIRGINIA

TAXABLE UTILITY SYSTEM REVENUE BOND, SERIES 2026[D]

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 April 1, 2027, 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 [September 18,] 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 September 15, 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 September 15, 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 [Sixth] Supplemental Agreement of Trust dated as of [September 18,] 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, its Taxable Utility System Revenue Bond, Series 2024, its Taxable Utility System Revenue Bond, Series 2026, its Taxable Utility System Revenue Bond, Series 2026B, and its Taxable Utility System Revenue Bond, Series 2026C, and ____________ (collectively, the "Outstanding Parity Bonds"). Additional bonds secured by a pledge of Revenues (as defined in the Trust Agreement) on a parity with this bond and the Outstanding Parity Bonds 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 and electric utility systems, including but not limited to [(i) new sewer lines and general wastewater system improvements, (ii) electric system reliability improvements, (iii) [the Coleman Site Wastewater Pumping Station improvements], and (iv) the Trotters Creek Water Main Expansion improvements] 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[D] 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

EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project consists of the financing of capital improvement projects for the Local Government's water, sewer, electric and gas utility systems, including but not limited to [(i) new sewer lines and general wastewater system improvements, (ii) electric system reliability improvements, (iii) [the Coleman Site Wastewater Pumping Station improvements], and (iv) the Trotters Creek Water Main Expansion improvements] and to pay related costs of issuance.

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 September 18, 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 2026C Acquisition Fund established under the Sixty-Fifth Supplemental Series Indenture.

Payee (including wiring instructions if receiving electronic payment):

Address:

Amount to be paid:

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

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

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

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

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

____
Local Representative

SCHEDULE 1

Form to Accompany Requisition

Requisition # ____________________________
Recipient: City of Danville, Virginia – VRA 2026C
Local Representative: ____________________________
Title: ____________________________
Date: ____________________________

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

SCHEDULE 2

Wire Instructions for Requisition

[To be provided by the Local Government]

CERTIFICATE OF CONSULTING ENGINEER (PAYMENTS FOR LABOR/CONTRACTORS)

The undersigned Consulting Engineer for the Local Government hereby certifies that insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or materialmen, (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]

November 17, 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[D]

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[D] (the "Local Bond"), the net proceeds of which will be applied to finance the Project (as defined in the hereafter defined Financing Agreement), and in such capacity, I have examined, among other things, the following documents:

(a) certified copies of the ordinance adopted on [September 15], 2026, and bond resolution adopted on [September 15], 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 September 18, 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 September 18, 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
$8,385,000 Taxable Utility System Revenue Bond, Series 2026
$________ Taxable Utility System Revenue Bond, Series 2026B
$________ Taxable Utility System Revenue Bond, Series 2026[C]

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

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

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 VPFP Series 2026C (Tax-Exempt)	$
Principal Amount of VPFP Series 2026C (AMT)	
Principal Amount of VPFP Series 2026C (Taxable)	
Total Principal Amount of VPFP Series 2026C	$
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]