

April 16, 2019

The Second Regular April meeting of the Danville City Council was held on April 16, 2019, at 7:00 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building. The following Council Members were present: L.G. "Larry" Campbell Jr., Mayor Alonzo L. Jones, Dr. Gary P. Miller, Sherman M. Saunders, Fred O. Shanks, III, Vice Mayor J. Lee Vogler, Jr., and Madison J.R. Whittle (8). Adam J. Tomer were absent (1). *Mr. Shanks entered the meeting at 7:02 p.m.*

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

Mayor Jones presided.

INVOCATION AND PLEDGE OF ALLEGIANCE

The Invocation was given by L.G. "Larry" Campbell, Jr., followed by the Pledge of Allegiance to the Flag, led by Boy Scout Troop #356.

ANNOUNCEMENTS AND SPECIAL RECOGNITIONS

Mayor Jones read a Proclamation proclaiming the week of April 14-20, 2019, Public Safety Telecommunicators Week in the City of Danville, and presented it to Fire Chief David Eagle. Mayor Jones recognized the City's Telecommunicators attending the meeting, and Chief Eagle thanked Council for the recognition.

Mayor Jones read a Proclamation proclaiming May 20, 2019 as Make Danville Shine month and encouraged citizens to Clean Up, Paint Up and Fix Up, and presented it to Norma Brower and Justina Megginson. Ms. Megginson explained this is the seventh year of Make Danville Shine, and the program encourages homeowners in the City of Danville to clean up their neighborhoods and make home repairs. The kick off event is Saturday, May 4th at the Community Market.

Mayor Jones read a Proclamation, proclaiming April 20, 2019 as Fair Housing Month in the City of Danville, and presented it to Norma Brower. Ms. Brower noted April is Fair Housing Month, she has a display explaining facts about Fair Housing as well as Domestic Violence, and encouraged citizens to stop by the display. Council Members thanked Ms. Megginson and Ms. Brower for what they are doing.

Mayor Jones recognized the Administrators, Teachers, Support Team and Parents from Danville Public Schools attending this evening. Dr. Stan Jones, Superintendent of Danville Public Schools addressed Council and citizens, and thanked them for their support of DPS through increased investments over the years, and better working relationships between Council, the School Board and between City and School staff. Ms. Teri Hall, Chairperson of the Danville School Board addressed Council thanking them for the City's investment in public education. Ms. Hall discussed School Board goals regarding school accreditation standards, increased teacher pay, the City's support for budget requests and investments in DPS.

COMMUNICATIONS FROM VISITORS

Mayor Jones recognized Angela Baldwin, 1924 Churchview Court, Millersville MD, business owner of Colonial Heights Apartments in Danville, who discussed flooding events over the past year and the debris at the Norfolk Southern Railroad trestle, storm drainage pipes and her utility bills.

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Mayor Jones recognized Greg Anderson, River Oak Drive, parent of a son in the fifth grade, who noted he was in support of more funding for the schools, and discussed some of the discretionary funding in the City budget.

Mayor Jones recognized Cherie Tamson, Woodberry Hills, Danville, who discussed the IDA loan repurchase agreement, funding for teacher salary increases and funding for the schools.

CONSENT AGENDA

Mayor Jones opened the floor for a Public Hearing regarding the Consent Agenda. The Public Hearing for the Budget Items was published in the *Danville Register & Bee* on April 9, 2019. No one present desired to be heard the Public Hearing was closed.

Council Member Campbell **moved** to approve the following Consent Agenda items:

Minutes from the Regular Council Meeting held on March 19, 2019; draft copies had been distributed prior to the meeting.

Amending the Fiscal Year 2019 Budget Appropriation Ordinance for a Project on South Union Street in the Amount of \$350,000

An Ordinance entitled Ordinance No. 2019-04.02, Presented by its First Reading on April 2, 2019, Amending the Fiscal Year 2019 Budget Appropriation Ordinance for a Project to be Undertaken within the City of Danville on South Union Street and to be Financed Anticipating Revenue Sharing Program Funds from the Virginia Department of Transportation in the Amount of \$350,000.00.

Amending the Fiscal Year 2019 Budget Appropriation Ordinance for a Project on Main Street in the Amount of \$350,000

An Ordinance entitled Ordinance No. 2019-04.03, Presented by its First Reading on April 2, 2019, Amending the Fiscal Year 2019 Budget Appropriation Ordinance for a Project to be Undertaken within the City of Danville on Main Street and to be Financed Anticipating Revenue Sharing Program Funds from the Virginia Department of Transportation in the Amount of \$350,000.00.

Amending the Fiscal Year 2019 Budget Appropriation Ordinance for a Project on Riverside Drive in the Amount of \$483,652

An Ordinance entitled Ordinance No. 2019-04.04, Presented by its First Reading on April 2, 2019, Amending the Fiscal Year 2019 Budget Appropriation Ordinance for a Project to be Undertaken within the City of Danville on Riverside Drive and to be Financed Anticipating Revenue Sharing Program Funds from the Virginia Department of Transportation in the Amount of \$483,652.00.

Amending the Fiscal Year 2019 Budget Appropriation Ordinance for State Aviation Capital Grant Funding and the Local Share in the Amount of \$684,329

An Ordinance entitled Ordinance No. 2019-04.01, Presented by its First Reading on April 2, 2019, Amending the Fiscal Year 2019 Budget Appropriation Ordinance to Provide for Additional State Aviation Funding for the Purpose of Completing Design Services to Update the Airport Layout Plan and to Support the Expansion of Hangar Facilities and the Walking

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Trail and for Construction Activities to Rehabilitate T-Hangar Taxi-Lanes in the Amount of \$652,525 plus the Local Share in the Amount of \$31,804 to be Provided by a Transfer from the General Fund Support of Special Grants and Appropriating Same.

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

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

Certificate of Recognition

Following approval of the Consent Agenda, Mayor Jones read a Certificate of Recognition for the Danville Pittsylvania Cancer Association for the tenth anniversary of the Bridge to Bridge fundraiser, and presented it to Karen Johnston. Ms. Johnston discussed the fundraiser and encouraged citizens next year to come help out, and asked City Council Members to challenge the County Board of Supervisors to compete against each other, as well as the School Board Members. Ms. Johnston thanked Council for the recognition.

NEW BUSINESS

AUTHORIZING THE CITY OF DANVILLE TO FORGIVE A LOAN TO THE INDUSTRIAL DEVELOPMENT AUTHORITY

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

RESOLUTION NO. 2019-04.02

APPROVING AND AUTHORIZING THE CITY OF DANVILLE, VIRGINIA TO FORGIVE A LOAN PREVIOUSLY GRANTED TO THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA.

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

Mayor Jones asked the City Manager to provide background information on this item and Mr. Larking explained in March 2004, the IDA and Telvista entered into an agreement that called on the IDA to procure financing through American National Bank and the Virginia Small Business Financing Authority to pay for construction of a building to be used by Telvista for a call center operation at Airside Industrial Park. The agreement called for Telvista to cover the cost of both loans and any taxes and insurance on the property through a lease. American National Bank and the IDA agreed to an almost \$7M loan with an interest rate of about 5%; the loan with the VSBFA was to be about \$1.6M at 4%. Unfortunately, at the last moment, the loan from the VSBFA fell through. The City was in the midst of trying to recruit Telvista, had a commitment from them to come, and an agreement to build that building for them so they could provide jobs to the City. The City stepped in, took the place of the VSBFA and provided the money to the IDA; the IDA provided it to Telvista in order to up-fit the building. It was paid back through a twenty-five year loan with a 4% interest rate, which were the terms the VSBFA loan would have had. Over the period of some fifteen years, about \$1,430,472.69 was paid to the City by Telvista through their lease to the IDA. The total lease amount for the building was \$48,000 per month and that included the cost to retire the debt with American

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National Bank. A few years ago, Telvista was approached by a company to use their services, and they asked the IDA to refinance the building so they could use proceeds from that refinancing to up-fit the building to serve the needs of Verizon. About a year ago, they lost that client and Telvista was not able to make a business case for being in Danville. The City had to act quickly to try to find a new tenant for that building. A contact was made through one of the Council Members with a company that was looking to locate 500 jobs in the City; the PRA group decided to move into the Telvista building. Economic Development worked with the IDA and negotiated a settlement agreement with Telvista for about \$384,000 in settlement funds plus the use of equipment, computers, furniture and other things that were retained in the building; the value of that was about \$400,000. Mr. Larking noted the Agenda was revised with a report Mr. Larking wrote, that details the history of this loan and why it was made. PRA is planning on purchasing the building later this month, it will cover the cost of the loan to American National Bank; unfortunately, it does not cover the total loan the City made through the IDA to Telvista. The PRA Group is committing to 500 new jobs with an average salary of \$38,000 per year, which is much higher than the average salary for 300 jobs that Telvista provided. They are planning to do new capital investment of about \$15M. The City and the IDA will not own this building, it will be owned by PRA Group. In order for this to happen, the loan from the City to the IDA, originally to Telvista needs to be forgiven.

Mayor Jones recognized Cherie Tamson who commented on the five year lease and twenty five year loan noting it was a risk, and stated taxpayers were not happy with this deal.

Mr. Whittle noted on the PRA deal he does have some problems with the \$800,000; to his understanding they are supposed to close by the end of the month and the jobs are necessary for this community.

Mayor Jones recognized Greg Anderson who noted his agreement with what was said, it is very difficult. One of his concerns, in the Resolution it says the funds were used to purchase equipment and furnishings, done over a twenty five year amortization. There is no equipment that has a useful life of twenty five years. He hopes going forward, the City will hold the IDA and whoever is structuring deals, to make sure they are structured to what is being acquired.

Council Member Campbell noted he appreciated Mr. Anderson and other citizens appearing before Council expressing their opinion on this issue. When Council empowers the Economic Development team to pursue industry to Danville, there is always an understanding that industry leaders have 14,000 more places they can choose to go. Mr. Campbell commended Mr. Tucker and his staff because they have to put a package together to entice prospects to Danville.

Council Member Whittle noted he appreciates Ms. Tamson and Mr. Anderson coming to Council to speak and stated he does not support any tax increases.

Mayor Jones recognized Robert Boerrigter who noted he was a recipient, with his company Axxor, of one of the IDA loans. In 2012, they moved into a property in Cane Creek Industrial Park. He has spoken to companies locating in Danville that one of the things that made it so attractive for them to come was that cooperation between the IDA, Economic Development, the County and the City. Mr. Boerrigter stated he appreciates the people that volunteer their time and if people think they can do better, let them step in and do the same thing.

Mr. Larking introduced the Director of Economic Development Telly Tucker who noted he appreciates all the concerns and comments that have been made and would like to answer a few questions. The \$48,000 payment that was being made monthly by Telvista was simply a

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pass-through to the City to go to American National Bank which holds the mortgage for the building. A portion of that came back to the City to cover the \$1.6M loan. There will not be an ongoing source of \$48,000 coming to the City and there hasn't been since Telvista left. He was not here in 2004 and probably very few of the IDA members were, to know what discussions happened and why they made a decision to invest. Often, companies are not willing to purchase a building, they are simply looking for a lease arrangement. The IDA, City Staff and City Council are faced with decisions of, do they enter into a deal that the company is willing to lease a building and add 300 jobs at a time when Danville had the second highest unemployment rate in the State, above 10%, or do they say no thank you and allow the company to leave. It was easy to question the decisions that were made. Without that property being built, the City would not have the opportunity to have PRA in the City today. Council Member Shanks asked Mr. Tucker to explain why Telvista would be hard to collect from with regard to their creditors and Mr. Tucker explained they are headquartered in Mexico. They had no operations other than Danville and Texas at the time. In order for the City to pursue them legally, they would have to hire legal counsel and follow the legal stipulations in the country of Mexico. That would have been more costly than for the City to settle with what they are offering. The other alternative was the company could have filed bankruptcy in which the City would have received nothing. Council Member Miller noted most of Council were not here when the deal was made. People need to remember that Telvista was here for fifteen years and had three hundred employees; that was a lot of money that came back into the economy. There is value in having a company in Danville even if they are leasing the building. The new company will own the building, with five hundred jobs and \$38,000 salaries, that is \$19M a year that will be put back into the community.

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

COMMUNICATIONS

City Manager Ken Larking noted the Executive Assistant for the City Manager's office, Vicky Farmer is recovering from a successful surgery and everyone's thoughts and prayers are with her; she is doing well. Mr. Larking also noted he attended the DPS Honor Graduate ceremony with 115 graduates honored; his son was one of the recipients.

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

ROLL CALL

Council Member Miller noted his prayers were with Mr. Shanks and his family on the loss of his mother. Dr. Miller recognized John Crane who won an award for Public Safety writing. The Racin' and Tastin' is this Friday and encouraged citizens to get their tickets, and Averett won the Governor's Award for volunteerism. Dr. Miller stated the City now has an App where citizens can look up what is going on in Danville.

Council Member Saunders noted Happy 111th Birthday to his neighbor, Ms. Thornton, there was a great party today and great recognition. Mr. Saunders wished everyone a Happy Easter.

Council Member Shanks thanked everyone for their condolences and prayers to him and his family. His mother was a proud teacher in the Danville Public Schools for thirty nine years;

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she taught at GLH Johnson and at E.A. Gibson. She loved teaching and children, will be sorely missed, and left behind her husband of seventy two years.

Vice Mayor Vogler noted they were very sorry to hear about Mr. Shanks' mother and thoughts have been with him. The City is very excited about the PRA Group bringing 500 jobs and buying that building; they will be a great company for the City. It was Delegate Glen Davis from Virginia Beach, a friend of his, who called Mr. Vogler about a year ago about a company looking to expand in Virginia and wondered if Danville would be a good fit. Mr. Vogler wished everyone a Happy Easter.

Council Member Whittle noted his condolences to Mr. Shanks, thanked everyone from Danville Public Schools who showed up and appreciated everything they do.

Council Member Buckner thanked the School Board and parents for attending tonight, recognized Boy Scout Troop 356 and the Telecommunicators attending, who received their Proclamation. Mr. Buckner noted he would like to reopen discussion on reclassifying all the 911 call center employees into public safety employees. Mr. Buckner noted the Main Line Trolley is back with a new route this year, and stated the rugby tournament was a big success. Mr. Buckner noted his thoughts and prayers are with Ms. Farmer and wished her a speedy recovery, and condolences to Mr. Shanks.

Council Member Campbell noted the passing of Reverend Toomer who gave many years of service to the community, and wished everyone a Happy Easter.

Mayor Jones noted everyone who approached the podium tonight, spoke about how to make Danville Shine, including the Chair of the School Board and the attendance of all the teachers and support staff. Danville is a great community and people need to hear that. Danville is moving forward, there are great things happening in Danville, including the Honor Graduates, the Job Fair, the Rugby Tournament, and the Bridge 2 Bridge. Mayor Jones noted his condolences to Mr. Shanks and thanked the citizens for all their support.

The meeting adjourned at 8:35 p.m.

APPROVED:

MAYOR

ATTEST:

CITY CLERK