

## MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (the “Memorandum”) is dated as of September 1, 2014, by and among the TRUSTEES of the ASBURY UNITED METHODIST CHURCH, a Virginia unincorporated association and religious assembly (the “Church”), the CITY OF HARRISONBURG, a political subdivision of the Commonwealth of Virginia and a Virginia municipal corporation (the “City”), and the MARGARET GRATTAN WEAVER FOUNDATION, a Virginia nonstock corporation and private foundation (the “Foundation”).

1. Nature of Memorandum. This Memorandum memorializes the general terms of the premises, understandings, and agreements of the parties hereto concerning the arrangements to be made for the renovation and restoration of the Thomas Harrison House (the “House”), located across from the Church on West Bruce Street in the City. This Memorandum reflects the current state of the parties’ understandings and agreements. Because it is not possible to finalize every detail of the parties’ agreement at present, the parties will enter into additional and supplemental agreements as the renovation process develops in order to finalize their agreements and specify the details of those agreements that this Memorandum does not address. The parties hereto each desire to see the House renovated and restored consistent with available funding and sound historical preservation practice, in order to further the understanding of the City’s history and to preserve the House for future generations as a structure unique to the history of the City and the Commonwealth of Virginia. The parties agree to work together to accomplish this goal and to negotiate in good faith to determine the details of their agreement that are not specified herein. To the extent that the parties undertake specific responsibilities or make specific promises herein, the parties will be bound to complete such undertakings and perform such promises.

2. Sale of House Property. The Church agrees to sell to the City, and the City will purchase, all that certain tract or parcel of land (the “Property”) on which is situate the House, containing 7,918 square feet, more or less, and which is further identified as “Tract One T.M. 26-B-1” on that certain survey (the “Survey”) dated April 29, 2014, by Charles E. Wingard, L.S., attached hereto as **Exhibit A** and made part hereof. In consideration of such sale, the City will pay to the Church (a) the sum of \$565,000 and (b) shall convey to the Church a portion of City T.M. 25-J-12, which is located adjacent to the other property of the Church, behind the Virginia Quilt Museum, and north of the alley that separates the Virginia Quilt Museum from the former offices of the City School Board. The City will approve any subdivisions necessary to create the parcels necessary to accomplish these transactions. The City and the Church shall enter into a separate real estate purchase contract to memorialize the details of these transactions. The title of all property conveyed in such transactions shall be marketable, and the Church’s deed to the City shall contain appropriate provisions and covenants, running with the Property, for the benefit of the Church to ensure that the House is preserved in perpetuity according to sound historical preservation practice. The parties acknowledge that portions of the Property constituting retail space are presently leased to private businesses. The Church will modify the lease with Yellow4me, LLC, so that such lease will terminate on February 28, 2015, and the City shall take the Property subject to such lease. The City specifically covenants not to do anything to disturb any tenant’s quiet possession of the Property under such tenants’ leases with the Church. The Church shall indemnify the City, and shall hold the City harmless, from any loss or

damage, or claim thereof, sustained by the City in account of the City's ownership of portions of the Property that the Church has leased to its tenants. The Church will modify the lease with Selfhelp Crafts of the World, Inc., d/b/a Ten Thousand Villages, to enable the City to take possession of the portion of the Property that is leased to such entity on the date hereof. The parties understand that this portion of the Property (the "Storeroom") will be demolished as part of the restoration activities. In conducting such demolition, the City will use its best efforts not to disturb such tenant's possession of the remaining portion of its leasehold, and will provide appropriate notice to such tenant of its demolition activities such that the business of such tenant will be disrupted in as minimal a manner as possible.

3. Residue of Property. The parties acknowledge that the Church will continue to own the residue of the Property (the "Residue") shown on the survey. The Church will terminate the lease of the tenant occupying the southernmost unit of such Property in order to enable the Harrisonburg-Rockingham Historical Society (the "Society") to relocate its offices there under a separate lease to be negotiated between the Society and the Church. The Church will not lease such unit to another party until the Society has declined to lease such unit on commercially reasonable terms. The Church anticipates retaining the current tenant of the northernmost unit of the Residue. The Church will grant the City a right of first refusal to match any offers to from an unrelated third party to purchase the Residue in an arms-length transaction for fair-market value consideration. The Church and the City will memorialize the terms of such right of first refusal in a separate document, which any party may record in the land records of Rockingham County.

4. Renovation of House. After the closing on the conveyances described in paragraph 2 herein, the City and the Foundation will proceed with the renovation and restoration of the House in accordance with the findings and recommendations of the document dated January 27, 2012, and entitled "Thomas Harrison House Architectural Survey & Assessment Report of Findings", (the "Report") attached hereto as **Exhibit B** and made part hereof. Such renovation will be supervised by a steering committee (the "Committee") consisting of one representative from each of the parties to this Memorandum. The Committee will cause additional architectural studies to be made to determine exact recommendations for work to be done as part of the renovations, and shall develop a comprehensive implementation plan and timeline for the renovation. The Foundation and City will each contribute the sum of \$500,000 to such renovation activities. The City's contribution will be in addition to the consideration provided to the Church for the conveyance of the Property as described in paragraph 2 and may be made over one or more fiscal years. The expenses for the renovation shall be invoiced to the Foundation or the City directly, as the parties may agree in separate agreements with the contractors undertaking the renovation, with the understanding that demolition costs involved in the renovation shall be invoiced to the City, not the Foundation, and neither the Church nor the Foundation will be responsible for any demolition costs.. Provided, however, that if the costs of demolition exceed \$35,000, any costs above \$35,000 may be accounted for as part of the City's contribution to renovation activities. The parties understand that the amounts contributed may not be sufficient to complete each aspect of the renovation described in the Report. The Committee shall advise the City as to which aspects of the renovation to complete if insufficient funds are available to complete the entire renovation, with the understanding that the work described in the section of the Report entitled "Basement – Spring and Flood Mitigation" shall

be given priority. The City will use its best efforts to apply for and obtain grants to provide additional funds for restoration activities. The parties hereto agree that following the expenditure of the initial contributions of the City and Foundation, all decisions regarding the restoration shall be made by the City subject to available funds and good restorative practices.

5. Post-Renovation Activities. As owner of the House, the City will be responsible for ongoing capital maintenance of the House in good condition and repair. The parties anticipate that after completion of the renovations on the House, the House will be used as a public museum of Harrisonburg history. Such museum will include a display detailing the history of the House's use in connection with the Methodist church. The City shall maintain, in its present location, the plaque presently at the House memorializing the accomplishments of Francis Asbury at the House. The parties anticipate that the Society or the City will provide staffing for the museum at a reasonable level and may share staff with the Hardesty-Higgins House.

6. Miscellaneous.

(a) The parties will keep the terms of this Memorandum confidential to the fullest extent possible until they agree to make a joint public announcement or all or parts of its terms. Until such time, the City will resist disclosure of the document to the fullest extent that the City Attorney determines is permissible under the Virginia Freedom of Information Act or other applicable law.

(b) Each party warrants to the others that it has full corporate power and authority to enter into the transactions proposed herein. The conveyance of the real estate contemplated herein is subject to the approvals required, in the case of the Church, under the Book of Discipline of the United Methodist Church and the Circuit Court of Rockingham County, Virginia. The Trustees of the Church undertake to use their best efforts to obtain such approvals, and believe that it will be possible to do so. The parties acknowledge that Virginia law requires the City to hold a public hearing and obtain City Council approval before conveying real estate to the Church as contemplated herein. The City states its good-faith expectation, as of the date hereof, that it will provide such approval.

(c) No party to this Memorandum may assign its rights or obligations hereof without the approval of the other parties hereto.

(d) The parties state that they are not partners or joint venturers.

TRUSTEES of the ASBURY UNITED METHODIST CHURCH, a Virginia unincorporated association and religious assembly

By: \_\_\_\_\_

Its: \_\_\_\_\_

CITY OF HARRISONBURG, a political subdivision of the Commonwealth of Virginia and a municipal corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

MARGARET GRATTAN WEAVER FOUNDATION, a Virginia nonstock corporation and private foundation

By: \_\_\_\_\_

Its: \_\_\_\_\_