

**Memorandum of Understanding
Regarding Reversion of City of Martinsville
to Town Status within Henry County**

On April 28 and 29, 2021, the duly-appointed negotiators representing the City of Martinsville and its successor in interest, the Town of Martinsville (hereinafter, the “City”) and Henry County (the “County”) (collectively, the City and the County are referred to as the “parties”), met for a mediation regarding the reversion of the City to Town status. The parties agree as follows, with respect to the terms of the reversion of the City to Town status:

1. **Constitutional Officers.** The City’s constitutional officers shall cease to exist effective upon reversion. The office space currently occupied by the Commonwealth Attorney’s office shall be offered to the County at cost, as defined below. The County shall be responsible for providing security to the Commonwealth Attorney’s office. The personal property associated with the Treasurer and Commissioner of Revenue shall be retained by the City, with the exception of the personal property of the Commissioner’s assessor. All other office space shall remain with the City and title to the spaces being offered to the County at cost shall remain with the City.
2. **Courts.** All City court functions shall cease effective upon reversion. The space currently occupied by the General District Court and Clerk shall be offered to the County at cost, as defined herein, but the City shall retain title to such space. The County shall be responsible for providing security to the General District Court and Clerk.
3. **Sheriff and Jail.** The City shall offer the jail, the metal annex (prisoner pods), and the City prison farm for use to the County at cost, as defined herein, but shall retain title thereto. Until the effective date of reversion, the parties two respective Sheriffs are fully authorized to negotiate all other aspects of the consolidation of their functions, including the continued use by the City, at cost, of work release inmates and the transfer of all personal property.
4. **Municipal Building Costs.** At cost shall mean the pro rata share determined by the respective square footage occupied by each office of the cost of all operating expenses, to include utilities, insurance, maintenance, capital expenditures, unless the County directly pays for such expense. The parties will prorate expenses associated with maintenance and repairs to the Municipal Building based on professionally recognized life span of the repair and/or maintenance and the expected remainder of the County’s occupancy.
5. **Outside Agencies.** The City shall no longer participate in the Department of Social Services or the Department of Health, effective upon reversion, and shall convey its interests in the respective buildings thereof to the County. The City shall continue to contribute according to current formulas and participate in the governing bodies under current terms of the Blue Ridge Regional Library, Martinsville-Henry County Economic Development Commission, Blue Ridge Regional Airport Authority, and the E911 Operations Center.

6. **Revenue Sharing Agreements.** The City consents to the withdrawal of Bryant Property from the revenue sharing agreement applicable to Commonwealth Crossing Business Center. The Martinsville Industrial Park shall be added to the revenue sharing agreement for the Patriot Centre Industrial Park. The Patriot Centre Industrial Park revenue sharing agreement shall be modified with respect to the debt owed by the City to the County to enable the City to realize the revenue stream assigned to it under the terms of the agreement, beginning the effective date of the reversion. Once the moratorium in Section 13 terminates, then the revenues from the industrial parks shall be pooled and shared at a ratio of 2/3 for the County and 1/3 for the Town.
7. **School Properties.** Title to the following properties shall be transferred to the City effective upon reversion: Druid Hills Elementary; Patrick Henry Elementary; Clearview Early Learning Center and its associated athletic fields and parkland located across Ainsley Street; the original “Old” Gymnasium of Martinsville Middle School. As to Druid Hills Elementary, it shall be used either as for veterans’ services or a taxable purpose. As to the fields across Ainsley Street, they shall be used either as athletic fields or a park or a taxable purpose. Patrick Henry Elementary and Clearview Early Learning Center shall be used for a taxable purpose. If the forgoing properties are not used as provided herein, or the City is not actively pursuing redevelopment, they shall revert to the County.
8. **Additional School Properties.** The City shall convey to the County or the Henry County School Board title to Albert Harris Elementary, Martinsville Middle School, and Martinsville High School. The auditorium shall continue to be available for use for regional civic purposes.
9. **Personal Property.** Except as provided above with regard to personal property of the Treasurer and Commissioner of Revenue retained by the City, all other personal property of the Constitutional Officers and Martinsville City School Board shall convey to the County.
10. **Continuation of Urban Services.** Martinsville will continue to provide urban services to its town citizens in at least the same levels as it provided in its FY 2021 budget for all utility services, public safety, and MINET.
11. **City Debt.** The City shall retain all of its current debt following reversion. The City shall not incur any additional debt or agree to any encumbrances on properties being conveyed to the County.
12. **Effective Date of Reversion.** The effective date of reversion shall be established by the special court.
13. **Annexation.** The City shall refrain from initiating any annexation as a Town for a period of 10 years from the effective date of reversion. This moratorium is subject to:

- a. the continued retention of the Henry County Public Service Authority as a customer of the City for the entire term of the moratorium;
 - b. no initiation by, or endorsement or support of, Henry County or any of its agents for the incorporation of any portion of the County as a town;
 - c. no citizen initiated annexation will be endorsed by or supported by the City of Martinsville or any of its agents;
 - d. In the event this moratorium is terminated prematurely, the provisions of Paragraph 6, Revenue Sharing Agreements, will be void; provided the City will remain liable for the forgiven debt on the Patriot Centre on a pro rata basis according to the years of the moratorium that are voided.
 - e. In the event this moratorium remains in place for its full 10-year term, the provisions of Paragraph 5, Revenue Sharing Agreements, shall remain in effect in perpetuity.
- 14. Redistricting.** Henry County shall redraw its magisterial districts or school board seats draw such districts in a manner such that at least one (1) seat in both respective bodies shall be entirely within the geographic limits of the Town of Martinsville, and shall thereafter retain at least one such seat on each body in a manner consistent with state and federal law and population changes.
- 15. School Operations.** The parties agree that they will jointly apply as soon as practicable to the Harvest Foundation to fund a comprehensive study of the consolidated school system, with a view to educational quality, the efficient use of facilities, racial and economic equity, costs, the consolidation of administrative functions, academic and pedagogical concerns, and student achievement. The Virginia Department of Education and Board of Education will be invited to participate in the study. In the event that the Harvest Foundation refuses to fund the study, the parties shall direct their lobbyist to pursue funding for such study from the state legislature. As part of the study process, at least two (2) public hearings shall be held.
- 16. Approval.** The memorandum of understanding is subject to the approval of the Martinsville City Council and the Henry County Board of Supervisors.
- 17. Comprehensive Agreement.** The parties shall engage in their best efforts to reduce this agreement to a comprehensive settlement agreement; provided, however, in the event agreement is not reached, this agreement shall still be a binding agreement.
- 18. Disputes under this Agreement.** Having consulted with legal counsel, the Parties agree to arbitrate any dispute that arises in the performance or interpretation of this contract. The Arbitration shall be administered and conducted by The McCammon Group, Ltd. ("McCammon") according to its standard Arbitration Rules governing at the time one of the Parties initiates a claim. The Arbitrator shall be Justice Jane Roush. In

the event Justice Roush is not available or is unwilling to serve, the Arbitrator shall be such person as determined by agreement of the Parties or by the governing Rules of McCammon. The fees for the Arbitration services shall be borne equally by the Parties unless otherwise agreed. The Parties shall be represented by counsel in the Arbitration. The law of Virginia shall govern.

Agreed, this the 29th day of April, 2021.

City of Martinsville, Virginia

By: Travis C. Dawson

Its: Mayor

By: Eric H. Miley

Its: City Attorney

Henry County, Virginia

By: Jim Adams

Its: CHAIRMAN - BOARD OF SUPERVISORS

By: Mike M/E

Its: COUNTY ATTORNEY