

**VOLUNTARY SETTLEMENT AGREEMENT
BETWEEN THE CITY OF MARTINSVILLE AND THE COUNTY OF HENRY**

This Voluntary Settlement Agreement (the “Agreement”) is made and entered this ___ day of _____, 2021, by and between the CITY OF MARTINSVILLE, a municipal corporation of the Commonwealth of Virginia (“Martinsville”), and the COUNTY OF HENRY, a political subdivision of the Commonwealth of Virginia (“Henry County”) (together, the “Parties”).

RECITALS

WHEREAS, on December 10, 2019, the City Council of Martinsville voted in favor of Martinsville’s reversion from an independent city to a town located within and constituting part of Henry County, following discussion and study regarding the feasibility of the same;

WHEREAS, on September 18, 2020, Martinsville, by counsel and pursuant to § 15.2-2907(A) of the Virginia Code, filed with the Commission on Local Government a notice of its intent to petition for an order granting it town status, seeking to establish a traditional town-county relationship with Henry County, including the same rights, powers, and responsibilities as are granted to existing towns consistent with Virginia law;

WHEREAS, on November 30, 2020, Henry County, by counsel, filed its response to Martinsville’s notice of intent to petition for an order granting it town status;

WHEREAS, the Parties entered into a Memorandum of Understanding dated April 29, 2021, in contemplation of a comprehensive settlement agreement providing for Martinsville’s reversion from city to town status and addressing the allocation of governmental services following that change in governmental structure, the transfer of certain properties, the sharing of certain revenues, a temporary moratorium of annexation rights, and other matters;

WHEREAS, on May 26, 2021, at a joint public meeting, the Parties’ respective governing bodies approved the Memorandum of Understanding, and this Agreement has been prepared in accordance with Section 17 of the Memorandum of Understanding;

WHEREAS, the Parties have reached this Agreement, pursuant to Title 15.2, Chapter 34 (§ 15.2-3400, et seq.) and Chapter 41 (§ 15.2-4100, et seq.) of the Virginia Code and consistent with the terms of the Memorandum of Understanding;

WHEREAS, the reversion of Martinsville from an independent city to a town pursuant to the terms of this Agreement will establish a traditional town/county relationship between Martinsville and Henry County, with the same rights, powers, and responsibilities as other towns and counties, except as provided by special law or modified in this Agreement; and

WHEREAS, the Parties have concluded that Martinsville’s reversion from an independent city to a town located within and constituting part of Henry County in accordance with the terms of this Agreement meets the requirements of Virginia Code § 15.2-4106.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, and in further consideration of the mutual covenants and agreements herein contained, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties agree as follows:

Section 1: DEFINITIONS

As used in this Agreement, unless the context indicates otherwise, the words listed below are defined as follows:

1.01. “Martinsville” means the present City and, upon the effective date of the Special Court’s approval, the reverted Town of Martinsville, Virginia. Unless the context indicates otherwise, a reference herein to Martinsville includes a council, body, authority, board, bureau, commission, district, agency, court, officer, constitutional officer, deputy, employee or agent (not including outside counsel) of any of the foregoing, or other entity or person authorized to act on behalf of Martinsville regarding the referenced matter.

1.02. “Henry County” means the County of Henry, Virginia. Unless the context indicates otherwise, a reference herein to Henry County includes a body, board, bureau, commission, district, agency, officer, constitutional officer, deputy, employee or agent (not including outside counsel) of any of the foregoing, or other entity or person authorized to act on behalf of Henry County regarding the referenced matter.

1.03. “Parties” mean Martinsville and Henry County.

1.04. “Actively pursuing redevelopment” means any act that it is intended to, and that is reasonably expected to, advance Martinsville’s efforts to redevelop the subject building or property, which act shall be in relation to: (i) a redevelopment agreement, (ii) due diligence period, (iii) executed option to purchase, (iv) negotiation with a potential redeveloper, (v) issuance of a request for proposal for redevelopment, or (vi) other reasonable effort relating to redevelopment.

1.05. “Agreement” means this voluntary settlement agreement between the Parties reached pursuant to Title 15.2, Chapter 34 (§ 15.2-3400, et seq.) of the Virginia Code.

1.06. “Albert Harris Elementary School” means all the real property associated with the Albert Harris Elementary School located at 710 Smith Street, Martinsville, Virginia 24112, City Property ID # 050027200, Tax Map # 20 (01)00 / 01A*, consisting of three parcels: Tract 1A, Lot 09, & Lot 69) and totaling approximately 12.424 acres.

1.07. When referring to the use by Henry County of space in a building referenced herein, “**at cost**” means at the pro rata share, determined by the respective square footage that Henry County occupies in the building to the exclusion of all others compared to the total square footage of the building, of all operating expenses, including utilities, insurance, maintenance, and capital expenditures, but excluding any such operating expenses paid directly by Henry County. As applied in the foregoing calculation, any expense, including any capital expense, associated with the maintenance, repair, and/or improvement of any space in the building shall be discounted based

on the expected time of Henry County's continued occupancy of such space and a professionally-recognized lifespan of such maintenance, repair, and/or improvement. For example, if Henry County occupies 10 percent of the building's total square footage and Martinsville installs a capital improvement with a 30-year lifespan, then Henry County would pay 10 percent of 1/30th of the cost of the capital improvement for each year in which it continued to occupy the same space in the building. When referring to the use by Martinsville of work-release inmates as referenced herein, "**at cost**" means all expenses associated with Martinsville's use of inmates from the Henry County sheriff's inmate work-release program, including any processing expenses, security expenses, transportation expenses, personnel expenses, wages, per diems, meal expenses, and insurance expenses.

1.08. "Authorized Representatives" means: (i) prior to the effective date of reversion, for Martinsville, the Mayor and City Manager; (ii) following the effective date of reversion, for Martinsville, the Mayor and Town Manager; and (iii) for Henry County, the Chair of the Board of County Supervisors and the County Administrator.

1.09. "Blue Ridge Airport Authority" means the authority established by Chapter 25 of the 1964 Acts of Assembly, as amended by later Acts of Assembly.

1.10. "Blue Ridge Regional Library" means the Blue Ridge Regional Library, which Martinsville, Henry County, and Patrick County created pursuant to a May 29, 1975 agreement, amended June 26, 2001, consistent with § 42.1-37 of the Virginia Code.

1.11. "Bryant Property" means the approximately 1,206-acre site owned by the Henry County Industrial Development Authority and located in Henry County adjacent to the Patriot Centre at Beaver Creek Industrial Park and near Barrows Mill Road, Henry Co Acct # 012230004, Tax Map # 30.5(000)000/041.

1.12. "City Jail" means the real property associated with the Martinsville City Jail located at 55 West Church Street, Martinsville, Virginia 24114, which heretofore has been used by the Martinsville sheriff for the provision of jail and related services in Martinsville, specifically the masonry jail constructed in 1968 and incorporated as an integral wing of the Municipal Building.

1.13. "Clearview Early Childhood Center" means the real property associated with the former Clearview Early Childhood Center located at 800 Ainsley Street, Martinsville, Virginia 24112 but excluding the Clearview Fields and Clearview Parkland. For clarity, the Clearview Early Childhood Center consists of the real property located to the west of Ainsley Street and north of Clearview School Road.

1.14. "Clearview Fields and Parkland" means the real property located across Ainsley Street from Clearview Early Childhood Center, City Property ID # 050026800, & Tax Map # 06 (06)00/04 05 (Property ID # shared with school) consisting exclusively of athletic fields and parkland. For clarity, the Clearview Fields and Parkland consists of the real property located to the east of Ainsley Street and south of Clearview School Road.

1.15. "Commission" means the Commission on Local Government established under Title 15.2, Chapter 29 (§ 15.2-2900, et seq.) of the Virginia Code.

1.16. “Commonwealth Crossing Revenue Sharing Agreement” means the revenue sharing agreement between Martinsville, Henry County, and the Henry County Industrial Development Authority dated September 25, 2007. For clarity, prior to the effective date of this Agreement, the Commonwealth Crossing Revenue Sharing Agreement applies to the Commonwealth Crossing Business Park (identified in Schedule A of the Commonwealth Crossing Revenue Sharing Agreement) and the Bryant Property (identified in Schedule B of the Commonwealth Crossing Revenue Sharing Agreement).

1.17. “Constitutional Officer” means an officer provided for pursuant to Article VII, § 4 of the Virginia Constitution, to wit: a treasurer, a sheriff, an attorney for the Commonwealth, a clerk (who shall be the clerk of the court in the office of which deeds are recorded), and a commissioner of revenue. Unless the context indicates otherwise, a reference herein to a Constitutional Officer includes the officer and the deputies and employees thereof.

1.18. “Druid Hills Elementary School” means all the real property associated with the former Druid Hills Elementary School located at 746 Indian Trail, Martinsville, Virginia 24112, City Property ID # 050028600, Tax Map # 54 (06)00 /B C D.

1.19. “Harvest Foundation” means The Harvest Foundation of the Piedmont, a Virginia nonstock corporation recognized as a charitable organization under 26 U.S.C. § 501(c)(3).

1.20. “Henry County Industrial Development Authority” means the industrial development authority established by Chapter 2, Article III (§ 2-300, et seq.) of the Henry County Code.

1.21. “Henry County Public School Division” means the public school division for Henry County. Unless the context indicates otherwise, a reference herein to the Henry County Public School Division includes the Henry County School Board, division superintendent, or other entity or person authorized to act on behalf of the Henry County Public School Division regarding the referenced matter.

1.22. “Henry-Martinsville Health Department” means the joint health department presently serving Henry County and Martinsville.

1.23. “Henry-Martinsville Department of Social Services” means the joint department of social services presently serving Henry County and Martinsville.

1.24. “Includes” means includes, but not limited to, and “**including**” means including, but not limited to.

1.25. “Martinsville-Henry County 911 Center” means the joint dispatch center that Martinsville and Henry County created pursuant to a June 1988 agreement for the purpose of providing emergency dispatch services for Martinsville and Henry County.

1.26. “Martinsville-Henry County EDC” means the Martinsville-Henry County Economic Development Corporation, a Virginia nonstock corporation.

1.27. “Martinsville High School” means all the real property associated with the Martinsville High School located at 351 Commonwealth Boulevard East, Martinsville, Virginia 24112, City Property ID # 050027000, Tax Map # 24 (02)00/01A, totaling approximately 41.850 acres.

1.28. “Martinsville Industrial Park” means the following parcels located on, adjacent to, or near Industrial Park Drive in Henry County:

4053 Greensboro Road; Tax Map # 52.5(000)000/029B;
0 Industrial Park Drive; Tax Map # 52.5(000)000/029P;
355 Industrial Park Drive; Tax Map # 52.5(000)000/029L;
445 Industrial Park Drive; Tax Map # 52.5(000)000/029J;
499 Industrial Park Drive; Tax Map # 52.5(000)000/029Z;
555 Industrial Park Drive; Tax Map # 52.5(000)000/029C;
775 Industrial Park Drive; Tax Map # 52.5(000)000/029S;
790 Industrial Park Drive; Tax Map # 52.5(000)000/027D;
588 Industrial Park Drive; Tax Map # 52.5(000)000/029E;
424 Industrial Park Drive; Tax Map # 52.5(000)000/029F;
420 Industrial Park Drive; Tax Map # 52.5(000)000/029R;
342 Industrial Park Drive; Tax Map # 52.5(000)000/029M;
226 Industrial Park Drive; Tax Map # 52.5(000)000/029A;
485 Industrial Park Drive; Tax Map # 52.5(000)000/029;
Unassigned; Tax Map # 52.5(000)000/028;
Unassigned; Tax Map # 52.5(000)000/028A;
440 Fontaine Drive; Tax Map # 52.5(000)000/031A;
220 Fontaine Drive; Tax Map # 52.5(000)000/029D;
250 Fontaine Drive; Tax Map # 52.5(000)000/030;
0 Textile Road; Tax Map # 52.5(000)000/028C;
Unassigned; Tax Map # 52.5(000)000/029K;
108 Textile Drive; Tax Map # 52.5(037)000/002X;
0 Clover Road; Tax Map # 52.8(000)000/027B; and
0 Clover Road; Tax Map # 52.8(000)000/027.

1.29. “Martinsville Middle School” means all the real property associated with the Martinsville Middle School located at 201 Brown Street, Martinsville, Virginia 24112, City Property ID ## 050027400 & 050027600, Tax Map ## 33 (03)M/16R & 33 (03)L/02 06C (Brown/Market Streets Lower Parking lot), totaling approximately 7.66 acres; provided, however, the Martinsville Middle School shall not include either (i) the building defined herein as the Old Gymnasium or (ii) the right to use the unopened easement that crosses the parking lot of the BB&T building located on a parcel on East Church Street to the north of the Martinsville Middle School property. The Martinsville School Board shall quitclaim or otherwise convey said easement to the City of Martinsville or its assignee prior to the effective date of reversion.

1.30. “Martinsville Public School Division” means the public school division for Martinsville. Unless the context indicates otherwise, a reference herein to the Martinsville Public School Division includes the Martinsville School Board, division superintendent, or other entity or person authorized to act on behalf of the Martinsville Public School Division regarding the referenced matter.

1.31. “**Memorandum of Understanding**” means the Parties’ memorandum of understanding dated April 29, 2021, executed in anticipation of this Agreement.

1.32. “**Metal Annex**” means the real property associated with the Martinsville City Jail Annex located at 55 West Church Street, Martinsville, Virginia, 24112, which heretofore has been used by the Martinsville sheriff for the provision of jail and related services in Martinsville, specifically the corrugated steel structure standing immediately to the rear of the Municipal Building but independent of it, and surrounded by a chain-link fence enclosure topped with razor wire (the Metal Annex does not have an independent City Property ID or Tax Map number).

1.33. “**MINet**” means MINet Solutions, a Martinsville service that provides voice and data services to Martinsville’s governmental agencies and local businesses.

1.34. “**Municipal Building**” means the real property located at 55 West Church Street, Martinsville, Virginia 24114.

1.35. “**Patrick Henry Elementary School**” means the real property associated with the Patrick Henry Elementary School located at 1810 East Church Street, Martinsville, VA 24112, City Property ID # 050028200, Tax Map # 45 (03)00/01C.

1.36. “**Patriot Centre at Beaver Creek Industrial Park**” means the approximately 1,054-acre industrial park owned by the Henry County Industrial Development Authority and located in Henry County around Beaver Creek Drive.

1.37. “**Patriot Centre Revenue Sharing Agreement**” means the revenue sharing agreements between Martinsville, Henry County, and the Henry County Industrial Development Authority dated April 30, 2002, and August 31, 2009.

1.38. “**Old Gymnasium**” means the real property associated with the stand-alone building commonly referred to as the “Old Gymnasium” at Martinsville Middle School, located at the intersection of East Market Street, Brown Street, and Cleveland Avenue, and consisting of a brick temple style structure with a columned portico and an associated gravel parking area located to the east of the building, immediately adjacent to and abutting Brown Street and East Market Street, City Property ID # 050027600, Tax Map # 33 (03)L/02 06C (such tax map number is shared with the lower parking lot for the middle school, which is to the west of the Old Gymnasium and is not part of the Old Gymnasium property).

1.39. “**Personal property**” means any movable or intangible thing that is subject to ownership and not classified as real property. For clarity, personal property includes all equipment, computers, software applications, vehicles, weapons, personal protective equipment, police equipment, courthouse security equipment (not including cameras affixed to real property), furnishings, books, papers, records, files, data, electronic files, funds, grant funds associated with services being assumed by Henry County upon the effective date of reversion, licenses, and warranties, among other tangible and intangible items of personal property. A reference herein to the personal property of a public body, authority, board, bureau, commission, district, agency, court, officer, constitutional officer, deputy, employee of any of the foregoing, or other public entity or public person means the personal property thereof in a public/official capacity rather than private/individual capacity.

1.40. “Prison Farm” means all the real property associated with the Martinsville Prison Farm located at 300 Clearview Drive, Martinsville, Virginia, 24112, City Property ID # 050015800, Tax Map # 13 (05)00/05, which heretofore has been used by the Martinsville sheriff for the provision of jail and related services in Martinsville.

1.41. “Real property” means land and anything growing on, attached to, or erected on it, excluding anything that may be severed without injury to the land, and all rights and appurtenances thereunto pertaining. For clarity, real property includes all fixtures.

1.42. “Section” refers to a part of this Agreement, unless the context indicates that the reference is to another writing such as a provision of law or a different written instrument.

1.43. “Special Court” means the special, three-judge Court appointed by the Supreme Court of Virginia pursuant to Title 15.2, Chapter 30 (§ 15.2-3000, et seq.) of the Virginia Code.

Section 2: TRANSITION TO TOWN STATUS

2.01. Transition to Town Status. Upon the effective date of reversion established by the Special Court as referenced in Section 11.01, Martinsville shall make a transition from an independent city to a town located within and constituting part of Henry County, in accordance with § 15.2-4115 of the Virginia Code and other applicable law. As a town, Martinsville shall possess all powers and have such authority as granted by general law to other towns in the Commonwealth of Virginia and such other powers and authority as granted by charter or other special act of the General Assembly, except as modified in this Agreement.

2.02. Town Charter. From the effective date of reversion until the General Assembly grants Martinsville a new charter, Martinsville’s present city charter shall be conformed to a town charter, in accordance with § 15.2-4112 of the Virginia Code. Martinsville’s conformed town charter shall retain the same grants of authority contained in its present city charter, except as modified in this Agreement. In accordance with § 15.2-4113 of the Virginia Code, after the effective date of reversion, Martinsville shall not return to its previous independent city status, notwithstanding any contrary provision of law, general or special.

2.03. Town Ordinances. In accordance with § 15.2-4115 of the Virginia Code, upon the effective date of reversion, Martinsville’s city ordinances shall become the ordinances of the town, insofar as they are applicable, and consistent with law, unless and until they are repealed.

2.04. Town Council, Officers, Employees, and Agents. In accordance with § 15.2-4115 of the Virginia Code, upon the effective date of reversion,

2.04.01. Martinsville’s city mayor and the members of the city council shall continue to serve respectively as Martinsville’s town mayor and the members of the town council, until their successors are elected or appointed consistent with applicable law and Section 7.03; and

2.04.02. all city officers, employees, and agents of Martinsville shall continue to serve respectively as town officers, employees, and agents of

Martinsville, unless or until terminated consistent with applicable law including by dissolution of office, employment, or agency such as referenced in Sections 3, 4, 5, and 6.

Section 3:
CONSTITUTIONAL OFFICES

3.01. Transition of Constitutional Offices Serving Martinsville. Upon the effective date of reversion, the terms of office and the rights, powers, duties, and compensation of Martinsville's Constitutional Officers shall terminate in accordance with § 15.2-4115 of the Virginia Code, and Martinsville will be served by Henry County's Constitutional Officers from that date forward.

3.02. Cooperation in Transition of Constitutional Offices. Upon the Special Court's affirmation of this Agreement, the respective Constitutional Officers of Martinsville and Henry County shall cooperate in regard to the transition of services to Henry County's Constitutional Officers. Constitutional Officers from Martinsville shall provide Constitutional Officers from Henry County with access to records, including records deemed confidential, and other requested information related to the transition of services to Henry County's Constitutional Officers. The Parties' respective sheriffs are fully authorized to negotiate any matters related to the transition of court security, service of process, jail and related services, including matters regarding Martinsville's continued use of work-release inmates, at cost, and the transfer of personal property from Martinsville's sheriff to Henry County's sheriff; however, the Parties' sheriffs shall not be authorized to amend, modify, or otherwise depart from the provisions of Section 3.04 unless approved by authorized representatives of Martinsville and Henry County. If not completed before the effective date of reversion, title to all personal property of the Martinsville sheriff shall transfer to the Henry County sheriff as of that date, as provided in Section 3.06.

3.03. Office Space Currently Occupied by Martinsville's Constitutional Officers. On and after the effective date of reversion, Martinsville shall retain title to the Municipal Building; however, Martinsville shall offer to lease, at cost, to Henry County the exclusive occupancy and use of office space heretofore occupied by Martinsville's attorney for the Commonwealth in the Municipal Building. Henry County shall be responsible for providing security for such office space leased from Martinsville in the manner it deems appropriate. The term of Henry County's lease for such office space shall be five years, subject to automatic renewal for yearly terms unless terminated upon ninety (90) days' written notice by either Party. Any such lease shall immediately terminate if Henry County is not using the leased space for judicial, prosecutorial and related services.

3.04. Martinsville's City Jail, Metal Annex, and Prison Farm. On and after the effective date of reversion, Martinsville shall retain title to the City Jail, Metal Annex, and Prison Farm; however, Martinsville shall offer to lease, at cost, to Henry County the exclusive occupancy and use of the City Jail, Metal Annex, and Prison Farm. The term of Henry County's lease or leases for any such property or properties shall be five years, subject to automatic renewal for yearly terms unless terminated upon ninety (90) days' written notice by either Party. Any such lease shall immediately terminate if Henry County is not using the leased space for jail and related services.

3.05. Personal Property of Martinsville’s Treasurer and Commissioner of Revenue.

On and after the effective date of reversion, Martinsville shall retain title to the personal property of Martinsville’s treasurer and commissioner of revenue, except that Martinsville shall transfer to Henry County title to the personal property of the assessor employed by Martinsville’s commissioner of revenue.

3.06. Personal Property of Martinsville’s Other Constitutional Officers. No later than the effective date of reversion, Martinsville shall transfer to Henry County title to all personal property of Martinsville’s Constitutional Officers except as provided in Section 3.05 and Section 3.07.

3.07. Records of Constitutional Officers. Notwithstanding the provisions of Sections 3.05 and 3.06 of this Agreement, Martinsville’s Constitutional Officers shall,

3.07.01. at least six months before the effective date of reversion, make available to Henry County’s Constitutional Officers for review and copying all records maintained by Martinsville’s Constitutional Officers; and

3.07.02. no later than the effective date of reversion, provide to Henry County’s Constitutional Officers all records maintained by Martinsville’s Constitutional Officers. If, in the case of the Martinsville treasurer or commissioner of revenue, Martinsville also needs copies of such records after the effective date of reversion, then Martinsville’s Constitutional Officers shall provide Henry County’s Constitutional Officers with an exact duplicate copy of such records.

The Parties shall collaborate to ensure that the records are delivered to Henry County’s Constitutional Officers in their preferred format.

Section 4:
COURTS

4.01. Transition of Courts Serving Martinsville. Upon the effective date of reversion, all Martinsville court functions shall cease. On and after the effective date of reversion, Martinsville shall retain title to the real property currently occupied by Martinsville’s circuit court, general district court, and juvenile and domestic relations district court and the respective clerks thereof, except that Martinsville shall offer to lease, at cost, to Henry County the exclusive occupancy and use of the space currently occupied by Martinsville’s general district court and the clerk thereof. Henry County shall be responsible for providing security for such space leased from Martinsville in the manner it deems appropriate. The term of Henry County’s lease for such space shall be five years, subject to automatic renewal for yearly terms unless terminated upon ninety (90) days’ written notice by either Party. Any such lease shall immediately terminate if Henry County is not using the leased space for court, clerk, and related services.

4.02. Personal Property of Courts Serving Martinsville. No later than the effective date of reversion, Martinsville shall transfer to Henry County title to all personal property of Martinsville’s circuit court, general district court, and juvenile and domestic relations district court and the respective clerks thereof. Without limiting the generality of the foregoing, Martinsville’s

circuit court, general district court, and juvenile and domestic relations district court and the respective clerks thereof shall, no later than the effective date of reversion unless an earlier date is ordered by the Chief Judge of the Circuit or District for the efficient administration of justice, deliver to Henry County's circuit court, general district court, and juvenile and domestic relations district court and the respective clerks thereof all books, papers, records, case files, evidence, data, electronic files, law library materials, and other information maintained by Martinsville's circuit court, general district court, and juvenile and domestic relations district court and the respective clerks thereof. The Parties shall collaborate to ensure that the records are delivered to Henry County's courts and clerks in their preferred format and in a timely manner to ensure there is no interruption in court services.

4.03. Pending Proceedings. In accordance with § 15.2-4119 of the Virginia Code, upon the effective date of reversion, unless an earlier date is ordered by the Chief Judge of the Circuit or District for the efficient administration of justice, all criminal and civil matters pending in Martinsville's circuit court, general district court, and juvenile and domestic relations district court shall be removed to the Henry County circuit court, general district court, and juvenile and domestic relations district court, respectively. If, on the effective date of reversion, there are any pending actions or proceedings by or against the City of Martinsville, or if an action or proceeding is instituted which arises out of a cause of action which arose prior to the time the City of Martinsville reverted to a town, and which but for the reversion would have been by or against the City of Martinsville, then the Town of Martinsville shall be substituted in place of the City of Martinsville, and the action or proceeding may be perfected to judgment, in accordance with § 15.2-4118 of the Virginia Code.

Section 5: PUBLIC EDUCATION

5.01. Transition in Public School Division Serving Martinsville. Upon the effective date of reversion, the Martinsville Public School Division shall cease to exist, and the residents of Martinsville shall be served by the Henry County Public School Division from that date forward. Henry County shall be entitled to receive all state and federal aid attributable to education within Martinsville after the effective date of reversion.

5.02. Cooperation in Transition of School Administration. Upon the execution of this Agreement, the superintendents and administrators of the Martinsville Public School Division and Henry County Public School Division shall cooperate in regard to the transition of public education services to the Henry County Public School Division. Superintendents and administrators from Martinsville shall provide superintendents and administrators from Henry County with access to school property and records, including records deemed confidential, and other requested information related to the transition of public education services to the Henry County Public School Division.

5.03. Real Property Transferred to Martinsville. Upon the effective date of reversion, the Martinsville Public School Division shall transfer to Martinsville title to Druid Hills Elementary School, Patrick Henry Elementary School, Clearview Early Childhood Center, the Clearview Fields and Parkland, and the Old Gymnasium. Any costs associated with surveys, boundary adjustments, or subdivisions of parcels related to Clearview Early Childhood Center, the

Clearview Fields and Parkland, and the Old Gymnasium shall be borne by Martinsville. Following the respective transfers of title to Martinsville:

- 5.03.01.** if Martinsville is not actively pursuing redevelopment of Druid Hills Elementary School or using it for veterans' services or for a taxable purpose, then title to Druid Hills Elementary School shall transfer to Henry County;
- 5.03.02.** if Martinsville is not actively pursuing redevelopment of Patrick Henry Elementary School or using it for a taxable purpose, then title to Patrick Henry Elementary School shall transfer to Henry County;
- 5.03.03.** if Martinsville is not actively pursuing redevelopment of Clearview Early Childhood Center or using it for a taxable purpose, then title to Clearview Early Childhood Center shall transfer to Henry County; and/or
- 5.03.04.** if Martinsville is not actively pursuing redevelopment of the Clearview Fields and Parkland or using that property for athletic fields, a park, or a taxable purpose, then title to the Clearview Fields and Parkland shall transfer to Henry County.

5.04. Real Property Transferred to Henry County. Upon the effective date of reversion, the Martinsville Public School Division shall transfer to the Henry County School Board title to Albert Harris Elementary School, Martinsville Middle School, and Martinsville High School. Following the transfer of title to the Henry County School Board, the Henry County Public School Division shall permit the auditorium in Martinsville High School to be used for regional civic purposes, including use by Martinsville, Henry County, or others for performing arts, concerts, special events, or other similar gatherings provided the Henry County Public School Division shall be responsible for approving, coordinating, and scheduling all such proposed uses.

5.05. Martinsville Public School Division's Personal Property. No later than the effective date of reversion, the Martinsville Public School Division shall transfer to the Henry County School Board title to the personal property of the Martinsville Public School Division. Without limiting the generality of the foregoing, the Martinsville Public School Division shall,

- 5.05.01.** at least six months before the effective date of reversion, make available to the Henry County Public School Division, for review and copying, and
- 5.05.02.** no later than the effective date of reversion, deliver to the Henry County Public School Division,

all books, papers, records, files, data, electronic files, library materials, and other information maintained by the Martinsville Public School Division. The Parties shall collaborate to ensure that the records are delivered to the Henry County Public School Division in its preferred format.

5.06. School Operations Study. As soon as practicable, and no later than the execution of this Agreement, the Parties or the Henry County Public School Division will apply to the Harvest Foundation for funding of a comprehensive study of the Henry County Public School Division following the dissolution of the Martinsville Public School Division. Such study shall consider subjects including 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 Board of Education and the Virginia Department of Education will be invited to participate in such study. Such study shall include at least two public meetings for purposes of receiving citizen input. Should the Harvest Foundation deny funding for such study, the Parties shall take appropriate actions to request appropriations from the General Assembly to fund such study. The superintendents and administrators of the Martinsville Public School Division and Henry County Public School Division shall cooperate in the preparation of the study. Such study is advisory in nature only, and it shall not be binding upon the Henry County Public School Division. Nothing in this Section shall limit the authority of the Henry County School Board over the operation of the Henry County Public School Division.

Section 6:
OTHER PUBLIC SERVICES

6.01. Health and Social Services. Upon the effective date of reversion, Martinsville shall no longer be responsible for the governance or funding of the Henry-Martinsville Health Department or the Henry-Martinsville Department of Social Services. Martinsville shall convey all its interests in the real property presently used by the Henry-Martinsville Health Department (located at 295 Commonwealth Boulevard) and the Henry-Martinsville Department of Social Services (located at 20 Progress Drive) and all its interests in the personal property of the Henry-Martinsville Health Department and the Henry-Martinsville Department of Social Services to Henry County upon the effective date of reversion. The October 1, 2011, Facility Costs Agreement among Martinsville, Henry County, and the Henry-Martinsville Department of Social Services shall be dissolved as of the effective date of reversion.

6.02. Continued Participation in Certain Services. On and after the effective date of reversion, Martinsville shall continue to participate in the governance and funding of the Blue Ridge Airport Authority, Blue Ridge Regional Library, Martinsville-Henry County 911 Center, Patrick & Henry Community College, Chamber's Partnership for Economic Growth, and Martinsville-Henry County EDC consistent with the respective governing documents' terms and funding formulas as are applicable to the same. The June 1988 agreement between Martinsville and Henry County concerning the 911-dispatch center and the May 29, 1975 agreement, as amended June 26, 2001, between Martinsville, Henry County, and Patrick County regarding the Blue Ridge Regional Library shall remain in effect following reversion.

6.03. Allocation of Other Public Services. On and after the effective date of reversion, unless otherwise provided by this Agreement,

6.03.01. Martinsville residents shall have use of all services provided by Henry County to its residents on the same basis as other Henry County residents, and all services provided by Henry County shall be made available without discriminating against residents of Martinsville

because they reside in Martinsville, consistent with applicable laws and ordinances; and

6.03.02. Martinsville shall provide or otherwise make available to its residents all urban services traditionally provided by Virginia towns, to the extent desired by Martinsville's citizens and consistent with applicable laws and ordinances. Martinsville's cessation of any of these services shall not alone obligate Henry County to continue, maintain, or otherwise provide such services.

6.04. Certain Town Service Levels. On and after the effective date of reversion, Martinsville shall provide or otherwise make available to its residents services commonly provided to urban areas consisting of utility services (water, sewer, electricity), public safety services (fire, police, EMS), animal control, public works, street and sidewalk maintenance, solid waste collection, erosion and sediment control program, stormwater management program, building code inspections and enforcement, and MINet services, at levels no less than those that were provided for in its fiscal year 2021 budget. The November 24, 2020, agreement between Martinsville and Henry County concerning solid waste disposal shall remain in effect following reversion.

Section 7: ELECTIONS

7.01. Election Districts. The Henry County Board of Supervisors consists of six members elected from separate districts and the Henry County School Board consists of six members elected from separate districts and one member elected at large. The Parties acknowledge that the existing elections districts for the Henry County Board of Supervisors and the Henry County School Board must be redrawn to encompass Martinsville. The Henry County Board of Supervisors shall change the number and/or boundaries of such districts as it deems appropriate in its sole discretion as a consequence of Martinsville's reversion to a town located within and constituting part of Henry County; provided that such changes shall be consistent with the laws of Virginia and of the United States and further provided such changes will result in at least one member of the Henry County Board of Supervisors and at least one member of the Henry County School Board representing a district comprised of territory located entirely within the boundaries of Martinsville. Thereafter, the Henry County Board of Supervisors shall retain at least one seat on each body from entirely within the boundaries of Martinsville, provided that retaining such seats during any subsequent reapportionment or redistricting is consistent with the laws of Virginia and of the United States in light of population and demographic changes.

7.02. County Redistricting Plan and Elections. Following the Special Court's affirmation of this Agreement, Henry County shall adopt a redistricting plan consistent with Section 7.01 for districts for the Henry County Board of Supervisors and districts for the Henry County School Board. Such redistricting plan shall be adopted no later than the effective date of reversion. Thereafter, an election shall be held to select members of the Henry County Board of Supervisors and the Henry County School Board from the districts contained in such redistricting plan after the plan has received any approvals required under the laws of Virginia and of the United States. Any vacancies on the foregoing bodies following the adoption and any required approvals

of the redistricting plan may be filled in accordance with Virginia law. Nothing herein shall be construed as prohibiting the registered voters of Henry County from reverting to an appointed school board in the future under § 22.1-57.4 of the Virginia Code or other applicable law; provided, however, that at least one resident of Martinsville shall be appointed to the school board.

7.03. Town Elections. Upon the Special Court’s affirmation of this Agreement, Martinsville shall undertake all actions necessary for the election of the town council members and any elected town officers of the new Town of Martinsville, consistent with applicable law.

Section 8:
REVENUE SHARING

8.01. Commonwealth Crossing Revenue Sharing Agreement. Upon the effective date of reversion, the Bryant Property shall be removed from the land designated as “Revenue Shared” under the Commonwealth Crossing Revenue Sharing Agreement.

8.02. Patriot Centre Revenue Sharing Agreement. Upon the effective date of reversion,

8.02.01. the Martinsville Industrial Park shall be added to the land designated as “Revenue Shared” under the Patriot Centre Revenue Sharing Agreement; and

8.02.02. the Patriot Centre Revenue Sharing Agreement shall be modified regarding the debt Martinsville owes to Henry County in order to allow Martinsville to realize the revenue stream assigned to Martinsville thereunder.

Upon the completion of Martinsville’s ten-year moratorium of annexation rights under Section 9.01, the revenues from the Martinsville Industrial Park and the Patriot Centre at Beaver Creek Industrial Park that are to be shared as calculated under the Patriot Centre Revenue Sharing Agreement, shall be pooled and shared between Martinsville and Henry County at a ratio of two-thirds for Henry County and one-third for Martinsville.

Section 9:
ANNEXATION

9.01. Limited Waiver. For a period of ten years following the effective date of reversion, Martinsville shall not initiate any proceeding for the annexation of territory in Henry County pursuant to Title 15.2, Chapter 32 (§ 15.2-3200, et seq.) of the Virginia Code, or any other applicable law, and Martinsville shall not endorse or support any voter-initiated proceeding for the annexation of territory in Henry County pursuant to Title 15.2, Chapter 32 (§ 15.2-3200, et seq.) of the Virginia Code, or any other applicable law. If Martinsville endorses or supports any voter-initiated proceeding for the annexation of territory in Henry County in violation of the foregoing sentence, then Henry County may terminate the limited waiver of annexation rights under section 9.03 of this Agreement.

9.02. Early Termination. Martinsville's limited waiver of annexation rights under Section 9.01 shall immediately terminate if, during the ten-year period thereunder:

9.02.01. the Henry County Public Service Authority ceases to be a wastewater/sewer customer of Martinsville; or

9.02.02. Henry County in any way initiates, endorses, or supports the incorporation of any presently-unincorporated territory in Henry County into a town.

9.03. Effect on Revenue Sharing. If Martinsville's limited waiver of annexation rights under Section 9.01 lasts for the completion of the ten-year period thereunder, then the provisions of Section 8 shall remain in effect in perpetuity. If Martinsville's limited waiver of annexation rights under Section 9.01 terminates before the completion of the ten-year period thereunder, then the provisions of Section 8 shall be voided upon the termination of such limited waiver of annexation rights and Martinsville shall remain liable for the debt that otherwise would have been forgiven under Section 8.02.02 in proportion to the number of years remaining in such ten-year period at termination.

Section 10:

COMMISSION REVIEW AND SPECIAL COURT AFFIRMATION

10.01. Commission Review. The Parties agree to take such actions as are necessary and required for the Commission's review of this Agreement consistent with Title 15.2, Chapter 34 (§ 15.2-3400, et seq.) and Chapter 29 (§ 15.2-2900, et seq.) of the Virginia Code and the Commission's regulations.

10.02. Special Court Affirmation. After the Parties receive the Commission's report of findings and recommendations regarding the Agreement and after complying with the requirements of § 15.2-3400(4) of the Virginia Code, the Parties shall submit this Agreement in its present form, or in another form if the Parties amend this Agreement as permitted by § 15.2-3400(4) of the Virginia Code, to the Special Court for affirmation, as required by § 15.2-3400(5) of the Virginia Code.

10.03. Termination if Agreement Not Affirmed. This Agreement shall terminate if the Special Court fails to affirm and give full force and effect to this Agreement in its present form, unless the Parties agree to amend, modify, or supplement this Agreement consistent with Section 11.14.

10.04. Attorneys' Fees and Costs. Martinsville and Henry County shall be responsible for paying their own attorneys' fees and other costs associated with the preparation of this Agreement and the submission of this Agreement to the Commission and the Special Court.

Section 11:
MISCELLANEOUS

11.01. Effective Date. Martinsville's transition from an independent city to a town located within and constituting part of Henry County shall be effective as of the date established by the Special Court.

11.02. Binding on Future Governing Bodies. Upon the Special Court's affirmation of this Agreement, this Agreement shall be binding upon and inure to the benefit of Martinsville and Henry County, and each of the future governing bodies of Martinsville and Henry County, and upon the Town of Martinsville and any other successor to either Martinsville or Henry County.

11.03. Obligations and Agreements of the Town. All of the obligations and agreements herein made by the City of Martinsville are deemed to also be the obligations and agreements of the Town of Martinsville.

11.04. General Disposition of Liabilities and Assets. Except as otherwise provided in this Agreement, the Town of Martinsville shall remain liable for all of the bonded indebtedness, current debts, obligations, and other liabilities incurred by the City of Martinsville, and the City of Martinsville's title, right, and privilege regarding any real property, personal property, agreement, or other matter shall vest in and become the title, right, and privilege of the Town of Martinsville. Except as otherwise provided herein, contracts and other liabilities of the Martinsville Public School Division, Martinsville's Constitutional Officers, and the Martinsville Courts and the clerks thereof, all of which will cease to exist upon the effective date of reversion, shall not transfer to the Henry County Public School Division, Henry County's Constitutional Officers, or the Henry County Courts and the clerks thereof that will commence providing services in Martinsville upon the effective date of reversion; neither shall any such contracts or other liabilities transfer to Henry County or the Town of Martinsville, unless otherwise provided herein.

11.05. Maintenance and Condition of Properties and Assets. From the date of the Parties' execution of this Agreement through the effective date of reversion:

11.05.01. Neither Martinsville nor the Martinsville Public School Division shall convey, otherwise dispose of, incur any debt on, or permit any encumbrance on any of their respective real or personal property being transferred to Henry County or the Henry County School Board pursuant to this Agreement; and

11.05.02. Martinsville and the Martinsville Public School Division shall maintain, repair, protect, and insure their respective real and/or personal property being transferred to Henry County or the Henry County School Board pursuant to this Agreement, and they shall not, through action or inaction, permit waste that would affect or impair the value of their respective real and/or personal property being transferred to Henry County or the Henry County School Board pursuant to this Agreement, ordinary wear and tear excepted.

11.06. Funding. Henry County shall be entitled to all funding, be it federal, state, local, or other, which is distributed or collected in connection with its provision of the services referenced in Sections 3 through 7 of this Agreement in Martinsville. The Parties covenant and agree that Martinsville's transition from city to town status is a consolidation for the purposes of § 15.2-1302(2) of the Virginia Code. The Parties jointly will use their best efforts at the General Assembly to request that, for purposes of distribution of State educational aid to the Henry County Public School Division, the State Board of Education will use the composite index of either Martinsville or Henry County, whichever is lowest, for a period of no less than 15 years following the effective date of reversion.

11.07. Authority to Execute this Agreement. This Agreement requires the approval of the Martinsville City Council and the Henry County Board of Supervisors, which shall be indicated by passage of a resolution by each of the respective governing bodies approving the Agreement. Upon approval of this Agreement by the respective governing bodies of Martinsville and Henry County, this Agreement shall be signed by their authorized representatives. The representatives signing this Agreement warrant and represent that they are authorized to execute this Agreement on behalf of the respective governing bodies of Martinsville and Henry County and to thereby bind the respective Parties to the terms of this Agreement.

11.08. Entire Agreement. This Agreement constitutes and contains the entire agreement and understanding between the Parties regarding the subject matter of this Agreement and supersedes all prior negotiations, agreements, or understandings between the Parties regarding any of the provisions of this Agreement. By entering into this Agreement, the Parties agree and understand that its provisions are consistent with those contemplated in the Memorandum of Understanding, which is superseded by this Agreement.

11.09. Titles and Headings. Titles and headings for the Sections and subsections of this Agreement are for convenience only and are not intended to limit, vary, define, or expand the terms contained this Agreement and shall not be used to interpret or construe the terms of this Agreement.

11.10. Applicable Law and Construction. This Agreement shall be construed and interpreted in accordance with the laws of Virginia. This Agreement shall not be construed against any of the Parties, but shall be given a reasonable interpretation.

11.11. Performance of this Agreement. The Parties agree to undertake and perform the obligations and agreements made in this Agreement in good faith. The Parties, all Constitutional Officers, and the two respective School Divisions shall, upon the execution of this Agreement, collaborate, cooperate and communicate to make plans for the transfer of personal property, real property, and services as provided in this Agreement. The Parties shall refrain from any act intended, or otherwise tending, to terminate, impair, supersede, preempt, circumvent, supplant, collaterally attack, frustrate, or otherwise diminish the validity, performance, or effect of the obligations and agreements made in this Agreement. Nothing in this Section 11.11 shall be construed to alter the Parties' rights to initiate, pursue, or resolve disputes or contested matters under Section 11.13. Nothing in this Section 11.11 shall be construed to alter the Parties' rights to propose, pursue, negotiate, agree to, or reject amendments, modifications, or supplementations under Section 11.14.

11.12. Further Assurances; Preparation of Documents. Prior to the effective date of reversion, the Parties shall prepare, execute, and deliver such additional instruments of assignment and conveyance and other documents and take such other actions as may be necessary or appropriate to carry out the intent of this Agreement and to vest title or convey rights as provided for herein. Without limiting the generality of the foregoing, the Parties shall collaborate in good faith to prepare, execute, deliver and, if appropriate, record: (i) deeds conveying real property pursuant to the terms of this Agreement and, to the extent necessary, related property descriptions, plats and surveys; (ii) bills of sale, titles or other documents conveying personal property pursuant to the terms of this Agreement; and (iii) amendments to existing revenue sharing and other agreements. With regard to any real or personal property conveyed pursuant to the Agreement, the Parties also shall convey all software applications, software licenses, warranties, maintenance records, copyrights, trademarks, or other licenses, permits or privileges related to such real or personal property.

11.13. Disputes Under this Agreement. From the execution of this Agreement through the effective date of reversion established by the Special Court, the Parties agree to arbitrate any dispute that arises in the performance or interpretation of this Agreement. Such arbitration shall be administered and conducted by the McCammon Group, Ltd. 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. The arbitrator shall have the power to rule on her or his own jurisdiction, including any objections with respect to the existence, scope, or validity of the arbitration agreement or to the arbitrability of any claim or counterclaim. After the effective date of reversion, any contested matter between the Parties that relates to this Agreement's interpretation or performance, may be heard on application of either Party to the Special Court in accordance with § 15.2-4120 of the Virginia Code or, if such Special Court has dissolved, in a declaratory judgment action or other appropriate proceeding initiated on behalf of either Party in a federal court or a state court of appropriate jurisdiction; provided, however, the Parties shall jointly request that a judge designate from outside the Circuit or District be appointed to preside over any such proceeding in state court. For clarity, the mandatory arbitration provision contained herein shall expire as of the effective date of reversion. After the effective date of reversion, the Parties may mutually agree to submit any dispute to mediation or arbitration.

11.14. No Third Party Beneficiaries. The Agreement is entered into solely between and for the benefit of, and may be enforced only by, the Parties. This Agreement will not benefit, or create any right or cause of action in or on behalf of, any entity other than the Parties. No third party will be deemed a beneficiary of this Agreement, and no third party will have the right to make any claim or assert any right under this Agreement.

11.15. Amendments to this Agreement. This Agreement may be amended, modified, or supplemented, in whole or in part, by mutual consent of Martinsville and Henry County, by a written document of equal formality and dignity, duly executed by the authorized representatives of the respective governing bodies of Martinsville and Henry County, without requiring further

review by the Commission or further affirmation by the Special Court unless otherwise required by law.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by the following authorized representatives.

CITY OF MARTINSVILLE, a municipal corporation of the Commonwealth of Virginia

By: _____
Mayor of Martinsville

Attest:

Clerk

Date: _____

By: _____
City Manager for Martinsville

Attest:

Clerk

Date: _____

HENRY COUNTY, a political subdivision of the Commonwealth of Virginia

By: _____
Chair, Henry County Board of Supervisors

Attest:

Clerk

Date: _____

By: _____
County Administrator for Henry County

Attest:

Clerk

Date: _____

Approved as to form:

By: _____

City Attorney for Martinsville

By: _____

County Attorney for Henry County