

FACILITY COSTS AGREEMENT

THIS FACILITY COSTS AGREEMENT (FCA) is made this 1st day of October, 2011, by and between The County of Henry, Virginia, (hereinafter referred to as the "County") whose address is P. O. Box 7, 3300 Kings Mountain Road, Collinsville, Virginia, and the City of Martinsville, Virginia, (hereinafter referred to as the "City") whose address is P. O. Box 1112, 55 East Church Street, Martinsville, Virginia, 24112, hereinafter referred to as (the "Owners"), and The Henry-Martinsville Department of Social Services, (hereinafter referred to as the "Agency") whose address is P. O. Drawer 832, Martinsville, Virginia, 24114, 20 Progress Drive, Martinsville, 24112.

The Owners hereby designate the County of Henry to act on behalf of the Owners for all matters related to this FCA.

In consideration of the mutual promises and covenants set forth below, as well as other good and valuable consideration, the receipt of which is acknowledged, the parties hereto agree as follows:

1. REAL PROPERTY, TERM OF OCCUPANCY, AND RENEWALS.

Owners hereby assign right of occupancy to the Agency for the property and improvements at the "Premises" (as shown on the attached exhibit) for the term of five (5) years, beginning October 1, 2011 and expiring on October 1, 2016. This FCA shall automatically renew for additional one year terms, each year unless a party hereto provides the other parties written notice of intent not to renew ninety (90) days prior to the expiration of the term.

2. ADA ACCESSIBILITY. Prior to delivery of facility to the Agency, the County shall certify to the Agency that the premises comply with the minimum requirement of the American's with Disabilities Act of 1990 (ADA).

3. **USE OF PREMISES.** The Premises will be used by the Agency as the offices of the Henry-Martinsville Department of Social Services and for no other purpose.

4. **ACCEPTANCE OF PREMISES AND ANNUAL INSPECTION.** The County and the Agency agree that prior to occupancy of premises, a representative of the Owners and Agency shall inspect the Premises to determine if there are any repairs necessary before occupancy. Prior to March 1 of each year the Owners and Agency shall inspect the facility to determine if any items are in need of repairs or replacement that would be the responsibility of the Owners to be considered in the annual budget process. The Agency is responsible for submitting the annual inspection report.

5. **FACILITY COSTS.** The Agency agrees to pay as facility costs the total sum of (\$69,192.71) annually. Beginning upon occupancy said facility costs will be paid in arrears in equal monthly payments due and payable on the last day of business each month, without notice, demand, or offset, in monthly payments of (\$5,766.05). Due to the joint ownership of the occupied premises the Agency will remit 66% of the facility costs (\$3,805.59) to the County of Henry and 34% of the facility costs (\$1,960.46) to the City of Martinsville, as designated in this FCA. Facility costs shall not be duplicated in the CSAP.

FACILITY COST DATA.

A) The County purchased the building for \$1,650,000 and the Department of Social Services is allocated 55.412% (37,320 sq. ft.) of the total square footage of the building. The remaining 44.588% (30,030 sq. ft.) of the building is unfinished space.

B) The maximum amount of office space per employee is 198.

C) The useful life assigned to the building is 30 years.

D) The amount of depreciation expense reported to date is \$121,087.26 through September 30, 2011.

E) The outstanding useful life is 28 years and 3 months at a monthly depreciation cost of \$5,766.05 or \$69,192.71 annually.

6. PARKING. The County agrees to provide 199 parking spaces for the non-exclusive use of the Agency. Eight parking spaces shall be designated for handicapped parking. If the Owners upfit additional unfinished space in the building and lease to one or more additional tenants, the Owners agree to provide additional parking spaces to accommodate the additional tenants.

7. SIGNAGE. The County will cooperate with the Agency to allow installation of building and monument signage of an agreed upon size and style.

8. UTILITIES. The Agency shall pay, as and when the same become due and payable, all charges for water and sewer, and all charges for electricity, gas, heat, telephone service and other utilities supplied the Premises. These charges are not included in the facility costs and will be incurred and billed by means of separate service contracts between the Agency and the service providers.

9. ALTERATIONS AND IMPROVEMENTS. Agency agrees that no alterations, installations, and major repairs shall be done to the Premises without the County's written consent. Such consent will not be unreasonably withheld.

10. MAINTENANCE AND REPAIRS OF PREMISES.

(A) During the term of this FCA, the Agency shall keep the interior of the Premises in good order and repair. Damage by fire, the elements or other casualty, and repairs or replacements as outlined herein shall be the obligation of the County. Agency shall also keep the premises free from refuse and other debris during the term hereof. Agency will also be responsible for procuring janitorial services for the Premises; said janitorial services are not included in the facility costs.

(B) Agency shall enter into preventative maintenance contracts and be responsible for all repairs to heating, ventilating and cooling

equipment, elevator and fire alarm/security systems installed on the premises; provided, however, that the County shall be responsible for the replacement thereof when necessitated by age and ordinary wear and tear, fire, the elements or other casualty.

(C) Agency also accepts the responsibility for payment of the first one thousand dollars (\$1,000) of any repairs to the premises. Those amounts incurred over \$1,000 shall be pre-approved by the Owners and billed to and paid by the County of Henry (66%) and the City of Martinsville (34%).

11. SNOW REMOVAL AND LAWN MAINTENANCE. Agency is responsible for maintenance of all exterior common areas including the collection and removal of litter and trash, mowing of grass, maintenance of landscaping and removal of snow and ice from sidewalks. The City agrees to remove snow from the parking lot area. Agency acknowledges that said snow removal from parking lot by Owners shall occur at the same time as snow is removed from Progress Drive by the City of Martinsville.

12. INSPECTIONS AND ACCESS. The County and its representatives may enter the premises to make inspections, repairs, decorations, alterations or improvements. Except in case of emergency or when it is impractical to give notice, the County will give Agency reasonable notice of the County's intent to enter and may enter the Premises only at reasonable times.

13. COVENANTS BY OWNERS. The County shall keep the Premises insured against loss or damage. The City shall pay 34% of said costs. Agency is responsible for insuring the contents of the occupied area and shall pay for same and provide proof of insurance to the County.

14. COVENANTS BY AGENCY.

(A) Agency shall (1) use, maintain and occupy the Premises in a careful, safe, proper and lawful manner, keep the appurtenances, including adjoining areas and sidewalks in a clean and safe condition; (2)

maintain the Premises at its own expense in a clean, orderly and sanitary condition, free of insects, rodents, vermin and other pests; (3) not permit undue accumulations of garbage, trash, rubbish and other refuse; (4) remove such refuse at its own expense.

(B) Agency shall, at its expense, keep the Premises, signs and sidewalks and the parking areas, as designated, adjacent to the premises, in a clean, safe and sanitary condition; conform to applicable laws, ordinances, regulations, and codes; and store all trash and garbage within the premises, or in such places as the County may designate. Agency shall not mark, drill, deface, injure or damage the premises; conduct business so as to constitute a nuisance to other property owners or tenants or occupants in the building and area; burn trash on the property; permit rubbish, refuse or garbage to accumulate or a fire hazard to exist about the Premises; overload any floor facility; or throw foreign substances in plumbing facilities or use the same for any purpose other than that for which constructed.

Agency agrees not to change or add locks without giving the County immediate notice and a duplicate of all keys, except in those areas where checks, marketable securities, food stamps and any confidential documents are stored.

Agency agrees to pay all costs resulting from the intentional or negligent destruction, damage or removal of any part of the Premises by Agency or by any of Agency's guests or other persons on the Premises with Agency's consent.

15. ASSIGNMENT OR SUBLET. Agency will not assign this FCA or sublet the Premises without the County's prior written consent. No assignment or sublet will release Agency from continuing liability for the full performance of this FCA unless the County signs a written statement clearly releasing Agency from such liability.

16. NOTICES. All notices in writing required or permitted by this FCA may be delivered in person, or sent by certified mail, return receipt

requested (postage prepaid) to the County of Henry, Agency, or Agent at such parties' addresses, as set forth herein or at such other address as a party may designate from time to time by notice given in accordance with the terms of this section; however, Agency shall be deemed to have received notice if such notice is delivered or served at the address of the Premises. The County's recipient for notice shall be the County Administrator whose address is P. O. Box 7, 3300 Kings Mountain Road, Collinsville, Virginia 24078. The City's recipient for notice shall be the City Manager whose address is P. O. Box 1112, 55 East Church Street, Martinsville, Virginia, 24112. The Social Services recipient for notice shall be the Director whose address is P. O. Drawer 832, 20 Progress Drive, Martinsville, Virginia 24112.

17. HEADINGS. The headings of the sections of this FCA are inserted for convenience only and do not alter or amend the provisions that follow such headings.

18. GOVERNING LAW. This FCA is entered into and shall be construed under the laws of the Commonwealth of Virginia.

19. SEVERABILITY. Any provision of this FCA which is prohibited by, or unlawful or unenforceable under, Virginia law shall be ineffective only to the extent of such prohibition without invalidating the remaining provisions of this FCA.

20. AMENDMENTS. This FCA may be amended only by a writing signed by the parties, or by a change in the County's rules and regulations, provided that at least 90 days notice of such change is given to Agency and provided that such changes do not substantially modify Agency's arrangement with the County.

21. ENTIRE AGREEMENT. This FCA and any rules and regulations of the County constitute the entire agreement between the County and the Agency. No oral statements made by either party shall be binding.

The City of Martinsville joins in this agreement to acknowledge the FCA was prepared by the County of Henry and to signify their agreement to all the terms herein.

WITNESS the following signatures:

COUNTY OF HENRY

By Debra P. Buchanan
Debra Buchanan, Chairman
Henry County Board of Supervisors

ATTEST:
Benny Summerlin
Benny Summerlin, Clerk to the Board

State of Virginia,

County of Henry, to-wit:

The foregoing instrument was acknowledged before me this 27th day of September, 2011, by Debra Buchanan, Chairman of the Henry County Board of Supervisors and Benny Summerlin, Clerk to the Henry County Board of Supervisors, respectively, on behalf of the County of Henry.

Michelle C. Via
Notary Public

1/31/2014 200201
Commission Expiration & ID No.

MICHELLE C. VIA
NOTARY PUBLIC
Commonwealth of Virginia
Reg. #206201
Commission Expires 1/31/2014

(Notary Seal)

Witness the following signatures:

CITY OF MARTINSVILLE

By Kim Adkins

Kim Adkins, Mayor

ATTEST,

Clarence Monday
Clarence Monday, Clerk of Council

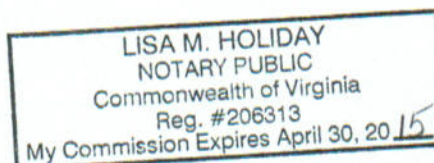
State of Virginia,

City of Martinsville, to-wit:

The foregoing instrument was acknowledged before me this 29th day of September, 2011, by Kim Adkins, Mayor of the City of Martinsville and Clarence Monday, Clerk of City Council, respectively, on behalf of the City of Martinsville.

Lisa M. Holiday
Notary Public

4-30-15
Commission Expiration & ID No.



(Notary Seal)

Witness the following signatures:

**HENRY-MARTINSVILLE DEPARTMENT
OF SOCIAL SERVICES**

By *Ron Ferrill*
Ron Ferrill, Chairman
Henry-Martinsville Board of Social Services

ATTEST:

Amy Tuttle
Amy Tuttle, Director
Henry-Martinsville Department of Social Services



State of Virginia,

City of Martinsville, to-wit:

The foregoing instrument was acknowledged before me this 24th day of October, 2011, by Ron Ferrill, Chairman of the Henry-Martinsville Board of Social Services and Amy Tuttle, Director of Social Services, respectively, on behalf of the Henry-Martinsville Department of Social Services.

April D. Martin
Notary Public

July 31, 2015 # 330603
Commission Expiration, & ID No.

(Notary Seal)

Description of Occupied Premises

The occupied premises shall include non-exclusive use and access to all outside common areas to include parking as well as 36,000-square feet of interior office space and fixtures as shown in the attached exhibit.