TOWN OF FRONT ROYAL, VIRGINIA
TOWN COUNCIL MEETING
Monday, February 10, 2014 @ 7:00 p.m.
Warren County Government Center

1. Pledge of Allegiance
2. Moment of Silence
3. Roll Call
4. Approval of the Regular Council Meeting minutes of January 27, 2014.
5. Receipt of Petitions and/or Correspondence from the Public
6. Reports:
   a. Report of special committees or Town officials and Town Manager.
   b. Requests and inquiries of Council members.
   c. Report of the Mayor
   d. Proposals for addition/deletion of items to the Agenda.

*7. **CONSENT AGENDA ITEMS** – (ROLL CALL VOTE REQUIRED)
   A. COUNCIL APPROVAL – Proclamation for "Youth Art Month"
   B. COUNCIL APPROVAL – Resolution – First Day Introduction Requirement for Bills with Local Fiscal Impacts
   C. COUNCIL APPROVAL – Authorize the Director of Energy Services to Pursue Turbine Study with GHD
   D. COUNCIL REFER TO PLANNING COMMISSION – Development of Tourism Zone and Other Tax Incentives

**The nature of a consent agenda is such that discussion of individual items does not occur.*

8. **COUNCIL APPROVAL** – Resolution and Memorandum of Agreement with EDA that Incorporates a Land Exchange Agreement between the EDA and Afton Inn, LLC

9. **CLOSED MEETING** – Personnel Matter (Community Development Director Position)

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 7(A)

Meeting Date: February 10, 2014

Agenda Item: COUNCIL APPROVAL – Proclamation – "Youth Art Month"

Summary: Council has received a request from Andrea Stuart, Fine Arts Department of Warren County High School, seeking the approval of a Proclamation proclaiming the month of March as "Youth Art Month" in the Town of Front Royal.

Budget/Funding: None

Attachments: Proclamation

Meetings: None

Staff Recommendation: Approval ✓ Denial_______

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council approve a Proclamation proclaiming the month of March as "Youth Art Month" in the Town of Front Royal.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

YOUTH ART MONTH PROCLAMATION

WHEREAS, art education contributes powerful educational benefits to all elementary, middle and secondary students including the following;

* *art education develops students' creative problem-solving and critical thinking abilities;*
* *art education teaches sensitivity to beauty, order, and other expressive qualities;*
* *art education gives students a deeper understanding of multi-cultural values and beliefs;*
* *art education reinforces and brings to life what students learn in other subjects; and*
* *art education interrelates student learning in art production, art history, art criticism, and aesthetics, and*

WHEREAS our national leaders have acknowledged the necessity of including arts experiences in all students' education,

THEREFORE, BE IT RESOLVED that support should be given to art teachers as they attempt to strengthen art education in their schools and communities.

NOW, THEREFORE, it is proclaimed that March be observed as YOUTH ART MONTH.

All citizens are urged to take interest in and give full support to quality school art programs for children and youth.

NOW, THEREFORE, I ___________, Mayor of the Town of ___________
(OR,

Governor of the State of __________), do hereby proclaim March 20__ as

YOUTH ART MONTH.

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 7(B)

Meeting Date: February 10, 2014

Agenda Item: COUNCIL APPROVAL – Resolution First Day Requirement for Bills with Local Fiscal Impact

Summary: Council is requested to consider approval of a Resolution that would support the mission and intent of the Governor's Task Force for Local Government Mandate Review. Early introduction will allow the necessary time to evaluate the fiscal impact of new legislation on the Town.

Budget/Funding: None

Attachments: Resolution and Letter from Chair of Governor's Task Force for Local Government Mandate Review

Meetings: Work Session held February 3, 2014

Staff Recommendation: Approval ✓ Denial____

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council approve a Resolution that would support the mission and intent of the Governor's Task Force for Local Government Mandate Review, as presented.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

Town of Front Royal, Virginia

RESOLUTION FOR FIRST DAY INTRODUCTION REQUIREMENT FOR BILLS WITH LOCAL FISCAL IMPACTS

WHEREAS, the Town of Front Royal has 170 employees (part-time and full-time); and, many local governing bodies in Virginia have an ever-growing concern about the impact on localities of state mandates and cost shifting; and,

WHEREAS, Section 30-19.03 of the Code of Virginia states that the Commission on Local Government shall prepare and publish a statement of fiscal for "any bill requiring a net additional expenditure by an county, city, or town, or … any bill requiring a net reduction of revenues by any county, city, or town, is filed during any session of the General Assembly"; and,

WHEREAS, numerous bills fitting this criteria have been submitted and gone through the legislative process without review for local fiscal impacts due to limited time and resources to review these bills during the General Assembly session; and,

WHEREAS, it is also recognized that a need exists for additional time and resources to provide such information during the tight procedural confines of the current legislative process; and,

WHEREAS, we believe it is critical that lawmakers have better and timelier information on the fiscal impact to localities when they consider bills and budget items;

NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Town of Front Royal, Virginia hereby requests that the General Assembly support measures that require its members to file bills with local fiscal impacts as early as possible and no later than the first day of session.

APPROVED:

____
Timothy W. Darr, Mayor

ATTEST:

____
Jennifer E. Berry, Clerk of Council

THIS RESOLUTION was approved at the Regular Meeting of the Town of Front Royal, Virginia on its first reading, conducted ______________2014, upon the following recorded vote:

Thomas H. Sayre	Yes/No	Bret W. Hrbek	Yes/No
Hollis L. Tharpe	Yes/No	Eugene R. Tewalt	Yes/No
N. Shae Parker	Yes/No	Daryl L. Funk	Yes/No

Approved as to form and legality:

____
Douglas W. Napier, Town Attorney
Date: ___/___/____

Message Sent on Behalf of Supervisor Pat Herrity, Chair, Governor's Task Force for Local Government Review:

Dear Local Government Official,

Over the last two years, the Governor's Task Force for Local Government Mandate Review has examined in great detail mandates on local governments and the means through which they are enacted. What has emerged from this work is a clear understanding and recognition that the local government fiscal impact review process needs to be improved. As we have seen over the last two years, the focus on the fiscal impact of mandates has had a positive result in recent General Assembly sessions, and the number of bills referred for fiscal review has increased.

Prior to 2010, a first day introduction requirement was in place to ensure that any bill enacting a local mandate would be sufficiently analyzed by the Commission on Local Government prior to its being considered by the General Assembly. Unfortunately, in 2010 this provision was removed and now only bills pertaining to the Virginia Retirement System must meet this requirement.

Under the current system of review, there are not enough resources for bills to be properly reviewed for fiscal impact within the given time constraints imposed by the current filing deadlines. The Task Force believes that the magnitude of the problems caused by a lack of adequate review of local mandate bills prior to their passage necessitates the reinstatement of the first day filing requirement. We believe proper fiscal impact analysis will result in fewer bills with local fiscal mandates making it through the General Assembly.

The Task Force has made the reinstatement of the first day introduction requirement for all bills with a local fiscal impact its primary recommendation this year. Going into the 2014 General Assembly Session, the Task Force is asking local governments to include their support for this change in their legislative agendas as well as the passage of resolutions by Boards of Supervisors, and City and Town Councils in favor of the change.

For your consideration, a sample resolution is attached. The Task Force thanks you for your attention and consideration of this critical matter. Together, Governor McDonnell, the Task Force and local governments have made historic progress in the repeal of dozens of local mandates, creating a new awareness of the impact of local mandates, and eliminated numerous additional "mandates" via discussion with state agencies and executive action. Your support of the reinstatement of the first day introduction requirement will go a long way to reducing the burden of mandates placed on the Commonwealth's 324 local governments.

We are continuing our review of local mandates and encourage you to continue to identify and refer mandates you believe should be reviewed by sending suggestions to MandateRelief@dhcd.Virginia.gov On behalf of the Task Force I thank you for your support of our efforts.

Sincerely yours,

Pat

Patrick S. Herrity
Chair, Governor's Task Force for Local Government Mandate Review
Springfield District Supervisor, Fairfax County Board of Supervisors

R. Kyle McDaniel, M.P.A.
Policy Director
Office of Supervisor Pat Herrity
Fairfax County Board of Supervisors
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Keep in Touch with Supervisor Herrity:
Website / Newsletter / Facebook / LinkedIn

Town of Front Royal, Virginia
Council Agenda Statement

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Item No. 7(C)

Meeting Date: February 10, 2014

Agenda Item: COUNCIL APPROVAL – Authorize the Director of Energy Services to Pursue Turbine Study with GHD

Summary: Council is requested to authorize the Director of Energy Services to pursue a Turbine Study with GHD that would be specific to the current Wastewater Treatment Plant Upgrade/Design in the amount of $8,000.00.

Budget/Funding: 9401-3002 – Professional Services

Attachments: Memorandum from Director of Energy Services

Meetings: Work Session held February 3, 2014

Staff Recommendation: Approval ✓ Denial____

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council authorize the Director of Energy Services to pursue a Turbine Study with GHD that would be specific to the current Wastewater Treatment Plant Upgrade/Design in the amount of $8,000.00.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

Town of Front Royal
Energy Services
P.O. Box 1560
Front Royal, Virginia 22630-1560
(540) 635-3027 Fax: (540) 635-5497

Memo

To: Steve Burke, Town Manager

From: Joseph Waltz, Director of Energy Services

Date: November 17, 2013

Re: Evaluation and Recommendation of Energy Proposals from GHD and CHA

I have reviewed both proposals from GHD and CHA relating to self-generation for the Town of Front Royal. Both proposals list energy opportunities in wind and solar technologies. As you know, the Town has previously and continues to-date to evaluate solar energy and other renewable energy technologies. In regards to these proposals, a study at this point has no impact on either treatment plant. These technologies at the present time are not cost effective for the Town of Front Royal to pursue just as the most recent solar project evaluation I presented to Council was not recommended by myself for similar reasons.

My main evaluation focused on the two items that GHD proposed for alternative electrical power generation at the wastewater treatment plant.

- The first item proposes evaluating the feasibility of installing hydro-electric power at the plant's effluent. The Town of Front Royal's energy portfolio currently includes two hydro-electric projects, which has provided me with experience and knowledge in this field of renewable energy. With that knowledge, I conclude the Town should investigate hydro-electric power at the wastewater treatment plant.

- The second item evaluates anaerobic digestion and co-generation of energy. There were several articles attached to the Council's packet of November 4, 2013 of projects worldwide utilizing biomass to generate electricity. After further research, this is another area that the Town should start to investigate as a future energy opportunity, as this technology is maturing. With that said, this would significantly impact the design of the wastewater treatment plant upgrade, which is approximately 90% completed, thus impacting the project schedule and overall cost.

In summary, my evaluation and research into these proposals leads me to recommend to Council to pursue the proposed evaluation of the two energy alternatives I have listed above at a cost of $18,500. This is an opportunity for the Town to investigate self-generation energy alternatives to continue our Town's success in making our energy portfolio progressive and cost-effective.

If you have any questions or concerns, please feel free to call me.

Town of Front Royal, Virginia
Council Agenda Statement

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Item No. 7(D)

Meeting Date: February 10, 2014

Agenda Item: COUNCIL REFER TO PLANNING COMMISSION – Development of Tourism Zone and Other Tax Incentives

Summary: Town Staff has developed strategies to help attract new businesses in the Town through tax incentives, which also includes the creation of a new Tourism Zone. Council is requested to refer these strategies and the creation of a new Tourism Zone to the Front Royal Planning Commission.

Budget/Funding: None

Attachments: PowerPoint Information from the Director of Planning

Meetings: February 4, 2014

Staff Recommendation: Approval ✓ Denial______

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council refer to the Planning Commission strategies to help attract new business through tax incentives and the creation of a new Tourism Zone to the Front Royal Planning Commission.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

TOURISM ZONE &
OTHER TAX INCENTIVES

Goals

- To attract new businesses.
- To encourage the expansion of existing business.
- To improve the overall business environment.
- To promote renovation and new construction.
- To increase tax revenue.

Recommended Strategies

- Identify specific areas for new tourism growth.
- To create a Tourism zone that promotes tourism and offers tax incentives.
- To better promote existing incentives.
- To implement the overall land use goals of the Comprehensive Plan.
- To adhere to the Virginia Code.
- Group ordinances for Historic District Tax Exemption, Technology Zone and Tourism Zone together in the Town Code for simplicity.

Current Incentives

Historic District Tax Exemption

Technology Zone

Historic District Incentive

175-97 REAL ESTATE TAX EXEMPTION FOR REHABILITATION (Historic District)

A. A partial exemption of real estate taxes for a period of ten (10) years shall be provided for the substantial rehabilitation of any structure [fifty (50) years or older] within a designated historic resource overlay area or to a structure which is listed on the National Register of Historic Places. For the purposes herein, substantial rehabilitation shall involve an investment of at least forty percent (40%) of the pre-rehabilitated assessed value of the structure.

B. The partial exemption shall be equal to the increase in assessed value resulting from the rehabilitation. Rehabilitations cannot replace the original structure. Increases in total square footage may be permitted up to a maximum of fifty (50%) percent of the original structure.

Technology Zone

75-61 TECHNOLOGY ZONE BENEFITS

A. Permit Fee Grants. The Economic Development Authority shall provide cash reimbursements for the following local permits and fees up to a maximum cumulative value of $500 for qualified Technology Zone businesses provided the business's application for reimbursement is filed with the Economic Development Authority within the first 12 months of operation within the Zone. Technology Zone Application fees. (EDA) *Building, Plumbing, Electrical & Mechanical Permit Fees. (Warren County) *Zoning Permit Fees. (Front Royal) *Subdivision Application Fees. (Front Royal)

B. Business Professional and Occupational License Taxes. Provided they continue to remain qualified, qualified businesses shall be entitled to a credit of business and occupational license fees for that portion of their business classified as a "technology business" for a ten-year period while the business is located within a Front Royal Technology Zone as follows: During the first five years following application approval, the business shall be entitled to a one hundred-percent credit of its business and occupational license fees. During the sixth year, the business firms shall be entitled to an eighty-percent credit. During the seventh year, the business firm shall be entitled to a sixty-percent credit. During the eighth year, the business firm shall be entitled to a forty-percent credit. During the ninth and tenth years, the business firm shall be entitled to a twenty-percent credit.

C. Cash Grants. Qualified business may be eligible for annual cash grants to be determined on a case by case basis by the County of Warren and Town of Front Royal during the negotiation process based on job creation and investment. A minimum of 10 full-time jobs paying at least 2.0 times the minimum wage, and 3 full-time jobs paying at least 2.0 times the minimum wage in the Downtown Front Royal Zone, and benefits as noted above and a minimum investment of $10,000 and $3,000 for Downtown Front Royal Zone businesses shall be required to be eligible for cash grants.

D. All Town benefits are limited to that portion of the business enterprise created and maintained for and qualified under this Technology Zone program.

Proposed Incentives

Historic District Tax Exemption

Technology Zone

Tourism Zone

Proposed Tourism Zone

§ 58.1-3851. Creation of local tourism zones.

A. Any city, county, or town may establish, by ordinance, one or more tourism zones. Each locality may grant tax incentives and provide certain regulatory flexibility in a tourism zone.

B. The tax incentives may be provided for up to 20 years and may include, but not be limited to (i) reduction of permit fees, (ii) reduction of user fees, and (iii) reduction of any type of gross receipts tax. The extent and duration of such incentive proposals shall conform to the requirements of the Constitutions of Virginia and of the United States.

C. The governing body may also provide for regulatory flexibility in such zone that may include, but not be limited to (i) special zoning for the district, (ii) permit process reform, (iii) exemption from ordinances, excluding ordinances or provisions of ordinances adopted pursuant to the requirements of the Chesapeake Bay Preservation Act (§ 62.1-44.15:67 et seq.), the Erosion and Sediment Control Law (§ 62.1-44.15:51 et seq.), or the Virginia Stormwater Management Act (§ 62.1-44.15:24 et seq.), and (iv) any other incentive adopted by ordinance, which shall be binding upon the locality for a period of up to 10 years.

D. The establishment of a tourism zone shall not preclude the area from also being designated as an enterprise zone.

Proposed Tourism Zone Incentives

- Tap Fees*
- Zoning permit fees*
  - Also request Warren County to create a waiver for building permit fees.
- BPOL*
  - Create 3 tiers based on level of capital investment and jobs created within the Town.
  - BPOL would begin with 100% reduction first year, and then will be decreased proportionally over the number of years for each tier.

*The precise amount of fee waivers and BPOL tax to be determined.

Tiers (example)

- Tier One – 4 year reduction of BPOL
  - –Capital Investment \$10,000–\$100,000
  - –Create 1–3 jobs
- Tier Two – 7 year reduction of BPOL
  - –Capital Investment \$100,001–\$500,000
  - –Create 4–10 jobs
- Tier Three – 10 year reduction of BPOL
  - –Capital Investment greater than \$500,000
  - –Create 11 or more jobs

Qualifications (example)

- Business must be located on one of the following corridors *(Planning Commission to review)*:
  - Royal Avenue
  - N. Shenandoah Avenue
  - South St./John Marshall Hwy.
  - Commerce Avenue

- Must file application and then application will be scored based on pre-determined criteria to see if business meets Town's qualification of tourism business.
  - Criteria could include:
    - Hours of operation (must be open weekends)
    - Restaurant or Hotel/Motel
    - Retail items being sold benefits tourism
    - Service provided promotes tourism
    - Amusement activity

Summary

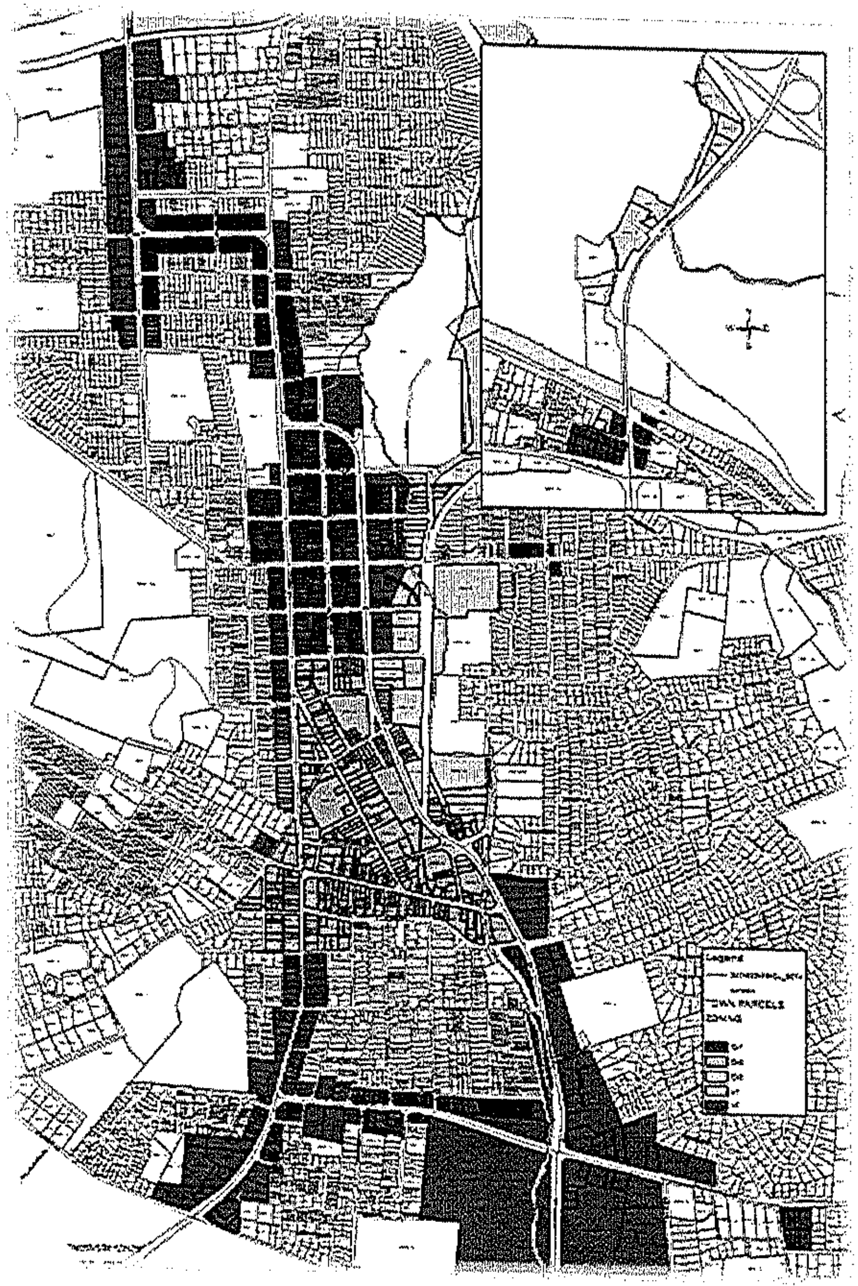
	RE Tax	BPOL Tax	Tap Fees	Permit Fees	Cash Grants
Historic District Tax Exemption	**YES**	NO	NO	NO	NO
Technology Zone	NO	**YES**	NO	**YES**	**YES**
Tourism Zone	NO	**YES**	**YES**	**YES**	NO

Important Considerations

- Businesses could potentially qualify and benefit from all three incentives.
- Create a packet outlining benefits to give to proposed businesses.
- The proposed incentive could also be used for existing businesses that want to revamp their operations.

Locations...

- Major Commercial Corridors
  - *South Street*
  - *Commerce Avenue*
  - *Royal Avenue*
  - *N Shenandoah Ave*
  - *Downtown (Main, Chester, Jackson, Peyton)*
  - *John Marshall Highway*
  - *6th Street*
  - *Winchester Road*
- **Comprehensive Plan Conformity**
- **Referral to Planning Commission**
- **EDA to review**



Town of Front Royal, Virginia
Council Agenda Statement

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Item No. 8

Meeting Date: February 10, 2014

Agenda Item: COUNCIL APPROVAL – Resolution and Memorandum of Agreement with EDA that Incorporates a Land Exchange Agreement between the EDA and Afton Inn, LLC

Summary: Council is requested to approve a Resolution and Memorandum of Agreement (MOA) with the Economic Development Authority (EDA) that incorporates a Land Exchange Agreement between the EDA and Afton Inn, LLC as presented.

Budget/Funding: None

Attachments: Proposed MOA and Land Exchange Agreement

Meetings: Public Hearing was held January 27, 2014

Staff Recommendation: Approval ✓ Denial______

Proposed Motion: **I move that Council approve a Resolution and Memorandum of Agreement (MOA) with the Economic Development Authority (EDA) that incorporates a Land Exchange Agreement between the EDA and Afton Inn, LLC as presented.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

RESOLUTION

WHEREAS, Town Council finds that Virginia Code § 15.2- 953 expressly provides that any locality may make gifts, donations and appropriations of public funds, of personal property or of any real estate and donation to industrial development authorities, such as the Front Royal-Warren County Economic Development Authority (the "EDA") ; and that the state of the law is that such gifts and donations fulfill a permissible public purpose by promoting the economic development of the Commonwealth, and in particular, the Town of Front Royal (the "Town").

WHEREAS, Town Council finds that, in accordance with the express authority granted by Virginia Code § 15.2- 4901, the EDA has been formed by ordinances of the Town and the County of Warren, Virginia, among other things, for the purposes of inducing commercial enterprises to locate and remain in the Commonwealth of Virginia and for developing trade, increasing commerce, and promoting industry, and the safety, health, welfare, convenience, and prosperity of the inhabitants of the Commonwealth, which powers shall be exercised for the benefit of said inhabitants.

WHEREAS, Town Council finds that all parties hereto wish to see the Afton Inn property, located at the intersections of East Main Street, North Royal Avenue, and Crescent Streets, and the former Town Hall properties, located at 16 North Royal Avenue, both in the Town, ultimately put to uses, especially economic development, that especially benefit to the maximum degree the inhabitants of the Town of Front Royal and the County of Warren, and Town Council finds that under the statutory framework applicable to the Town Council and the EDA, and given the legal parameters given the EDA under the Code of Virginia as to how the EDA might be able to deal with the Afton Inn property, and the legal parameters given Town Council as to how Town Council might be able to deal with the former Town Hall property, the Town Council finds that economic development of the Town and County and the public benefit and common good will be more timely and accurately served by allowing the EDA to select the ultimate owner and user of the Afton Inn property; and by gifting and donating the former Town Hall property to the EDA.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Town Council of the Town of Front Royal, Virginia that the agreement entitled Memorandum of Agreement ("Agreement" or "MOA") between the Town of Front Royal, Virginia, as headed "Town Revisions 01-27-2014"; and the Agreement entitled "Land Exchange Agreement" ("Agreement"), as headed "Town Revised 01-27-2014", are: hereby authorized, approved, and agreed to by Town Council, and both said Agreements are attached to this Resolution and both said Agreements in their entirety are made a part of this Resolution;

BE IT FURTHER RESOLVED by the said Town Council that both said Agreements are found and determined by the Town Council to promote the economic development of the Town of Front Royal, the County of Warren, and the Commonwealth of Virginia;

BE IT FURTHER RESOLVED that the Mayor and Clerk of Council, the Town Manager, and the Town Attorney, all of the Town, are hereby authorized to execute and sign said Agreements on behalf of the Town where appropriate; and are authorized to make any non-substantive corrections or changes where appropriate or necessary.

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THIS RESOLUTION was approved at the Regular Meeting of the Town of Front Royal, Virginia, Town Council conducted on September 8, 2008, upon the following recorded vote:

Daryl L. Funk _____	N. Shae Parker _______
Bret W. Hrbek ______	Hollis L. Tharpe ________
Thomas H. Sayre _____	Eugene R. Tewalt _________

APPROVED:

____

Timothy W. Darr, Mayor

ATTEST:

____
Jennifer E. Berry, Clerk of Council

Approved as to form and legality:

____
Douglas W. Napier, Town Attorney

Date: _____ / _____ / _____.

Town Revised 02-05-2014

LAND EXCHANGE AGREEMENT

THIS LAND EXCHANGE AGREEMENT ("AGREEMENT") is made as of this day of _____________, 2014, by and between **AFTON INN, L.L.C.** , a Virginia Limited Liability Company; party of the first part, hereinafter referred to as "Afton Inn, L.L.C.", and the **ECONOMIC DEVELOPMENT AUTHORITY** , a political subdivision of the Town of Front Royal and the County of Warren as authorized by the Commonwealth of Virginia, party of the second part,.hereinafter referred to as the "EDA".

WHEREAS, Afton Inn, L.L.C. is the owner of the real property located within the Town of Front Royal, County of Warren, Virginia 22630 (hereinafter, the "Town") at the intersection of East Main Street and Crescent Street with an official property address of 2 East Main Street, Town of Front Royal, Warren County, Virginia, 22630, also known as Tax Map 20A8 4 14, upon which is located a structure commonly known as the "Afton Inn", or as the "Afton Inn Hotel", and is hereinafter referred to as the "Afton Inn"; and

WHEREAS, the EDA is the owner or contract owner of the building situate on real property located at 16 North Royal Avenue, Town of Front Royal, Warren County, Virginia 22630, formerly being the Town Hall for the Town of Front Royal, situate between the Front Royal United Methodist Church and the First Baptist Church of Front Royal, as well as a two story building immediately to the west (rear) of the former Town Hall, both of which buildings are hereinafter referred to as the "Town Hall", which said property does **not** include the parking lot on the west side of Union Street that has heretofore served the Town Hall property; and

WHEREAS, Afton Inn, **L.L.C.** and the EDA wish to exchange their properties under the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. DEFINITIONS.

The Afton Inn and the Town Hall are hereinafter sometimes individually referred to as the "Exchange Property" or collectively as the "Exchange Properties."

A party who is intending to convey title to an Exchange Property at Closing is sometimes referred to hereinafter as "Grantor Party" and a party who is intending to accept title to an Exchange Property at Closing is sometimes referred to hereinafter as "Grantee Party."

2. THE EXCHANGE TERMS.

Afton Inn, L.L.C. and the EDA acknowledge that the Afton Inn and the Town Hall are of like kind and equal value. Pursuant to Section 1031 of the Internal Revenue Code (26 U.S.C.§ 1031), Afton Inn, L.L.C. will convey the Afton Inn to the EDA and the EDA will convey the Town Hall to the Afton Inn, L.L.C. at closing. At closing, each Grantor Party will execute and deliver at that Grantor Party's expense a special warranty deed with English covenants of title conveying marketable title to each respective Exchange Property to the other Grantee Party, as follows: Title to the Exchange Property shall be good of record and fact, free of liens and encumbrances, subject only to those restrictions to which Buyer has not objected in accordance with Section 7 (the "Permitted Exceptions").

Afton Inn, L.L.C. shall convey the Afton Inn to the EDA all of the Afton Inn, L.L.C.'s right, title and interest to the Afton Inn, which includes the improvement thereon, together with all easements, rights, privileges, and appurtenances belonging to same, together with any restrictions of record which do not interfere or prevent the EDA from utilizing the Afton Inn in any manner deemed appropriate by the EDA, but free and clear of all liens, encumbrances, encroachments and special assessments levied or assessed. The EDA shall convey the Town Hall to the Afton Inn, L.L.C. all of the EDA's right, title and interest to the Town Hall, which includes the improvements thereon, together with all easements, rights, privileges, and appurtenances belonging to same, together with any restrictions of record (except the "Restrictive Covenants" hereinafter described) which do not interfere or prevent Afton Inn, L.L.C. from utilizing the Town Hall in any manner permitted by the Town's Zoning Ordinance or other applicable laws or regulations, but free and clear of all liens, encumbrances, encroachments and special assessments levied or assessed, and subject to the restrictive covenants (the "Restrictive Covenants") hereinafter set forth. Afton Inn, L.L.C. acknowledges the exterior of the Town Hall has historical and aesthetic value that the Town Council of Front Royal, Virginia (hereinafter, the "Town Council") requires to be preserved in accordance with said Restrictive Covenants, which Restrictive Covenants shall not merge with the deed to the Town Hall from the EDA to Afton Inn, L.L.C. or any subsequent deed, and shall be covenants real and shall pass with the title to the Town Hall and shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in and to the real property or any part or parts thereof subject to such Restrictive Covenants. These Restrictive Covenants shall be as follows:

(a) The Town Hall shall be photographed contemporaneously with Closing, and copies given to Afton Inn, L.L.C. and the EDA. The exterior appearance of the Town Hall shall retain the stone face appearance, the white trim, the appearance and style of windows and doors, including the historic, multi-pane appearance thereof, that they had at the time of Closing (provided, however, that replacement windows and doors may be of currently manufactured material that maintains the aesthetic appearance of wood).

(b) Roofing material of the Town Hall shall be metal.

(c) No portion of the Town Hall or the building to the immediate west (rear) of the former Town Hall building itself (which will convey to Afton Inn, L.L.C. with the Town Hall itself) shall be demolished without the written consent of the Town Council.

(d) The former Town Hall building itself and the building to the immediate west (rear) of the former Town Hall building itself shall at all times be kept and maintained in a good state of repair.

(e) Prior to the consummation of a sale of the Town Hall to any other person or entity, Afton Inn, L.L.C. shall notify the Town Manager of the Town, by personal delivery or by certified mail, return receipt requested, at 102 East Main Street, Front Royal, Virginia 22630, as to the terms and conditions of the proposed sale. Within thirty (30) days of delivery or receipt of said notice the Town shall notify Afton Inn, L.L.C. of the Town's intention to purchase the Town Hall of its intention to purchase the Town Hall upon identical terms and conditions as the proposed sale. The Town shall then consummate the purchase of the Town Hall within Sixty (60) days of the receipt of notification of the proposed sale.

(f) A metal plaque signifying the historical significance of Town Hall, approved in advance prior to its placement upon Town Hall by Town Council as to the plaque's appearance, informative content, and place of placement, which approval shall not unreasonably be withheld, shall be erected and permanently maintained on the exterior premises of Town Hall.

(g) The Restrictive Covenants may be amended from time to time by written mutual agreement by the then owner of the Town Hall property and the Town Council.

3. NO FURTHER ENCUMBRANCES.

Each Grantor Party covenants that it will not further encumber its Exchange Property prior to Closing without the written consent of the Grantee Party and that it will not voluntarily create or cause or permit a lien or encumbrance to attach to the Exchange Property between the date of this Contract and Closing; any monetary lien or encumbrance so attaching, as well as any existing monetary lien or encumbrance, including any existing mortgage, deed of trust, judgment lien or similar lien against the Exchange Property which can be discharged by the payment of money, shall be discharged by the Grantor Party at or prior to Closing.

4. DEDICATIONS AND EASEMENTS.

After the date of this Agreement, but prior to Closing, neither Grantor Party will dedicate, gift, transfer, mortgage or convey any interest in Grantor Party's Exchange Property without written consent from Grantee Party, which may be withheld for any reason.

5. DELIVERIES OF MATERIALS.

Promptly, but in no event later than five (5) days following the Effective Date of this Agreement, each party shall deliver to the other party the following:

(a) A true and complete copy of all owners' policies of title insurance, if any, previously obtained by or in the actual or constructive possession of the Grantor Party with respect to the Grantor Party's Exchange Property.

(b) All surveys, engineering, geotechnical, environmental or similar reports in the Grantor Party's actual or constructive possession relating to the Exchange Property.

(c) Copies of all notices of any violation relating to the Exchange Property which is uncorrected, if any.

(d) Copies of documents related to work done on the Exchange Property by Grantor Party, its agents or contractor, of which the Grantor Party has in its actual or constructive possession or control.

(e) Copies of any development plans, whether complete or preliminary, for any past or present contemplated repairs, renovations and/or improvements to the Exchange Property, including, but not limited to, past plans for the redevelopment of the Afton Inn for mixed commercial uses.

6. TESTS AND INSPECTIONS.

(a) Each Exchange Party, its respective agents, servants, employees, engineers, invitees and/or designees, at each's respective risk and expense, shall have the full right from and after the Effective Date to enter upon the other Exchange Party's Exchange Property at any reasonable time and from time to time, for purposes of conducting studies, environmental audits, investigations and the like with respect to such Exchange Property.

(b) Each Exchange Party shall have the right to terminate this Contract, by written notice to the other Exchange Party sent on or before **Sixty (60)** days after the Effective Date (the "Study Period"), in its sole and absolute discretion, (i) if an Exchange Party is dissatisfied with the results of any inspections, studies or due diligence conducted with respect to the Exchange Property or (ii) if an Exchange Party is dissatisfied with any materials furnished to it pursuant to the terms of this Contract. In the event that one Exchange Party shall terminate this Contract pursuant to the provisions of this paragraph, this Agreement shall immediately become null and void and no party shall have any further liability to the other. The failure of the a respective Exchange Party to give the other Exchange Party written notice of termination by the end of the Study Period shall constitute a waiver of this contingency by that Exchange Party.

(c) If a Grantee Party enters the Exchange Property prior to settlement, the Grantor Party shall: (i) keep the Exchange Property free and clear of any and all liens or claims resulting therefrom; (ii) to the extent allowed by the Constitution and laws of Virginia, defend, indemnify and hold harmless the other Grantor Party against and from any claim or liability imposed or sought to be imposed upon the entering Exchange Party as a result of actions by the entering Grantee Party, its employees, agents, architects and engineers on the Exchange Property; and (C) agree not to unreasonably damage or harm the Exchange Property.

(d) Afton Inn L.L.C. acknowledges that it has received and has had the opportunity to review all currently-available environmental and asbestos-testing reports in the possession of the EDA or in the possession of the Town of Front Royal, and that Afton Inn L.L.C. agrees to complete the exchange of the properties in their as-is, where-is condition with full knowledge of the contents of such reports.

(e) Afton Inn L.L.C. acknowledges that it has had the opportunity to tour and inspect the interior and exterior of the former Town Hall building and property, and that Afton Inn L.L.C. agrees to complete the exchange of the properties in their as-is, where-is condition with full knowledge of the physical condition of the former Town Hall buildings, including the present condition of the electrical, plumbing, heating and air conditioning systems of the buildings, as well as the physical condition of the windows, window sills, doors, framing, floors and stairs of the buildings.

(f) Afton Inn L.L.C. acknowledges that it will make no demands for repairs, maintenance, upkeep, demolition, remodeling, or renovations of the former Town Hall buildings as a condition of the completion of the exchange.

(g) Afton Inn L.L.C. acknowledges that, as a result of the exchange, it will acquire no rights to any parking spaces other than those contained within the Town Hall property, as defined above, and that the lack of other parking spaces shall not be an impediment to the completion of the property exchange.

7. TITLE INSURANCE.

Within thirty (30) days after the date of this Agreement, or mutual written extension, Grantee Party shall deliver to Grantor Party a copy of a title insurance commitment (the "Commitment") bearing an effective date subsequent to the date hereof in favor of Grantee Party for an owner's title insurance policy insuring marketability of the title to the Exchange Property in the amount of the Exchange Property's appraised value underwritten by a title insurance company acceptable to Grantee Party which is licensed to do business in the Commonwealth of Virginia for an owner's title insurance policy on the most recent Standard ALTA Policy form. The copy of the Commitment shall be accompanied by a written statement of any objections to Grantor Party's title to the Exchange Property as disclosed by the Commitment. Any matter not objected to by Grantee Party within **thirty (30) days of its receipt of such Commitment** shall be deemed approved exceptions to title by Grantee Party. Prior to Closing, Grantor Party shall deliver to Grantee Party a written statement of any objections which Grantor Party could not, upon the exercise of due diligence in good faith, cure prior to or concurrent with Grantee Party's acquisition of the Exchange Property. If Grantor Party gives notice to Grantee Party of any objections which cannot be cured, then Grantee Party shall have the option of: (i) waiving such objections and proceeding with this Agreement or (ii) terminating this Agreement, and thereupon this Agreement shall be null and void and neither Grantor Party nor Grantee Party shall have any further obligations hereunder. In addition to the terms and conditions of this Agreement, land title law of Virginia and the title standards approved by the Virginia State Bar Association to the date of examination of title shall serve as a guide of marketability of title. Grantee Party shall be responsible for the expense of a title insurance policy issued on the Exchange Property to be transferred to the Grantee Party.

8. COVENANTS, REPRESENATIONS AND WARRANTIES OF GRANTOR PARTIES.

In order to induce the Grantee Parties to enter into this Agreement and to exchange the Exchange Properties, and in addition to the warranties and representations contained elsewhere in this Agreement, the Grantor Parties make the following representations, warranties and covenants, each of which is material and is relied upon by the Grantee Parties, and each of which shall be true as of the date hereof and as of the date of Closing.

(a) Grantor Party owns good and marketable fee simple title to its Exchange Property, free and clear of liens, encumbrances, restrictions and easements of any kind whatsoever, excepting only those matters disclosed herein.

(b) No actions, suits or proceedings have been instituted or threatened against or affecting the Grantor Property or the Exchange Property at law or in equity or before any federal, state, municipal or local governmental authority, department, commission, board, bureau, agency or instrumentality thereof.

(c) Grantor Party has not received notice of violation of any building, zoning, health or other ordinances, resolutions, statutes or regulations of any government or governmental agencies, with respect to the use, occupation, maintenance, condition or operation of the Property or any part thereof which has not been cured.

(d) None of the materials which have been provided to Grantee Party pursuant to the terms of Paragraph 5 hereof are untrue or incomplete in any material adverse respect as of the date they were prepared, and that none of the materials, documents and financial information which have been provided to Grantee prior to execution of this Contract are untrue or incomplete in any material adverse respect as of the date they were prepared. Grantor Party shall continue to provide Grantee Party with copies of all material documents of the nature described in Paragraph 4 hereof, which Seller receives prior to Closing.

(e) Neither the execution of this Contract nor the consummation of the transactions contemplated hereby will: (A) conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Grantor Party is a party; or (B) violate any restriction to which the Grantor Party is subject.

(f) Grantor Party, its agents, tenants or licensees have not placed or allowed to be placed on the Exchange Property, and Grantee Party's inspection during the Study Period reveals the Exchange Property (including the land, and any improvements) are free of, any material amounts of waste or debris, and Grantor Party, its agents, employees, members and managers have not placed or allowed to be placed on the Exchange Property, and to the knowledge of the Grantor Party, the Exchange Property is free of all contamination including: (i) any "Hazardous Waste" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder; (iii) any substance the presence of which on the Exchange Property is prohibited by any other federal, state, or local law applicable to the Exchange Property; (iv) underground storage tanks; and (v) no landfill has occurred on the Exchange Property and no debris has been buried or placed on the Exchange Property .

(g) The Exchange Property does not contain any cemeteries or graveyards, and the Exchange Property is not subject to any easements for access to any cemeteries or graveyards.

(h) Grantor Party is not bankrupt or insolvent under any applicable federal or state standard, nor has filed for protection or relief under any applicable bankruptcy or creditor protection statute nor has any such Party been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute. Grantor Party is not entering into the transactions described in this Agreement with intent to defraud any creditor or to prefer the rights of one creditor over any other. The Exchange Parties have each negotiated this Agreement at arms'-length and the consideration to be exchanged represents fair value for the assets to be transferred.

(i) No petition, application or proceeding is pending or threatened to alter the zoning of the Exchange Properties. Except for the Permitted Exceptions, Grantor Parties have made no commitments relative to the Exchange Properties whether verbally or in writing, to any governmental authority or any neighboring property owner, which would be binding on the Exchange Parties, except as contained herein, after the Closing.

(j) There are not now pending or threatened eminent domain or condemnation proceedings which would affect the Exchange Properties or any part thereof.

(k) There is no pending moratorium on, or other impediment to, immediate public sewer and water availability which is applicable to any portion of the Exchange Properties.

(l) The Exchange Properties have not been used for purposes of mining or explorations for mineral, chemicals or other natural resources.

(m) The Grantor Parties will not take or cause to be taken any action, or fail to perform any obligation, which would cause any of the foregoing representations or warranties to be untrue as of the Closing. The Grantor Parties shall immediately notify the Grantee Party, in writing, of any event or condition known to Grantor Party which occurs prior to Closing hereunder, which causes a change in the facts relating to, or the truth of, any of the above representations or warranties.

(n) In addition to, but not in limitation of, other default remedies herein elsewhere stated, in the event that any of the aforesaid representations and/or warranties are not true, shall not have been complied with or shall not have transpired now or at the time of Closing, Grantee Party, at any time prior to or at Closing, may declare this Agreement null and void and of no further effect. In addition, Grantee Party may exercise any and all of its other rights at law or in equity with respect to any breach or untruth concerning said covenants, representations and/or warranties.

9. POSSESSION; RISK OF LOSS.

(a) Except for Grantee Party's right of inspection as set forth in paragraph 6 above, possession of the Exchange Property shall be given to the Grantee Party as of the date of Closing, free and clear of (i) the possessory interests of any parties, and (ii) all trash and debris, other than demolition of debris and materials within the interior of the Afton Inn.

(b) The Exchange Property shall be held at the risk of Grantor Party until Closing hereunder or possession has been given to Grantee Party, whichever occurs first.

10. GRANTOR PARTY'S DELIVERIES AND CONDITIONS PRECEDENT TO GRANTEE PARTY'S OBLIGATIONS.

In addition to other conditions precedent set forth elsewhere in this Agreement, Grantor Party shall deliver to Grantee Party at the Closing all of the following, the delivery of which shall be a condition to Grantee's obligation to consummate the purchase of the Property.

(a) Warranty Deed. A General Warranty deed containing English Covenants of Title, said document shall be prepared by Grantor Party at its expense.

(b) Original Documents. Originals of all surveys, plats, engineering reports, studies, environmental studies and other documents delivered by Grantor Party to Grantee party under Paragraph 5 hereof, together with an assignment of all of Grantor Party's right, title and interest in any construction drawings and subdivision documents, and an assignment of Grantor Party's contract with the engineer preparing such documents (with all obligations of Grantor Party paid in full) in a form reasonably acceptable to Grantor Party.

(c) Additional Documents. Such additional customary documents as may be reasonably requested by Grantee Party or Grantee Party's title company to consummate the transactions described herein and to cause the title company to issue and deliver its title policy subject only the Permitted Exceptions and such other exceptions to which Grantee party consents.

(d) Conditions to Grantee's Obligation. Grantee Party's obligation hereunder to complete Closing shall be conditioned upon the following:

(i) Each of Grantor Party's representations and warranties as set forth in Section 8 being true as of the date of Closing. Notwithstanding that certain of Grantor Party's representations and warranties may be limited to the extent of Grantor Party's knowledge of the facts stated therein, the condition precedent to Grantee Party's obligation to settle hereunder set forth in this Section 8(b) shall not be so limited [except as to paragraphs 6(g), 6(h) 6(j), and 6(o)], and the satisfaction of said conditions shall depend upon the actual correctness as of the time of settlement of the facts stated in all such representations and warranties.

11. TAXES.

Real estate taxes on the Exchange Property prior to the date of Closing shall be paid by Grantor Party. Real èstate taxes on the Exchange Property after the date of Closing shall be paid by Grantee Party. The taxes for the year of the date of Closing shall be prorated based upon the then most current property valuations and upon the most current tax rate as determined by law.

12. CLOSING.

Closing shall occur within **Ninety (90)** days from the date of this Agreement.

13. ADJUSTMENTS, PRORATIONS, AND CLOSING COSTS.

(a) Any taxes, general or special, and all other public or governmental charges or assessments against the Exchange Property which are, or may be, payable on an annual basis (including benefit charges, assessments, liens or encumbrances for sewer, water, drainage or other public improvements, completed or commenced, on or prior to the date hereof, or subsequent thereto), shall be adjusted and apportioned as of the date of Closing and are to be assumed and paid thereafter by Grantee Party, said adjustment apportionment to be on the basis of the fiscal year for which assessed, whether or not such assessments had been levied as of the date of Closing.

(b) All other charges, if any and fees customarily pro-rated and adjusted in similar transactions shall be pro-rated and adjusted in similar transactions shall be pro-rated at Closing and thereafter assumed by the Grantee party. In the event that accurate pro-rations and other adjustments cannot be made at Closing because current bills or statements are not obtainable, the parties shall pro-rate on the best available information, subject to adjustment upon receipt of the final bill or statement.

(c) The parties shall each pay the cost of all documentary stamps, recordation taxes and transfer taxes in accordance with their respective obligations imposed by applicable provisions of the Code of Virginia.

14. NO REAL ESTATE COMMISSION AND FINDER'S FEE.

The parties agree that no party hereto shall be liable for any real estate broker's commission, agent's commission, or finder's fee, in connection with the transaction contemplated by this Agreement. Each party warrants to the other party that it shall indemnify and hold harmless for any and all claims of any person for broker's or agent's commissions or finder's fees in connection with this transaction.

15. CONDITION OF EXCHANGE PROPERTY.

(a) Grantee Party acknowledges that its representatives or agents have examined the Exchange Properties prior to entering into this Agreement. This Agreement is based upon Grantee Party's inspection of the Exchange Property and not upon any representation or warranties or conditions by Grantor Party's agents. Grantee Party acknowledges Grantor Party is conveying the Exchange Property on an "as is" basis, except for the warranties and representations as provided in this Agreement and the warranties in the general warranty deed.

(b) Afton Inn LLC agrees that it shall begin repairs and/or maintenance to the exterior of the Town Hall within sixty (60) days of the recordation of the deeds of exchange, and shall complete such work within one hundred eighty (180) days of the recordation of the deeds of exchange, such work to include the replacement of any windows and window framings, and the repainting of any exterior doors necessary to make them safe and commercially acceptable to the satisfaction of Town Council, which satisfaction shall not unreasonably be withheld.

(c) Afton Inn LLC further shall begin other appropriate renovations of Town Hall within two (2) years after execution of the deeds of exchange, to include any appropriate upgrades of the building's electrical system, heating and cooling system, plumbing system.

(d) In the event Afton Inn LLC fails to commence such repairs and maintenance described in subparagraphs (b) and (c) above within the time frames described therein, or fails to complete such repairs and maintenance within a reasonable amount of time after commencement, the Town Council and the EDA shall have the right to purchase the Town Hall from the owner thereof at a price to be determined by the average of three independent appraisers, one retained by the Town Council or EDA, one retained by the owner of Town Hall, and a third to be selected by the first two and paid equally by the Town Council or EDA and the owner of Town Hall.

16. DEFAULT.

If all conditions and other events precedent to the Grantor Party's obligations to consummate the transactions contemplated by this Contract have been satisfied or waived, but the Grantor Party fails, refuses or is unable to consummate the exchange contemplated by this Agreement, or to perform any other obligation required by this Agreement, then the Grantee Party shall be entitled to any right or remedy at law or equity, including actions for specific performance and/or damages.

17. NON-FOREIGN STATUS.

At the date of Closing, Afton Inn, L.L.C. shall deliver to the EDA the Certification of Non-Foreign Status duly executed and containing such other information as may be required by Internal Revenue Code Section 1445 and the Regulations issued thereunder.

18. ASSIGNMENT.

In the case of the assignment of this Agreement by either of the parties, prompt notice shall be given to the other party, who shall at the time of such notice be furnished with a duplicate of such assignment by such assignors. Any such assignment shall not terminate the liability of the assignor to perform, unless a specific release in writing is given and signed by the other party to this Agreement.

19. SEVERABILITY.

If any non-economic mutual term or provision of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

20. FURTHER ASSURANCES.

Each undersigned party will, except as otherwise provided herein, whenever it shall be necessary to do so by the other, promptly execute, acknowledge, and deliver, or cause to be executed, acknowledged, or delivered, documents as may be necessary or proper to effectuate the covenants, contingencies and agreements herein provided. The Exchange Parties agree to use their best efforts in cooperation to carry out the intent of this Agreement and to provide quality and efficient development sites for both Exchange Parties.

21. INTERPRETATIONS.

Any uncertainty or ambiguity existing herein shall not be interpreted against either party because such party prepared any portion of this Agreement, but shall be interpreted according to the application of rules of interpretation of contracts generally.

22. CONSTRUCTION.

Whenever used herein including acknowledgments, the singular shall be construed to include the plural, the plural the singular, and the use of any gender shall be construed to include and be applicable to all genders as the context shall warrant.

23 MERGER.

All representations and warranties made herein are **not** intended to survive Closing and shall be merged in the deed unless otherwise stated in this Agreement.

24. ENTIRE AGREEMENT.

This Agreement contains the entire agreement of the parties relating to the transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, warranties and statements, oral or written, are merged herein. This Agreement cannot be modified or altered unless reduced to writing and consented to by all the undersigned parties.

25. NOTICE AND DEMANDS.

Notice, demand, or other communication mandated by this Agreement by either party to the other shall be sufficiently given or delivered if it is sent by registered or certified mail, postage prepaid, return receipt requested, or delivered personally at the address stated below.

26. EXECUTION IN COUNTERPARTS.

This Agreement may be executed in two (2) or more counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

27. GOVERNING LAW.

All aspects of this Agreement shall be governed by the laws of the Commonwealth of Virginia.

28. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legatees, devisees, personal representatives, successors and assigns.

29. NOTICES.

Neither party shall be deemed to be in default hereunder, unless and until, it shall have been sent Notice of such default by the other party, and shall have failed to cure the default within ten (10) days of the date of such notice. Each party shall be responsible for Notices. Any notice or demand under this Agreement shall be in writing and sent by (a) registered or certified mail, return receipt requested, postage prepaid, (b) by recognized overnight courier service such as Federal Express, as follows, or (c) by facsimile transmission as long as a copy is sent by the methods described in clauses (a) or (b).

Notice to Afton Inn , L.L.C:

Afton Inn, LLC
8201 Euclid Avenue
Manassas Park, VA 20111

With a copy to:
John E. Carter, PC.
4103 Chain Bridge Road - Suite 101
Fairfax, VA 22030

Notice to EDA:

Executive Director
400-D Kendrick Lane
Front Royal, VA 22630

With a copy to:
Blair D. Mitchell, Esq.
County Attorney
220 N. Commerce Avenue, Suite 100
Front Royal, VA 22630

Notice to Town:

Town Manager
102 East Main Street
Front Royal, VA 22630

With a copy to
Town Attorney
102 East Main Street
Front Royal, VA 22630

Any such notice or demand shall be deemed given three (3) days after same has been deposited in the United States mail as aforesaid, or the next business day after deposited with a recognized overnight courier. Either party by notice to the other in accordance with the above, may designate a substitute address for such notice or demand and thereafter such substitute address shall be used for the giving of notice or demand.

30. EFFECTIVE DATE OF AGREEMENT.

(a) This Agreement, and Grantee Party's offer to exchange properties herein, shall be null and void, at the option of Grantee Party exercisable by written notice to Grantor, unless Grantor Party shall execute and date this Agreement and return a fully executed copy of this Agreement to Grantee Party on or before ________________, 201____.

(b) Subject to the provisions of subparagraph (a) above, the Effective Date of this Agreement shall be the date upon which both Parties agree to all of the terms and conditions set forth herein, as evidenced by the latest date set forth next to the parties signatures below.

31. MISCELLANEOUS.

(a) The titles of the paragraphs are inserted as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision thereof.

(b) This Agreement is the result of the combined draftsmanship and/or review of both parties and/or their respective agents; accordingly, there shall be no presumption or interpretation of this Contract based on its having been drafted by one or the other.

(c) Each party shall reasonably cooperate with the other in connection the satisfaction of any condition or obligation which must be satisfied by closing pursuant to the terms of this Agreement, and in connection therewith each party agrees to execute any document contemplated by the terms of this Agreement, which may be reasonably requested by the other party. Specifically, each party agrees to sign all applications, documents and governmental submissions in connection with the exchange of the exchange Properties by the Parties, and to appear at any governmental hearings in support of these exchanges.

(d) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument time shall be of the essence of each and every provision of this Agreement.

(e) No party hereto shall be deemed to have waived the exercise of any right which it holds hereunder unless such waiver is made expressly and in writing (and no delay or omission by any party hereto in exercising any such right shall be deemed a waiver of its future exercise). No such waiver made as to any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right.

(f) No determination by any court, governmental or administrative entity or otherwise that any provision of this Agreement or any amendment hereof is invalid or unenforceable in any instance shall affect the validity or enforceability of (i) any other such provision, or (ii) such provision in any circumstance not controlled by such determination. Each such provision shall be valid and enforceable to the fullest extent allowed by, and shall be construed wherever possible as being consistent with, applicable law.

(g) Nothing in the provisions of this Agreement shall be deemed in any way to create between the parties hereto any relationship of partnership, joint venture or association, and the parties hereto hereby disclaim the existence of any such relationship.

SIGNATURE LINES APPEAR ON THE FOLLOWING PAGES

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year below shown.

AFTON INN, LLC
a Virginia Limited Liability Company

By :______________________________
Managing Member

STATE OF VIRGINIA
CITY/COUNTY OF ___________________, **TO-WIT:**

The undersigned, a Notary Public in and for the jurisdiction aforesaid, does hereby certify that ____________________________ whose signature as Managing Member of Afton Inn, L.L.C., a Virginia limited liability company, is affixed to the foregoing document, appeared before the undersigned in said jurisdiction and acknowledged the same to be his free act and deed on behalf of said limited liability company

WITNESS the following signature and seal this __________________________

My Commission expires on the ___ day of ________________________,20____.

____
Notary Public

____
Registration Number

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year below shown.

ECONOMIC DEVELOPMENT AUTHORITY , a political subdivision of the Town of Front Royal and the County of Warren

By:_______________________________________
Patricia S. Wines, Chairman

STATE OF VIRGINIA
COUNTY OF WARREN, TO-WIT:

The undersigned, a Notary Public in and for the jurisdiction aforesaid, does hereby certify that PATRICIA S. WINES, Chairman of the Board of Directors of the EDA, whose signature as such is affixed to the foregoing document on behalf of the Economic Development Authority acknowledged the same to be his free act and deed on behalf of said Authority.

WITNESS the following signature and seal this ______________________________

My commission expires on the ____ day of ______________________, 20______.

____
Notary Public

____
Registration Number

TOWN REVISIONS 01-27-2014

THIS MEMORANDUM OF AGREEMENT ("AGREEMENT" or "MOA") is made as of this day of ____________, 2014, by and between THE TOWN OF FRONT ROYAL, VIRGINIA, a Virginia Municipal Corporation and political subdivision of the Commonwealth of Virginia, hereinafter referred to as the "Town", party of the first part, and the ECONOMIC DEVELOPMENT AUTHORITY , a political subdivision of the Town of Front Royal and the County of Warren as authorized by the Commonwealth of Virginia, party of the second part, hereinafter referred to as the "EDA".

WHEREAS, Afton Inn, LLC, a Virginia limited liability company, is the owner of the real property located within the Town of Front Royal, County of Warren, Virginia 22630 (hereinafter, the "Town") at the intersection of East Main Street and Crescent Street with an official property address of 2 East Main Street, Town of Front Royal, Warren County, Virginia, 22630, also known as Tax Map 20A8 4 14, upon which is located a structure commonly known as the "Afton Inn", or as the "Afton Inn Hotel", and is hereinafter referred to as the "Afton Inn" or "Afton Inn property".

WHEREAS, the Town is the owner of that real property between Union Street and North Royal Avenue improved by building situate located at 16 North Royal Avenue, Town of Front Royal, Warren County, Virginia 22630, formerly being the Town Hall for the Town of Front Royal, situate between the Front Royal United Methodist Church and the First Baptist Church of Front Royal, as well as a two story building immediately to the west (rear) of the former Town Hall, both of which buildings are hereinafter referred to as the "Town Hall", or "Town Hall property".

WHEREAS, the Town is also owner of a parking lot on the west side of Union Street between the Maddox Funeral Home and the First Baptist Church of Front Royal, which said parking lot is **not** included as a part of the Town Hall property to be exchanged pursuant to this Agreement.

WHEREAS, Afton Inn and the Town wish to exchange their properties under the terms and conditions set forth herein.

WHEREAS, in accordance with the express authority granted by the in Virginia Code § 15.2- 4901, the EDA has been formed by ordinances of the Town and the County of Warren, Virginia, among other things, for the purposes of inducing commercial enterprises to locate and remain in the Commonwealth of Virginia and for developing trade, increasing commerce, and promoting industry, and the safety, health, welfare, convenience, and prosperity of the inhabitants of the Commonwealth, which powers shall be exercised for the benefit of said inhabitants.

WHEREAS, all parties hereto wish to see the Afton Inn property ultimately put to a use, especially economic development, that especially benefits to the maximum degree the inhabitants of the Town of Front Royal and the County of Warren, and the parties agree that under the statutory framework applicable to the parties, and given the parameters given the EDA as to how the EDA might be able to deal with the Afton Inn property as set forth in this MOA, the parties agree that economic development of the Town and County and the public benefit and common good will be more timely and accurately served by allowing the EDA to select the ultimate owner and user of the Afton Inn property

WHEREAS, Virginia Code § 15.2- 953 expressly provides that any locality may make gifts, donations and appropriations of public funds, of personal property or of any real estate and donation to industrial development authorities, such as the EDA, for the purposes of promoting economic development.

NOW, THEREFORE, WITNESSETH, to that end, and in consideration of the premises and the mutual covenants contained herein, the Town and EDA agree as follows:

1. Provided that Afton Inn, LLC, has agreed, in a legally binding agreement, to deed the Afton Inn property to the EDA as set forth in paragraph no. 2 below, the Town will gift, donate and deed, by deed of gift with special warranty of title, the Town Hall property to the EDA, in accordance with the terms and conditions of that certain Land Exchange Agreement (the "Land Exchange Agreement") between Afton Inn, LLC, and the EDA, including the Restrictive

Covenants contained therein, which Land Exchange Agreement is attached hereto and incorporated by reference herein and made a part hereof.

2. Paragraph no. 1 above is conditioned upon the condition that Afton Inn, LLC, has agreed, in a legally binding agreement, to deed, by deed of warranty of title, the Afton Inn property to the EDA, in accordance with the terms and conditions of said Land Exchange Agreement.

3. The Afton Inn property is in close physical proximity and next door to the current Town Administration Building located at 102 East Main Street, Town of Front Royal, Virginia. The Town has clearly identifiable interests in the use to be made, and the appearance, of the Afton Inn property, as the General Assembly has recognized, among other places, in Virginia Code § 15.2- 1801. Therefore, the parties agree that EDA will not convey the Afton Inn property to any party to be used for any purpose ("future purpose") not approved in writing by the Town Council of the Town ("Town Council") not less than forty five (45) days in advance of said conveyance, said approval to not unreasonably be withheld; provided that the Town shall not withhold approval for any use now allowed by-right or by special use permit within the Downtown Business Zoning District (C-2) under the Town Code, with the exception of fire/rescue station, libraries, billiard parlors and pool rooms, recreation centers, funeral homes, single-family and two-family units, auto service stations, farmers' markets, boarding houses, new and used auto and truck sales. Further, the parties agrees that no deed or lease or other written instrument or document concerning the future use of the Afton Inn property by any party ("future use document"), whether improved by the current structure or to become improved by a new structure or no structure, or whether the property is to become unimproved, shall have any legal force or effect or validity, unless said future use document shall contain written restrictions and conditions concerning the permissible uses and external appearances of said Afton Inn property which are approved in writing by Town Council not less than forty five (45) days in advance of execution of said future use document, which approval shall not unreasonably be withheld, which said future use document shall be recorded among the land records of the County of Warren. EDA shall, and shall be responsible for, giving the Town timely notice in writing of such future purpose and future use document.

4. During the EDA's ownership of the Afton Inn property the Town will be responsible for the payment of any and all repairs, maintenance, upkeep and insurance policies for the Afton Inn property incurred by the EDA, provided the Town has agreed in writing to the incurring of such expenses by the EDA, and shall pay any invoices therefor within thirty (30) days of receipt of such invoices from the EDA, or its vendors.

5. Upon sale or lease of the Afton Inn property, the proceeds therefrom will be paid over by the EDA to the Town, subject to the following in paragraphs 5.A., 5.B., 5.C. and 5.D. below:

A. EDA shall pay for, or cause for the payment of at the expense of some party other than the Town, the release of any deeds of trust or other monetary liens encumbering the Afton Inn property, if any such shall remain, and for the Virginia grantor's tax on the deed of conveyance, if such should at the time be applicable. In addition, EDA shall be obligated to pay for all legal fees, if any, for attorneys representing EDA who have been retained by EDA, if any.

B. Town shall not be obligated to pay for any cost, fees, or expenses relative to the sale, conveyance, transfer of, or the settlement of Closing on the Afton Inn property by the EDA to any party.

C. No realtor's or broker's or similar fees or commissions will be paid by the Town, as no realtor has been used or employed by the Town or on the Town's behalf in conjunction with this transaction.

D. Except as provided in paragraph no. 5.A., B. and C. herein, EDA shall be entitled to retain from the sales proceeds an amount equal to any sums it has paid without reimbursement from the Town during its ownership of the Afton Inn property for documented expenses relating to the ownership, management, maintenance, repairs, and marketing for sale or lease of the Afton Inn property.

6. The Town agrees to waive any and all fees associated with the application for and granting of any special use permit for the Afton Inn property that is filed by the EDA during the ownership of the Afton Inn property by the EDA.

7. The Town agrees to waive any off-street parking requirements for the development and use of the Afton Inn property, or to count parking spaces in the Peyton Street parking lot immediately behind the Town Administration Building as spaces available for the user of the Afton Inn property.

8. The Town agrees that, during the ownership of the Afton Inn property by the EDA, the Town shall not require the EDA to perform any repairs, maintenance or demolition of any part of the Afton Inn building unless the Town agrees to bear the cost of such repairs, maintenance and/or demolition.

9. The Town agrees to grant a demolition permit to the EDA, without charging any fees therefor to the EDA, for the demolition of the Afton Inn building in the event that the EDA is unable to sell the Afton Inn property to an acceptable buyer within a reasonable period of time after the property exchange, PROVIDED the EDA and Town agree that demolition of the building is in the best interests of the EDA and the Town.

10. Each party will, except as otherwise provided herein, whenever it shall be necessary to do so by the other, promptly execute, acknowledge, and deliver, or cause to be executed, acknowledged, or delivered, documents as may be necessary or proper to effectuate the covenants, contingencies and agreements herein provided. The parties agree to use their best efforts in cooperation to carry out the intent of this Agreement.

11. Any uncertainty or ambiguity existing herein shall not be interpreted against either party because such party prepared any portion of this Agreement, as the parties shall be deemed to have jointly prepared this Agreement, but shall be interpreted according to the application of rules of interpretation of contracts generally.

12. Whenever used herein including acknowledgments, the singular shall be construed to include the plural, the plural the singular, and the use of any gender shall be construed to include and be applicable to all genders as the context shall warrant.

13. All representations and warranties made herein are intended to survive all settlement closings on the Afton Inn property and shall not be merged in the deed unless otherwise stated in this Agreement.

14 This Agreement contains the entire agreement of the parties relating to the transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, warranties and statements, oral or written, are merged herein. This Agreement cannot be modified or altered unless reduced to writing and consented to by all the undersigned parties.

15. Notice, demand, or other communication mandated by this Agreement by either party to the other shall be sufficiently given or delivered if it is sent by registered or certified mail, postage prepaid, return receipt requested, or delivered personally at the address stated below.

16. This Agreement may be executed in two (2) or more counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

17. All aspects of this Agreement shall be governed by the laws of the Commonwealth of Virginia.

18. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

19. Any notice or demand under this Agreement shall be in writing and sent by (a) registered or certified mail, return receipt requested, postage prepaid, (b) by recognized

overnight courier service such as Federal Express, as follows, or (c) by facsimile transmission as long as a copy is sent by the methods described in clauses (a) or (b).

Notice to EDA:

Executive Director
Economic Development Authority
404 Kendrick Lane
Front Royal, VA 22630

Notice to Town:

Town Manager
Town of Front Royal
102 East Main Street
Front Royal, VA 22630

Any such notice or demand shall be deemed given three (3) days after same has been deposited in the United States mail as aforesaid, or the next business day after deposited with a recognized overnight courier. Either party by notice to the other in accordance with the above may designate a substitute address for such notice or demand and thereafter such substitute address shall be used for the giving of notice or demand.

WITNESS the following:

[SIGNATURES AND ACKNOWLEGEMENTS NEXT TWO PAGES FOLLOWING]

"TOWN"

Town of Front Royal, Virginia,
A Municipal Corporation

ATTEST:

By: ______________________________
Timothy W. Darr, Mayor

____
Jennifer E. Berry,
Clerk of Council

STATE OF VIRGINIA
COUNTY OF WARREN, TO-WIT:

The foregoing instrument was acknowledged before me this ____day of ________________, 2014, by Timothy W. Darr, Mayor of the Town of Front Royal, Virginia, a Municipal Corporation, on behalf of said Municipal Corporation.

____
Notary Public
Registration No: ____________________

"EDA"
A Political Subdivision
of the Town of Front Royal
and The County of Warren as
authorized by the Commonwealth of Virginia.

By: ______________________________
Patricia S. Wines, Chairman

STATE OF VIRGINIA
COUNTY OF WARREN, TO-WIT:

The foregoing instrument was acknowledged before me this ________ day of ______________, 2014 by Patricia S. Wines, Chairman, on behalf of the EDA.

____
Notary Public
Registration No: ______________________________

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 9

Meeting Date: February 10, 2014

Agenda Item: CLOSED MEETING – Personnel Matter (Community Development Director Position)

Summary: Council is requested to convene and go into Closed Meeting for the purpose of assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees, or employees of a public body, specific to applications for the Community Development Director, pursuant to Section 2.2-3711 A. 1. of the Code of Virginia

Budget/Funding: None

Meetings: None

Staff Recommendation: Approval ✓ Denial______

Proposed Motion:

Motion to go Into Closed Meeting
I move that Council convene and go into Closed Meeting for the purpose of assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees, or employees of a public body, specific to applications for the Community Development Director, pursuant to Section 2.2-3711 A. 1. of the Code of Virginia

Motion to Certify Closed Meeting at its Conclusion *[At the conclusion of the Closed Meeting, immediately re-convene in open meeting and take a roll call vote on the following:]*
I move that Council certify that to the best of each member's knowledge, as recognized by each Council member's affirmative vote, that only such public business matters lawfully exempted from Open Meeting requirements under the Virginia Freedom of Information Action as were identified in the motion by which the Closed Meeting was convened were heard, discussed or considered in the Closed Meeting by Council, and that the vote of each individual member of Council be taken by roll call and recorded and included in the minutes of the meeting of Town Council.

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: JB