

Memorandum of Understanding (“MOU”) among of City of Harrisonburg and TCP Link Harrisonburg, LLC

City of Harrisonburg
Attn: Ande Banks, III, City Manager
409 South Main Street
Harrisonburg, VA 22801

This Memorandum of Understanding ("MOU") is submitted as an exhibit to the Proffers related to the Project as of the 1st day of July, 2025, by and between the **City of Harrisonburg**, an independent city located in Rockingham County in the Shenandoah Valley region of Virginia (hereinafter, the "**City**"), and **TCP Link Harrisonburg, LLC**, a Wyoming limited liability company, or its assigns (hereinafter, "**TCP**" and, together with the City, the "**Parties**").

This MOU is filed in connection with the entitlement applications and potential acquisition and development of certain real property located at **473 S. Main Street, Harrisonburg, VA** (the "**Project**").

1. PROJECT BACKGROUND

TCP is in the process of securing rezoning and entitlements for the Project, which is planned to be a six-story mixed-use residential complex comprising:

- No more than 265 dwelling units;
- 2,000 square feet of ground-floor retail space; and
- A structured parking garage of no fewer than six stories, providing a minimum of 400 parking spaces (estimated at 425 total parking spaces).

2. PURPOSE

The purpose of this MOU is to establish the Parties' intent for the Developer (TCP) to lease **sixty-five (65) parking spaces (“Leased Spaces”)** on the first floor of the proposed parking garage to the City at a *discounted, below-cost lease rate*, subject to the terms outlined below.

3. LEASE TERMS

- **Initial Term:** Five (5) years, commencing on date of issuance of a Certificate of Occupancy for the Project and availability of Leased Spaces.
- **Lease Rate:** \$55 per parking space per month for the first five (5) years (“Initial Term”) with an option to renew for five (5) successive three-year (3) renewal terms thereafter.
- **Escalation Clause:** The monthly lease rate per space shall increase by 10% on the first day of the sixth year of the lease and shall increase by 10% every three (3) years following the initial term (i.e. on the first day of the ninth lease year, twelfth lease year).
- **Total Monthly Lease Payment (Initial Term):** \$3,575 per month ($\55×65 spaces), equating to \$42,900 per year.
- **Renewal Option:** The City may negotiate a renewal under mutually agreeable terms upon expiration of each lease term. See the renewal options above
- **Use of Spaces:** The City shall utilize the leased spaces exclusively for municipal or public parking purposes. Resale or subletting of the spaces is expressly prohibited.

4. RESPONSIBILITIES

4.1 Developer (TCP) Responsibilities

- Ensure the continuous availability of the leased parking spaces for the City.
- Maintain the structural integrity, lighting, security, and general upkeep of the parking garage in accordance with standard commercial practices. Developer may control access to the garage for safety and commercial reasons but shall facilitate access to Leased Spaces consistent with this MOU.

4.2 City Responsibilities

- Timely payment of all lease amounts as specified.
- Ensure the proper use and upkeep of the leased parking spaces in accordance with municipal guidelines.

5. NON-BINDING NATURE

This MOU reflects the Parties' mutual understanding and intent but is not legally binding. The Parties agree to negotiate in good faith to execute a formal lease agreement that incorporates the terms outlined herein.

6. TERMINATION

This MOU shall remain in effect until the earlier of:

- The execution of a formal lease agreement; or
- Terminated earlier by mutual written consent of both Parties.
- The denial or withdrawal of rezoning and site plan approval applications for the Project.

7. GOVERNING LAW

This MOU shall be governed by and construed in accordance with the laws of the **Commonwealth of Virginia**.

8. REPRESENTATIONS & WARRANTIES

Each Party represents and warrants that:

- It has full legal authority to enter into this MOU and execute its obligations hereunder.
- The execution and performance of this MOU do not conflict with any existing contract, legal duty, or obligation to which the Party is bound.

9. ENTIRE AGREEMENT

This MOU constitutes the entire understanding between the Parties concerning the subject matter hereof and supersedes all prior discussions, representations, and agreements.