

NORTH CAROLINA

RANDOLPH COUNTY

MEMORANDUM OF AGREEMENT

Between the City of Asheboro and Jerry D. Neal

Regarding the Potential Sale of 133 South Church Street, Asheboro

WHEREAS the City of Asheboro (“the City”) is the owner of property having the Randolph County Tax Parcel ID number 7751726479, located at 133 South Church Street in the City of Asheboro; and

Whereas the property is a Certified Historic Structure, based upon its listing in the National Register of Historic Places (the “National Register”) on December 7, 2011 as part of the **Asheboro Hosiery Mills and Cranford Furniture Company Complex**, also known as Cranford Industries and National Chair Company, a historic hosiery mill and furniture manufacturing facility (the “Historic Property”) which includes the 115-foot-tall Cranford Industries smokestack as a Contributing Property (“the Smokestack”); and

Whereas the City received an unsolicited offer (“Current Offer”) to purchase the said property from Jerry D. Neal (“Current Potential Purchaser”), with extensive experience in preserving historic industrial buildings and objects; and

Whereas the Current Potential Purchaser intends to rehabilitate the Historic Property in accordance with the federal historic preservation tax credit program pursuant to 36CFR Part 67 and Section 47 of the Internal Revenue Code (“Historic Tax Credit Requirements”); and

Whereas, before making any written offer to purchase the Historic Property the Current Potential Purchaser desired to conduct extensive due diligence examinations of the structural integrity and stability of the building and the Smokestack, a process which was initially authorized by the City on April 20, 2015 in a document entitled “Memo of Understanding: Smokestack Preservation Project” (the “Smokestack Preservation Memo”); and

Whereas the initial investigation by agents of the Current Potential Purchaser have revealed serious structural defects and safety issues which require immediate attention to ensure preservation of the status quo of the Historic Property pending further negotiations regarding the Current Offer;

NOW THEREFORE, the City and the Current Purchaser agree as follows:

1. **Revocation of Prior Agreement.** It is hereby mutually agreed that the Smokestack Preservation Memo dated April 20, 2015, signed by the City and the Current Potential Buyer (Jerry D. Neal as CEO and Owner of Linbrook Heritage Estate) shall be immediately cancelled and revoked, and this Memorandum of Agreement shall be substituted entirely as the current understanding between the parties.
2. **Due Diligence Period.** That the Current Potential Buyer shall have ninety (90) days to inspect, or at Buyer's expense, hiring Agents to conduct a complete and thorough examination of the current state of the building at 133 South Church Street, together with the Boiler and Electrical Rooms and the Smokestack; that said Agents shall document the conditions found and, upon request, relay such information to the City, its employees and inspectors.
3. **Repairs.** Pursuant to the inspections obtained as stated above, if any repairs are necessary, the City shall have the option of (1) completing them; (2) providing funds for their completion; (3) refusing to complete them. If City elects not to complete or provide for the completion of the repairs, then Buyer shall have the option of (1) accepting the property in its existing condition, or (2) terminating this Agreement. All work which may be required to remediate and repair the Historic Property and/or Smokestack shall be performed in a good and workmanlike manner according to accepted standards and practices in the trade.
4. **Existential Threats.** In the event that the inspections obtained by the Current Potential Buyer disclose mechanical and/or structural issues that indicate fundamental concerns regarding the safety and welfare of the public, or of adjoining property owners; or that pose questions regarding the stability and architectural integrity of the Historic Property amounting to a threat to its continued existence (an "Existential Threat"), then and in that event the City and the Current Potential Buyer agree that pursuant to Articles 3D and 8 of Chapter 143 of the N.C. General Statutes, the Current Potential Buyer may, at his own expense, and contract with Agents to make such repairs as may be necessary to remediate any such Existential Threat, protect the safety and welfare of the public, and preserve the status quo of the Historic Property pending further negotiations on its purchase and sale. The City and the Current Potential Buyer agree for this purpose that any mutually agreed-upon sums expended by the Current Potential Buyer to remediate and/or correct and Existential Threat shall be considered a Lien upon the Historic Property that will be credited toward the purchase price if the Current Potential Buyer shall enter a Purchase Agreement with the City, or will be reimbursed to the Current Potential Buyer in the event the Historic Property is sold to another Potential Buyer.
5. **Reasonable Access.** The City will provide reasonable access to Buyers or Buyers' Agents and representatives for the purposes of appraisal, inspection and/or evaluation, and for the safe remediation and correction of any documented Existential Threat.
6. **Risk of Loss.** The Current Potential Buyer agrees to provide documentation to the City to prove that Buyer's Agents and workmen have sufficient insurance and resources to hold both the City and the Current Potential Buyer harmless from damages or losses caused by any actions of Buyer or his Agents. However, the risk of loss or damage by fire or other casualty shall be upon the City, subject to recapture of expenses from Buyer's insurance carriers. If the improvements or the Property are destroyed or materially damaged prior to closing, the Current Potential Buyer may terminate this Agreement by written notice delivered to the City or its Agent.
7. **RIGHT OF FIRST REFUSAL.** Subject to the requirements of Article 12 of Chapter 160A of the North Carolina General Statutes, the City agrees to give the Current Potential Buyer the right

of first refusal to purchase the Historic Property described above, on terms to be determined after the Due Diligence Period. At any time in the future when the aforesaid land is to be sold, the City shall first offer the same in writing to the Current Potential Buyer, for his consideration for a period of fifteen (15) days, within which Buyer shall in writing accept or reject the offer of sale upon the terms and conditions stated in the notice. Buyer shall have up to sixty (60) days to close the purchase in the event he elects to exercise his right to buy. In the event Buyer does not respond within the allotted time, Seller shall be free to sell upon the same terms and conditions to any other party of his choice, but in no event shall Seller sell said land to another party under more favorable terms of sale. This right of first refusal shall be continuing in nature and the Buyer shall be entitled to notification of any offers of different price and/or terms for which the land is being offered by sale by the City.

8. **ENTIRE AGREEMENT.** This contract contains the entire agreement of the parties, and all changes, additions or deletions hereto must be in writing and initialed by all parties. The contract shall be binding upon and shall inure to the benefit of the parties, their heirs, successors and assigns. This offer shall become a binding contract when signed by both parties.

IN TESTIMONY WHEREOF, the said parties have executed this contract in duplicate originals, one of which is retained by each of the parties hereto, the day and year first above written.

The City of Asheboro, by:

_____(SEAL)
Mayor

_____(SEAL)
Manager

Current Potential Buyer:

_____(SEAL)
Jerry D. Neal