



**MEMORANDUM**

**TO:** Timothy J. Baroody, City Manager  
**FROM:** Mark Whitley, Assistant City Manager  
**RE:** Lease Renewal – Central Rappahannock Heritage Center  
**DATE:** *{August 9, 2022 Update}* July 12, 2022 (for the July 12, 2022 Council Meeting)

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**ISSUE**

Shall the City Council renew the lease of the Central Rappahannock Heritage Center (“Heritage Center”) of the City-controlled condominium at the former Maury School located at 900 Barton Street?

**RECOMMENDATION**

Yes, the staff recommends that the City Council adopt the attached ordinance on first reading, which renews the lease for an additional five-year term. The second reading, if first reading is approved, would be scheduled for August 9, 2022.

The Heritage Center Board met on June 29 to discuss the proposal as well, and wishes to move forward with the lease and remain in the space provided.

*{Update: The City Council approved the lease agreement on first reading July 12, 2022. The Council all agreed that the Center does outstanding work for the community. Council Member Kelly noted the good work of the Center and requested additional information for second reading. Jon Gerlach who represents the Center on lease renewal negotiations has sent Mr. Baroody a letter explaining the board’s interest in exploring a future lease amendment that would potentially lower its monthly rent.}*

**BACKGROUND**

The Central Rappahannock Heritage Center is a not-for-profit organization that archives, maintains, and provides access to historical documents from around the region.

In 2007, the City of Fredericksburg entered into a lease agreement with the Central Rappahannock Heritage Center for use of a 4300 square foot unit in the old Maury School, which was being renovated around that time. The use of space by the Center is consistent with the City Council’s desire at the time of the renovation that a portion of the renovated Maury School building be for public benefit. The original lease has been renewed three times since, in five year increments, and is now again up for renewal.

The current rent payment is \$1000 per month. The City is responsible for utility fees and for the dues and special assessments from the Maury Commons Condominium Association. The current average costs for dues and utilities, but not including special assessments, is roughly \$1400 per month, although these costs vary along with utilities.

Most of the terms of the original lease remain unchanged. Highlights of other terms include a requirement for the Heritage Center to hold insurance and indemnify the City against claims arising from the use by the Center; a 12-month termination clause, and a prohibition against sub-leasing by the Center. Under the proposed terms of the renewal, the City would continue to pay dues, special assessments, and utilities.

**FISCAL IMPACT**

The proposed extension would take effect September 1, 2022. The City is proposing that the rent be increased to \$1200 / month for the first year, \$1400 / month for the second year, and have a subsequent escalator of 3% per year.

Attachment: Ordinance Renewing Lease  
Lease Extension  
Letter from Jon Gerlach

## LEASE RENEWAL AGREEMENT

This is an agreement, dated \_\_\_\_\_, 2022, between the City of Fredericksburg ("City"), a municipal corporation, and Central Rappahannock Heritage Center, a Virginia not-for-profit corporation (CRHC), to renew their 2017 Lease of certain premises.

### RECITALS

- A. The City owns the Maury Commons Condominium "Commercial Unit," commonly referred to as Unit 111, having acquired it from Maury Commons, LLC by deed dated May 25, 2012, recorded in the land records of the Fredericksburg Circuit Court Clerk as Instrument #120001371. The unit consists of approximately 4300 square feet in the gymnasium space on the first floor of the former Maury School, located at 900 Barton Street, Fredericksburg, Virginia ("Premises").
- B. The City first leased the Premises to CRHC in 2007 for a term of five years. CRHC has continuously leased the Premises from the City since that time, under successive lease renewals. The most recent lease term was effective September 1, 2017 through August 31, 2022. The 2017 Agreement provided in paragraph 18 that it could be modified by an agreement in writing signed by both parties.
- C. The City and CRHC wish to renew the 2017 Agreement for a new five-year term.

### AGREEMENT

The City and CRHC agree to modify the 2017 Agreement as follows:

1. Paragraph 2, "Term," is amended by substituting the following language:  

"TERM: The term of this lease shall be five years, beginning on September 1, 2022 and ending on August 31, 2027."
2. Paragraph 3, "Rent," is amended by substituting the following language:  

RENT:

  - a. CRHC agrees to pay to the City as rent the sum of \$1200 per month for the first year, and \$1400 per month for the second year, of this lease. Rent for the remaining years of this term shall increase by 3% per year.

b. If the rent specified herein is not paid by the tenth day of the month following the due date, a late charge of 10 percent of the rent shall be added thereto. Any rental payment, plus late charge, that remains unpaid more than forty days after the rental due date shall bear interest at the rate of 1 ½% per month until paid in full.

3. Paragraph 20, "Authority," is amended as follows:

AUTHORITY: The City Manager is authorized to execute this agreement by City Council Ordinance 22-\_\_\_\_, adopted \_\_\_\_\_, 2022. The Chair of the CRHC is authorized to execute this agreement by resolution of the board of trustees adopted \_\_\_\_\_.

4. In all other respects, the 2017 Agreement shall remain in full force and effect.

The City and CRHC are signing this agreement on the date stated in the introductory clause.

CITY OF FREDERICKSBURG, VIRGINIA

By: \_\_\_\_\_  
Timothy J. Baroody, City Manager

ATTEST:

\_\_\_\_\_  
Brenda T. Martin, Deputy Clerk of Council

CENTRAL RAPPAHANNOCK HERITAGE CENTER

By: \_\_\_\_\_  
[name, title]

ATTEST:

\_\_\_\_\_  
[name, title]



JONATHAN A. GERLACH  
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August 1, 2022

Mr. Tim Baroody  
City Manager, City of Fredericksburg  
715 Princess Anne Street  
Fredericksburg, VA 22401  
By email: [tjbaroody@fredericksburgva.gov](mailto:tjbaroody@fredericksburgva.gov)

RE: Central Rappahannock Heritage Center – Lease Renewal

Dear Mr. Baroody,

I represent the Heritage Center's Board of Directors in its lease renewal negotiations. Our Board voted unanimously at its meeting on July 19<sup>th</sup> to authorize Board Chairman Jack Apperson to execute the Lease Renewal Agreement on the same terms that City Council previously approved on first reading at its July 12<sup>th</sup> meeting, just as soon as City Council approves it on second reading in August.

The Heritage Center Board is interested in exploring a future lease amendment that would potentially lower its monthly rent, perhaps to zero dollars, or some equivalent form of financial support from the City. We do not have the luxury of time to fully explore those possibilities today, since our lease must be renewed before it expires at the end of this month. Time is of the essence to renew the current lease agreement by August 31<sup>st</sup>.

Board members would like to make a preliminary presentation at the August 9<sup>th</sup> City Council meeting, to be followed in the future by a larger, more formal presentation to City Council by the Heritage Center on a later date.

The larger, more formal presentation will be an opportunity for the public to fully understand the important work that the Heritage Center does, including its mission, operations, resources and financial situation. It will also highlight the significant value that the Heritage Center brings to the City, its tourism efforts, and to the region as a whole. Finally, it will provide information to assist the City Manager in making recommendations to City Council.

The Heritage Center looks forward to pursuing its mission for many, many more years in Fredericksburg.

Please let me know if you have any questions.

Very truly yours,

Jon Gerlach

cc: Jack Apperson, Chairman of the Board  
Central Rappahannock Heritage Center



August 9, 2022  
Regular Meeting  
Ordinance No. 22-13

**MOTION:**

**SECOND:**

**RE:               Renewing a Lease with the Central Rappahannock Heritage Center for Use of the Former Maury School Gymnasium**

**ACTION:        APPROVED: Ayes: 0; Nays: 0**

**FIRST READ:       July 13, 2022                               SECOND READ: \_\_\_\_\_**

**Sec. I.           Introduction.**

- A. The City owns the Maury Commons Condominium “Commercial Unit,” commonly referred to as Unit 111, having acquired it from Maury Commons, LLC by deed dated May 25, 2012, recorded in the land records of the Fredericksburg Circuit Court Clerk as Instrument #120001371. The unit consists of approximately 4300 square feet in the gymnasium space on the first floor of the former Maury School, located at 900 Barton Street, Fredericksburg, Virginia (“Premises”).
- B. The City first leased the Premises to CRHC in 2007 for a term of five years. CRHC has continuously leased the Premises from the City since that time, under successive lease renewals. The most recent lease term was effective September 1, 2017 through August 31, 2022. The 2017 Agreement provided in paragraph 18 that it could be modified by an agreement in writing signed by both parties.
- C. The City and CRHC wish to renew the 2017 Agreement for a new five-year term, with a rent increase to reflect the actual cost experience of the City with respect to facility utilities and condo fees.

**Sec. II. Lease renewal authorized.**

The City Manager is hereby authorized to execute, deliver, and carry out the lease renewal agreement between the City and the Central Rappahannock Heritage Center, in substantially the form submitted for approval.

**Sec. III. Effective date.**

This ordinance is effective immediately.

**Votes:**

**Ayes:**

**Nays:**

**Absent from Vote:**

**Absent from Meeting:**

Approved as to form:

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Kathleen Dooley, City Attorney

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***Clerk's Certificate***

*I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 22-13 duly adopted at a meeting of the City Council meeting held August 9, 2022 at which a quorum was present and voted.*

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***Tonya B. Lacey, MMC***  
***Clerk of Council***