

**RESOLUTION AUTHORIZING THE EARLY TERMINATION OF THE LEASE
AGREEMENT AND CONVEYANCE OF THE FOURTH AND CHURCH PARKING
DECK TO THE PROPERTY OWNER**

WHEREAS, in April 2000, the City of Winston-Salem and R.J. Reynolds Tobacco Company entered a Memorandum of Understanding outlining the framework for collaboration on a downtown structured parking facility; and

WHEREAS, in August 2000 the City of Winston-Salem and Forsyth County executed an Interlocal Agreement to finance the construction of the parking deck; and

WHEREAS, in October 2000, the City and R.J. Reynolds executed a construction lease agreement to support economic development initiatives in the downtown core; and

WHEREAS, the City requested that R.J. Reynolds make available certain real property owned in fee simple and located in Winston-Salem, Forsyth County, specifically, the parcel identified as Tax Block 32, bounded by Fourth Street, Church Street, and Fifth Street on three sides and by the Norfolk Southern Railroad track on the eastern side, for the development of a structured parking facility intended to serve the surrounding business district; and

WHEREAS, per the terms of the interlocal agreement, the City constructed an approximately 1,500-space parking deck on the leased property and has operated and maintained the parking structure, providing hourly public parking as well as long-term leased parking spaces to support downtown commercial activity since 2003; and

WHEREAS, R. J. Reynolds and the City entered into certain Long Term Leases dated October 4, 2000 (as amended, the "Long Term Leases"), whereby R. J. Reynolds leased to the City a portion of Tax Block 32 and in consideration for such lease, the City leased back to R. J. Reynolds the exclusive right to use 325 reserved parking

spaces within the parking deck;

WHEREAS, R. J. Reynolds and the City also entered into a Parking Lease dated March 30, 2010 (the “Additional Parking Lease”), whereby R. J. Reynolds paid the City \$1,892,495.00 as pre-paid rent for the exclusive right to use an additional 400 parking spaces within the parking deck;

WHEREAS, the expiration of the term of the Long Term Leases and the Additional Parking Lease expires on July 31, 2037, subject to R. J. Reynolds’ right to extend such leases for three (3) successive periods of five (5) years each;

WHEREAS, R.J. Reynolds currently holds valid long-term parking leases for 725 spaces, making the company the predominant user of the facility; and

WHEREAS, over time, the parking deck has operated at a financial deficit, and the structure now requires increasing levels of maintenance as it continues to age; and

WHEREAS, R.J. Reynolds expressed interest in an early termination of the Long Term Leases and Additional Parking Lease, and in December 2025 the company submitted a letter of intent outlining its desire for early termination and conveyance of the parking deck to their control; and

WHEREAS, after review and negotiation, R.J. Reynolds agreed to accept the surrender and conveyance of the parking deck improvements, accelerate the termination of the Long Term Leases and Additional Parking Lease, and assume full responsibility for the operation, maintenance, and management of the parking structure; and

WHEREAS, in consideration of the City’s early termination of all of the City’s leasehold rights, title and interests in and under the Long Term Leases and the Additional Parking Leases and the early surrender and conveyance of the parking deck,

R. J. Reynolds will pay the City of Winston-Salem \$1,000,000 and will assume all existing long-term parking agreements for current customers; and

WHEREAS, R.J. Reynolds has agreed to make available public parking in the K Lot, a surface parking lot bounded by Church Street on the east, Main Street on the west, and situated between the B Lot and N Lot in the block between Fifth Street and Sixth Street. The K Lot contains approximately 133 parking spaces and will provide continued public parking availability in the vicinity following the transfer of the deck.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and the City Council of the City of Winston-Salem do hereby authorize the City entering into the Agreement Regarding Parking Leases which memorializes the City's early termination of all of the City's leasehold rights, title and interests in and under the Long Term Leases and the Additional Parking Leases and the early surrender and conveyance of the parking deck to R. J. Reynolds in consideration for a one-time payment by R. J. Reynolds to the City of \$1,000,000.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Mayor and the City Council of the City of Winston-Salem do hereby authorize the early termination of the Long Term Leases and the Additional Parking Lease subject on or before June 1, 2026.