

MODIFICATION TO APPROVAL OF FINANCIAL ASSISTANCE TO 1001 S. MARSHALL MM, LLC FOR COMMUNITY DEVELOPMENT PURPOSES PURSUANT TO N.C.G.S. 160D-1311

WHEREAS, in 2018 City Council approved \$2 million of City funds to assist 1001 S. Marshall MM, LLC with the \$26 million redevelopment of an existing 130,000 square foot facility located at 1001 S. Marshall Street into a mixed-use development supporting Winston-Salem's creative and culinary ecosystem; and

WHEREAS, the source of funds was 2014 General Obligation Economic Development Bonds, and approval included three key conditions: 1) City funds were designated for hard construction costs, specifically public infrastructure and public enhancements related to the 1001 property; 2) City funds would be disbursed in alternating tranches with other non-City financing; and 3) the developer shall secure all required additional financing for the project and provide proof of the same to the City Manager before any City funds are disbursed; and

WHEREAS, the project scope has expanded from its original vision to include the adjacent 1007 building, which is currently under a lease-to-purchase agreement with the developer and has served as home to Cobblestone Farmers Market since the fall of 2021; and

WHEREAS, due to the broader reach of the project, the developer has divided redevelopment into two phases with Phase I estimated to cost \$16.2 million and involves upfitting 1007 as space providing indoor/outdoor retail options for creative and culinary entrepreneurs with exterior and interior renovation to be in accordance with the State Historic Preservation Office; and

WHEREAS, site work for Phase I will include re-grading the parking lot, patio for community gathering, stormwater management, lighting, and landscaping; and

WHEREAS, Phase II is estimated to cost \$31.2 million and connect the shared kitchen space of the 1001 and 1007 buildings with more workspaces, preparation areas, pods, value-added packing areas, and refrigerated space; and

WHEREAS, by the end of 2024, all 130,000 square feet of 1007 are projected to be activated for the shared use kitchen, as well as providing culinary workforce training for area residents, entrepreneurial and scale-up production space, and community arts programming; and

WHEREAS, due to the redevelopment being divided into phases involving two adjacent properties, the developer is requesting a modification to the \$2 million approval that would split City assistance into \$1 million for Phase I and \$1 million for Phase II, with City funds the last money in for each phase; and

WHEREAS, the City's commitment for both phases would terminate if the 1007 space is not operational within 18 months of execution of the development agreement, and commitment for Phase II would terminate within 24 months of activation of the 1007 space if the 1001 space is not operational; and

WHEREAS, City funds would be focused on providing workspaces and services for city residents, including, but not limited to, low- to moderate income persons and small businesses.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of the City of Winston-Salem, upon recommendation of the Finance Committee and pursuant to N.C.G.S. 160D-1311, hereby approve a modification of the \$2 million of City funds to be split \$1 million for Phase I and \$1 million for Phase II.

BE IT FURTHER RESOVLED, that both phases of the project supported with City funding shall focus on providing workspaces and services for city residents, including, but not limited to, low-to moderate income persons and small businesses; and

BE IT FURTHER RESOVLED, the City’s commitment for both phases would terminate if the 1007 space is not operational within 18 months of execution of the development agreement, and commitment for Phase II would terminate within 24 months of activation of the 1007 space if the 1001 space is not operational. Each space would be considered “operational” once they achieve a minimum of 10 on-site jobs and a minimum of 10,000 square feet is in use.

BE IT FURTHER RESOLVED, the developer would escrow the City’s funds, along with other sources, and would not access the funds until the funding for each phase is in place. The City’s total assistance for the project will not exceed \$2 million.

BE IT FURTHER RESOLVED, that the City Manager and City Clerk are authorized to execute the necessary documents pursuant to review and approval by the City Attorney.