

**Resolution #19-0510
Resolution Book 1, Volume 1**

**RESOLUTION APPROVING ACQUISITION OF 226 SOUTH LIBERTY STREET,
ASSUMPTION OF CURRENT LEASE WITH THE STATE OF NORTH CAROLINA,
AND NEW LEASE WITH NEW WINSTON MUSEUM**

WHEREAS, in April 2019, the Mayor and City Council approved over \$33 million in new financing to address emerging capital needs, including \$1.75 million for the acquisition and demolition of the former United States Bankruptcy Court building (226 South Liberty Street); and

WHEREAS, since the Council's approval of the funding, there have been on-going discussions about potential uses for the property, including repurposing the first floor space into a museum; and

WHEREAS, The Conservation Fund has negotiated a purchase price of \$1,550,000 to purchase the property from its current owners, Merz Family Investments, LLC; and

WHEREAS, The Conservation Fund will ensure that any environmental contaminants at the property will be cleaned up once the Mayor and City Council approve the purchase of the property from The Conservation Fund; and

WHEREAS, the City has agreed to purchase the property from The Conservation Fund for \$1,643,455, which includes the purchase price and The Conservation Funds' costs; and

WHEREAS, Merz Family Investments, LLC currently leases the 2,490 square feet of the second floor of the building to the State of North Carolina for \$24,900 per year; and

WHEREAS, the current term of the lease with the State is one year with two one-year renewal periods, and the State is in the first renewal period, which runs from March 1, 2019 through February 28, 2020; and

WHEREAS, the City and State have agreed that the City will assume the existing lease with the State, with the parties to explore entering into a long-term lease upon the end of the renewal periods; and

WHEREAS, the City and New Winston Museum have agreed to enter into a triple net lease for 10 years, with one 10-year extension, whereby the City would lease space to New Winston Museum for \$1 per month (\$12 per year) and the museum would be responsible for the cost to upfit, operate, and maintain the space, with the City being responsible for major maintenance of the mechanical systems and other major building components, including the parking lot; and

WHEREAS, because the State cannot sublease space, the State would pay their rent directly to the City, with the City retaining the first \$10,000 to cover the cost of property insurance and to create a maintenance reserve for the building; and

WHEREAS, the City would pass-through the balance (\$14,900) to New Winston Museum to cover the operating costs of the second floor (e.g., utilities), as well as other building operations.

NOW, THEREFORE BE IT RESOLVED, that the Mayor and City Council of the City of Winston-Salem, upon the recommendation of the Finance Committee, hereby authorize the acquisition of 1.537 acres of land at 226 South Liberty Street, further identified as Tax PIN 6835-25-2001, from The Conservation Fund for the sum of \$1,643,455 and further authorize the appropriate City officials to take the necessary steps to effectuate the acquisition of the property, including a purchase contract, which shall be in a form approved by the City Attorney.

BE IT FURTHER RESOLVED, that the Mayor and City Council of the City of Winston-Salem, upon the recommendation of the Finance Committee, hereby authorize the

assumption of the lease agreement with the State of North Carolina for 2,490 square feet on the second floor of the property at said lease agreement's current terms.

BE IT FURTHER RESOLVED, that the Mayor and City Council of the City of Winston-Salem, upon the recommendation of the Finance Committee, hereby authorize the long-term lease of 226 South Liberty Street (tax PIN# 6835-25-2001) under the provisions of and in accordance with N.C.G.S. 160A-269 and N.C.G.S. 160A-272, in which the City Secretary shall cause a notice of proposed lease, containing a general description of the property, amount and terms of the lease offer, and a notice that within ten days any person may raise the bid by not less than ten percent of the first \$1,000 and five percent of the remainder, be published, without further authorization of the City Council; shall re-advertise the offer at the increased bid; and shall repeat this procedure until no further qualifying bids are received, at which time the Mayor and City Council may accept the offer and lease the property to the highest bidder or reject any and all offers.

BE IT FURTHER RESOLVED, that the Mayor and City Council have found that it is in the public interest to add the conditions set forth in the attached Exhibit A and that the lease of the property is contingent upon the conditions and restrictions contained in said Exhibit A.

BE IT FURTHER RESOLVED, in the event that no raised bid is received, the lease set forth above is hereby accepted and the appropriate City officials are hereby authorized to execute instruments required to complete the lease agreement with New Winston Museum, or its assigns, as stated herein.