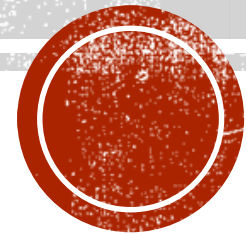


**UPDATE ON ACQUISITION OF 202 SOUTH LIBERTY STREET  
(FORMER U.S. BANKRUPTCY COURT LOCATION)**

City Council Finance Committee

August 12, 2019

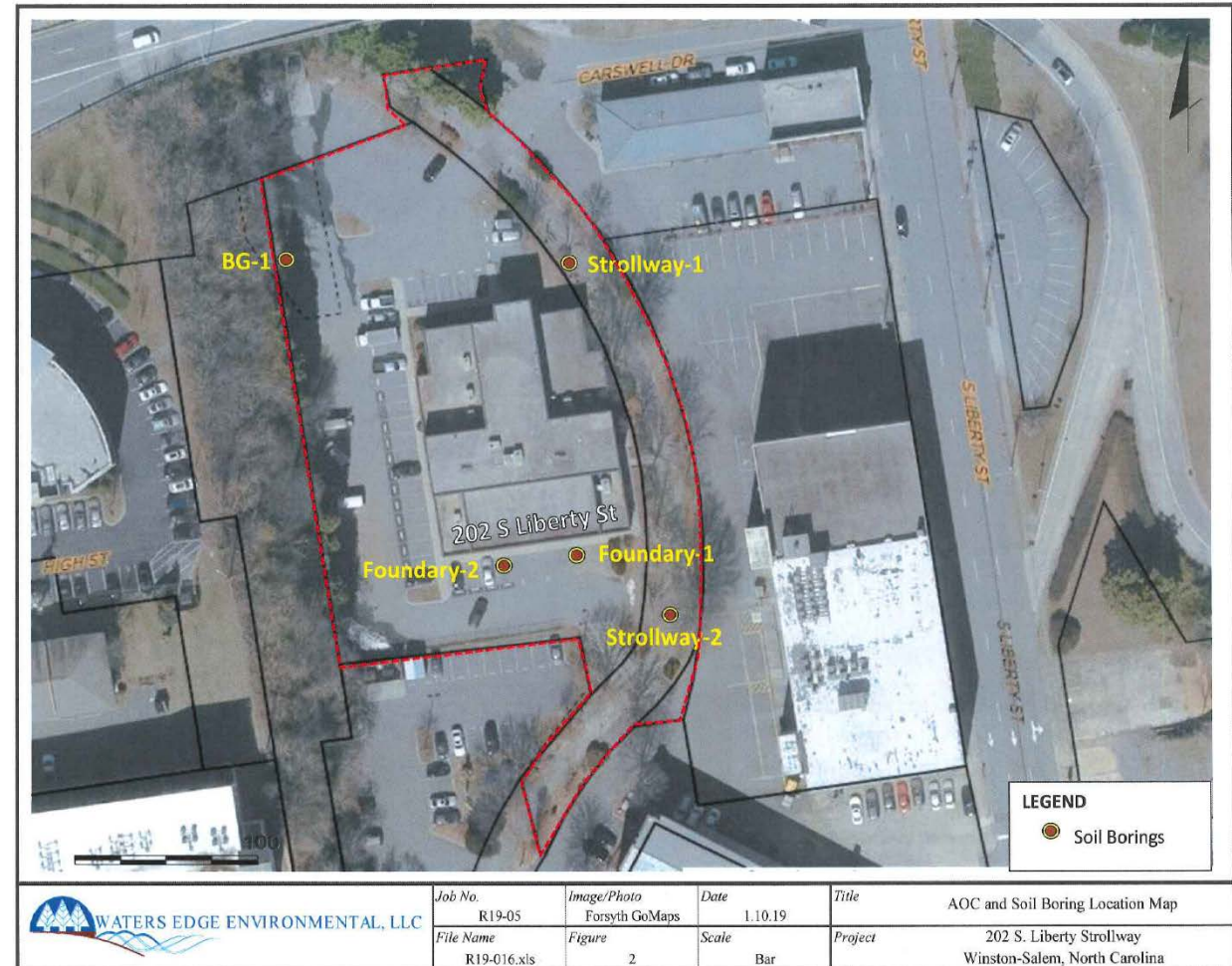


# BACKGROUND

- Funding for acquisition of 202 South Liberty Street (Former Site of U.S. Bankruptcy Court) approved as part of \$33 million in new financing to address emerging capital needs
- Interest in developing site into open space to honor Peter Oliver, former slave and member of the Moravian community who owned a farm on the site
- Negotiations between The Conservation Fund and Merz Family Investments, LLC, current owners, to acquire the property
- Since approval of funding, on-going discussions about potential uses of the property, including repurposing the first floor into a museum

# PROFILE OF PROPERTY

- 1.537 acres
- 18,927 square feet in building
- 27 years old (built in 1992)
- Currently one tenant – State of North Carolina



# DUE DILIGENCE

## The Conservation Fund

- Environment Assessments
  - One area of concern (“Foundary-1”)
  - Owners committed to cleaning site after purchase approved by the Mayor and Council
  - Remediation would take approximately one week.
- Negotiated purchase price of \$1.55 million
  - Appraised value of \$1.89 million
  - Tax value of \$1.659 million
  - City cost of \$1.635 million to include purchase price and The Conservation Fund’s costs

## City of Winston-Salem

- Facility Assessment
  - Overall good condition (exterior, interior, electrical)
  - Finding – roof needs to be replaced (estimated cost of \$200,000)
- Stormwater Infrastructure
- New Access Road
  - To be constructed as part of NCDOT Business 40 project

# LEASE WITH STATE OF NORTH CAROLINA

- Second floor office space (approximately 2,490 square feet)
- One year with two one-year renewals
  - Currently in first renewal period (March 1, 2019 through February 28, 2020)
- Annual lease payment totals \$24,900.
- Under terms of lease, owner is responsible for all utilities (except telephone), exterior maintenance, adequate parking, and building maintenance (including HVAC and lighting).
- Discussions with City staff about on-going lease
  - Reserved parking spaces
  - Secure access to second floor (badge access)

# POTENTIAL LEASE WITH NEW WINSTON MUSEUM



- Triple net lease for first floor space
  
- New Winston Museum responsible for upfit, operations, and maintenance
  
- City responsible for major maintenance of the mechanical systems and other major building components, including the parking lot
  
- Term of ten years
  - Would require upset bid process

# NEW WINSTON MUSEUM VISION



# NEXT STEPS

- Approval of property acquisition
- Assumption of lease with State of North Carolina
- Upset bid process for first floor lease
- Approval of new lease with New Winston Museum