

CITY OF HIGH POINT

AGENDA ITEM



Title: GuilfordWorks Lease Agreement

From: Eric Olmedo, Assistant City Manager

Public Hearing: No

Attachments: Resolution

Meeting Date: June 21, 2021

Advertising Date: May 21, 2021

Advertised By:

PURPOSE:

To consider a resolution approving a five-year lease of 607 Idol Street with the City of Greensboro for the purpose of continuing to operate GuilfordWorks (formerly Guilford County Workforce Development Board) at this site.

BACKGROUND:

N.C.G.S. §160A-274 authorizes any governmental unit to lease to any other governmental unit any interest in real property upon such terms and conditions it deems wise, with or without consideration upon action of the governing body of the governing unit.

The City of High Point entered into a ten-year lease with the City of Greensboro for the building located at 607 Idol Street in November 2009. The City of Greensboro would like to continue leasing the facility for GuilfordWorks and has indicated the desire to enter into a five-year lease.

BUDGET IMPACT:

Total rent for the five-year term will be \$551,366.

RECOMMENDATION / ACTIONS REQUESTED:

Staff recommends that the City Council approve this resolution and authorize the City Manager to execute any and all necessary documents.

RESOLUTION AUTHORIZING LEASE AGREEMENT BETWEEN CITY OF HIGH POINT AND CITY OF GREENSBORO FOR LEASE OF PROPERTY LOCATED AT 607 IDOL STREET, HIGH POINT, NORTH CAROLINA PURSUANT TO THE PROVISIONS OF N.C.G.S. §160A-274

WHEREAS, the City of High Point (“City”) owns the property and building located at 607 Idol Street, High Point, North Carolina (“Property”); and

WHEREAS, N.C.G.S. §160A-274 authorizes any governmental unit to lease to any other governmental unit any interest in real property upon such terms and conditions it deems wise, with or without consideration upon action of the governing body of the governing unit; and

WHEREAS, the City of Greensboro (“Greensboro”) desires lease the Property for a five (5) year period from the City for the total rent of \$551,366 for the purpose of locating the JobLink Center (Workforce Development Employment Security Office) at the Property; and

WHEREAS, the Property will not be needed by the City for City purposes during the term of the proposed five year lease; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of High Point pursuant to the North Carolina General Statute 160A-274, the Mayor is hereby authorized to execute a Lease Agreement for the property and building located at 607 Idol Street, High Point, North Carolina, for a five (5) year period at the total five year rent of \$551,366.

Adopted, this the _____ day of _____, 2021.

Mayor Jay W. Wagner

Lisa B. Vierling
High Point City Clerk

NORTH CAROLINA

LEASE AGREEMENT

GUILFORD COUNTY

THIS LEASE, made this 1st day of July, 2021 by and between City of High Point, a North Carolina municipal corporation with its principal office at 211 South Hamilton Street, High Point, North Carolina 27261 (“City.”) and City of Greensboro a North Carolina municipal corporation, having its principal office at 342 N. Elm Street, Greensboro, North Carolina 27407, North Carolina (“Tenant”). (City and Tenant are collectively referred to as “Parties”.)

WHEREAS, City is the owner of the real property and building located at 607 Idol Street, High Point, North Carolina (hereinafter, “Premises”); and

WHEREAS, the Parties are both governmental units that conduct business relating to governmental functions and/or services; and

WHEREAS, in accordance with N.C.G.S. §160A-274 governmental units may, upon such terms and conditions as it deems wise, with or without consideration, exchange with, lease to, lease from, sell to, or purchase from any other governmental unit.

WHEREAS, and the Tenant is currently conducting business and enters into this Lease with the intention of continuing such business at the Premises; and

WHEREAS, City and Tenant desire to specify their rights and obligations with regard to Tenant’s leasing the Premises pursuant to the provisions set forth in this Lease Agreement;

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions hereinafter contained, the Parties agree as follows:

The City hereby Leases to the Tenant and Tenant hereby Leases from City, the property and building located at 607 Idol Street, High Point, North Carolina, as follows:

1. TERMS. The term of this Lease shall begin on the date first set forth above and continue for five (5) years (“Initial Term”) thereafter through and including June 30, 2026. Unless otherwise set forth herein, each of the conditions in the Initial Term shall be applicable during any period of renewal.

2. LEASE FEES. Each year, Tenant shall pay the City an annual Lease Fee as set forth in Exhibit A (incorporated herein by reference), payable in twelve (12) equal monthly installments. The first payment for year one shall be paid on or before the 10th day of the month following the execution of this Lease. Thereafter, Tenant’s monthly payments shall be due, without demand, on or before the 10th day of each month.

a. UTILITIES, JANITORIAL SERVICES & GROUND MAINTENANCE. Parties agree that Tenant’s Lease Fees shall include costs of utilities, janitorial and

ground maintenance expenses and City will make arrangements to provide such services for Tenant. Furthermore, the Lease Fees include payment to City for costs City incurred prior to Tenant taking possession of the premises, including but not limited to architecture services, remodeling and/or repair of the building.

b. **LEASE FEE ACCOUNT.** City will deposit Tenant's Lease Fees into a separate account which City shall establish and maintain similar to an escrow account ("Account"). City shall use funds in the Account to pay expenses relating to the Premises and/or Tenant's Lease of the Premises ("Overhead"). In the event excess funds remain in the account after all Overhead expenses have been paid in full, Tenant may access a portion of the excess funds if the Parties mutually agree to such. In the event the City's Overhead expenses exceed the available balance in the Account, the Parties shall immediately amend this Agreement to increase the Lease Fee amount Tenant pays to City and Exhibit A shall be amended to reflect the increased amounts.

c. **RETURN OF FUNDS.** Upon the expiration of this Lease, City will return any funds remaining in the Account after all Overhead expenses have been paid in full.

3. **CITY HELD HARMLESS.** The Parties agree that the only source of funds to be used by the City, relating to the Premises shall be the Account established for such purpose. Except as set forth herein, City shall not be responsible for payment of any costs associated with Tenant's Lease. The Tenant agrees to indemnify and hold City harmless from any and all damages arising out of Tenant's leasing of the Premises.

4. **DEPOSITS WAIVED.** The City waives any and all deposits, including a deposit for security.

5. **USE.** The Premises shall be used by the Tenant solely for business relating to government services. The Premises are Leased to the Tenant subject to all zoning restrictions and all ordinances, and to all building restrictions and regulations adopted by any governmental subdivisions having jurisdiction, which may now or hereafter affect the Leased Premises; and the Tenant agrees that it will make no unlawful or offensive use of the Premises, and will use and maintain any equipment, appliances, or apparatus therein or thereon, in accordance with laws, ordinances, regulations, and requirements, of any such governmental subdivision affecting the same.

6. **REPAIRS.** The City will be responsible for the upkeep of the roof and exterior walls, including the windows, window framing, doors and door framing, of said Premises in good condition. In the event the roof or any part of the exterior walls, windows, window framing, doors and/or door framing, shall become defective at any time during any term of this Lease, Tenant shall provide immediate notification to the City which will commence repair of the defective condition after a period of five (5) days from receipt of notice of said condition. It is expressly understood and agreed that the City shall not be liable to the Tenant for any damage Tenant may sustain to its merchandise or equipment in or on the demised Premises for any reason. The Tenant, at its own cost and expense, shall maintain (and replace when necessary) all other parts of the

Premises, including windows, window framing, doors and door framing, in as good condition as when the Premises were received by it, and it shall return the Premises at the expiration or termination of this Lease in as good order and repair, less ordinary wear and tear, damage or loss by fire, the elements, or casualty excepted.

7. **GLASS.** The Tenant shall be liable for any damage to or breakage of glass on the Premises occurring during the term of this Lease or any extension thereof, and agrees that it shall promptly replace any such damaged or broken glass at its own expense. The Tenant, at its option, may procure glass insurance for the said Premises.

8. **ALTERATIONS/FIXTURES.** The Tenant shall have the right and privilege to make, at its own expense, ordinary repairs and alterations to the Premises; provided, however, that no major alterations or changes of a structural nature shall be made without prior written consent of the City. The City accepts no responsibility for the placement, repair, maintenance or removal of trade fixtures, machinery, furniture, and equipment which Tenant places in the Premises. In the event Tenant desires to leave fixtures, machinery, furniture and/or equipment in the Premises at the end of the termination or expiration of the Lease, Tenant shall first obtain written approval of such from City. In the event it is agreed that Tenant leaves personal property in the Premises, said property will become the property of the City immediately upon date of termination or expiration of this Lease. In the event Tenant removes alterations, it shall do so at its own cost and expense and Tenant shall restore the Premises to its condition at commencement of the term of this Lease, ordinary wear and tear excepted.

9. **SUBLEASE.** The Tenant shall not sublet the whole or any part of the Premises without the prior written consent to such subleasing by the City. In the event of subletting, the Tenant shall remain liable for all of its obligations hereunder, including, but not limited to, the payment of Lease Fees.

10. **SIGNS.** The Tenant will not exhibit, inscribe, paint, or affix any sign, advertisement, notice or other lettering on any part of the outside of the Leased Premises or on the building in which the Leased Premises are located without first obtaining written approval of the City, such approval shall not be unreasonably withheld; and the Tenant further agrees to maintain such sign, lettering, etc., as may be approved by the City, in good condition and repair at all times. Any and all signage shall be erected in accordance to applicable ordinances and other laws regulating such.

11. **DAMAGE/INSURANCE.**

a. The City shall maintain insurance upon the Premises covering such casualty and other risks.

b. If the Leased Premises shall be damaged during the term (or terms) of this Lease by fire or any other casualty, the Premises shall be repaired and restored as nearly as possible, by and at the expense of the City; and until such repairs and restoration are effected, the Lease Payments shall be equitably apportioned according to the proportion of the Premises which may be usable by the Tenant; provided, however,

that if the building in which the Leased Premises are located shall be damaged to such an extent that the estimated cost of such repairs and restoration shall be greater than fifty (50%) percent of the building's value immediately before such damage, then either party shall have the option of terminating this Lease as of the date of the occurrence of such damage by giving written notice to the other party within fifteen (15) days thereafter.

- c. The Tenant at its own cost and expense shall keep its contents, furniture, furnishings, fixtures, and other property located in the Leased Premises insured for its current value against the hazards of fire or any other casualty which is among the hazards included in the standard extended coverage insurance form.

- d. The parties acknowledge that Tenant's intended use of the building is not one that would cause an increased risk of fire, or damage by fire, to the building and neither party anticipates Tenant's use to invalidate or be in conflict with the fire insurance policies covering the building. The Tenant, at its own expense, shall also carry throughout the term (or terms) of this Lease (and upon request by the City, the Tenant shall provide certificates of coverage for) general liability insurance protecting the Tenant against any and all liability occasioned by accident or disaster occurring in or on the Premises, to an amount of at least \$100,000 with respect to any one person, \$300,000 with respect to any accident or disaster, and \$100,000 with respect to property damage, and the said liability insurance shall cover both the Premises and the parking lot adjoining the Premises and shall contain provisions that the policies are not cancelable except with thirty (30) days notice in writing to the City.

12. INSPECTION. The Tenant agrees that the City and its agents shall have the right to enter the Premises at all reasonable times to examine the same and make any repairs which City is required to make under the Lease. In addition City is permitted to show the Premises to prospective purchasers or tenants; and the Tenant further agrees that during the ninety (90) days prior to the expiration of the term of this Lease, City shall have the right to place notices on the front of the said Premises, or on any part thereof, offering the Premises for lease or for sale.

13. NOTICE. All rental notices, demands, and statements sent or required to be sent pursuant to the terms of this Lease shall be sent certified mail, return receipt requested, and if intended for the City, shall be addressed to it at:

City Manager
City of High Point
PO Box 230
High Point, North Carolina 27261

If intended for the Tenant, such notice(s) shall be addressed to:

City of Greensboro,
ATTN: Workforce Development Board,

342 North Elm Street
Greensboro, NC 27401

Either of the parties to this Lease, however, may designate a new address for the purpose of this paragraph by giving notice in writing to the other.

14. EMINENT DOMAIN. If the whole or any portion of the Leased Premises substantial enough to affect the use of the Premises by the Tenant shall be taken or condemned by any competent authority for any public or quasi-public use or purpose, then, and in such event, this Lease shall be terminated as of the date when possession of the portion so taken shall be required for such use or purpose.

15. HOLDOVER. If the Tenant shall hold over and remain in possession of the Leased Premises after the expiration of the original term of this Lease or any extended term that may later be granted, such possession shall be as a month-to-month tenancy. During such month-to-month tenancy, rent shall be payable at 150% of the rate that was in effect during the last month of the preceding term and the provisions of the Lease shall be applicable.

16. RIGHTS. All rights and liabilities herein given to or imposed upon the parties to this Lease shall extend to and shall be binding upon the heirs, executors, administrators, successors, and assigns of the parties.

17. DEFAULT. The happening of any one or more of the following listed events shall constitute a breach of this Lease Agreement:

- a. The failure of Tenant to pay when due any rent payable under this Lease Agreement.
- b. The failure of Tenant or City to perform timely any acts required of it in the performance of the Lease or otherwise to comply with any term or provision hereof.

18. EFFECTS OF DEFAULT.

- a. Upon the occurrence of any event of default and the failure of Tenant or City to cure or remove same within fifteen (15) days after written notice of such default, the non-breaching party may, if it shall so elect, in addition to any other remedies available to it, terminate the term hereof upon written notice of termination to the other, and upon exercise of such election, the same shall be effective as of the date of the event of default;
- b. The rights and remedies of Tenant and/or City above provided are not exclusive and shall be in addition to and not in lieu of any other rights and remedies available hereunder, at law or in equity, on account of default by the other party.

19. GOVERNING LAW. This Agreement and all transactions contemplated by this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State

of North Carolina without regard to principles of conflicts of laws. Venue for any action shall be Guilford County, North Carolina. Regardless of where actually delivered and accepted, this Agreement shall be deemed to have been delivered and accepted by the parties in the State of North Carolina.

20. **COMPLIANCE WITH LAWS.** Each Party shall comply with all federal, state and local laws, ordinances and regulations (including environmental laws and regulations) relative to the Premises and the activities that take place thereon.

21. **SEVERABILITY.** Invalidation of any one or more of the provisions of this Agreement shall in no way affect any of the other provisions of this Agreement which shall remain in full force and effect.

22. **ENTIRE AGREEMENT** This Agreement constitutes the entire agreement between the parties with respect to its general subject matter.

23. **RESERVATION OF RIGHTS.** The failure of either Party to take action because of a default or violation of the terms of this Agreement by the other, shall not constitute a waiver thereof or relinquishment of the right to require strict performance, nor shall any custom or practice which may develop between the Parties in the course of performance of this Agreement be construed to waive or lessen the right of either Party to insist upon compliance with the provisions hereof by the other.

24. **INDEPENDENT CONTRACTORS AND THIRD PARTY BENEFICIARIES.** Both Parties shall be independent contractors unto one another. Nothing in this Agreement shall be construed to constitute the parties hereto as partners or as joint venturers, or either as agent of the other, and neither shall have the power to obligate or bind the other in any manner whatsoever. Unless otherwise specifically provided in this Agreement, no person or entity who is not a party to this Agreement will have any equitable or other rights by virtue of this Agreement.

25. **ADDITIONAL NECESSARY DOCUMENTS.** The Parties agree to execute any and all documents or instruments in writing, if such execution shall be necessary in order to effectuate the express provisions of this Agreement.

26. **MODIFICATION.** This Agreement may not be changed or amended except in writing signed by all Parties.

27. **BINDING EFFECT.** All of the terms and provisions of this Agreement shall be binding upon and be enforceable by the Parties and their respective administrators, executors, legal representatives, heirs, successors and permitted assigns.

28. **PARAGRAPH HEADINGS.** Paragraph headings relating to the contents of a particular paragraph have been inserted for convenience of reference only and shall not be construed as part of the particular paragraph to which they refer.

IN WITNESS THEREOF, the Parties have made and executed this Lease Agreement as of the date and year first written above.

CITY OF HIGH POINT

_____(seal)
Randy McCaslin
Interim City Manager

CITY OF GREENSBORO

_____(seal)

EXHIBIT A

Exhibit A
607 Idol Street
Five Year Lease

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
Operating	80,308	82,717	85,199	87,755	90,387	426,366
Capital	25,000	25,000	25,000	25,000	25,000	125,000
Total Annual Lease	105,308	107,717	110,199	112,755	115,387	551,366
Total Monthly Lease	8,775.67	8,976.42	9,183.25	9,396.25	9,615.58	