

Item Title: Approval of Lease Extension for Marbles Kids Museum and IMAX Theater

Specific Action Requested:

That the Board of Commissioners authorizes the County Manager to execute a lease extension to Marbles Kids Museum and IMAX Theater on behalf of Wake County, subject to terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: The Board of Commissioners must approve all property conveyances by the County. NC General Statute 160A-274 authorizes the Board of Commissioners to convey any interest in real property to other governmental agencies or those agencies supported by local government.

Background: Marbles Kids Museum and IMAX Theater are located at 201 East Hargett Street across from Moore Square in downtown Raleigh. Wake County owns both the Museum and Theater buildings, which are operated by Marbles Kids Museum (Marbles). Marbles was established in 2007 as a merger between Playspace and the former Explor^{is} Museum.

The leases for Marbles and IMAX expire on November 5, 2022. The proposed lease (attached) combines the previous leases for both buildings into one lease. The lease term proposed provides for both facilities to operate in their current location for 10 more years (until 2032).

Board Goal: This action supports routine County operations and those of the County's tenant for the property.

Fiscal Impact: Marbles continues to be responsible for costs associated with its programs and operations. Annual facilities maintenance and security will continue to be managed by the County. Capital life cycle replacement projects are planned and funded in the Major Facilities Trust Fund of the County's Capital Improvement Program per the Hospitality Tax agreements.

Additional Information:

Marbles Kids Museum originally opened in 1999 as "Exploris Museum" and the IMAX Theater was completed in 2001. About that same time Playspace was operating as a downtown non-profit children's museum. Later, in 2007, Playspace and Marbles merged, with the merger addressing the need for more play-based experiences. The two organizations agreed to merge into the existing Exploris Museum Campus. Marbles Kids

Museum opened on September 29, 2007. Marbles Kids Museum is a 501 (c)(3) non-profit organization and operates the Museum in accordance with certain provisions of the “Interlocal Agreement Between Wake County and the City of Raleigh Regarding Implementation of the Countywide Room Occupancy and Prepared Food and Beverage Tax Revenues” dated November 1991.

The Marbles campus is situated across a collection of several parcels of property with various owners, which include Wake County, the City of Raleigh, the State of North Carolina and Marbles. These parcels were mostly assembled in the 1990s and the Museum was permitted to be constructed in 1999 via of series of ground leases. Wake County owns both the Museum and IMAX buildings as well as all surrounding exterior improvements and otherwise has control of the entire 2.84-acre property. Marbles, as tenant, operates all facilities and leases the property from the County at a nominal rate of \$1.00 per year. Annual facilities maintenance and security are managed by the County. A recent yearly funding history of these costs is shown below:

2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Budget
\$798,018	\$803,760	\$887,607	\$774,955	\$874,035	\$849,278

Wake County previously extended the original leases for Marbles and IMAX in 2012. The current leases expire on November 5, 2022. The proposed lease (attached) provides terms and conditions for both Marbles and IMAX facilities but closely mirrors the previous leases, with only minor changes that properly reflect the current parties’ names and other such “housekeeping” issues. Terms and conditions include requirements for tenant insurance coverages, provisions for alterations and facility maintenance, and other such items. The lease term proposed provides for both facilities to operate in their current location for 10 more years, through November 2032.

Attachments:

1. Proposed Lease Extension Document