

AN ORDINANCE **2017-02-23-0105**

AUTHORIZING THE EXECUTION OF A FIVE-YEAR LEASE RENEWAL AGREEMENT WITH KLABZUBA PROPERTIES III, LTD, FOR USE OF A 22,279 SQUARE FOOT PORTION OF A BUILDING LOCATED AT 106 SOUTH ST. MARY'S STREET FOR OFFICE SPACE FOR THE DEPARTMENT OF HUMAN SERVICES WITH AN ANNUAL RENT OF \$423,300.00 IN THE FIRST YEAR OF THE TERM AND INCREASING ANNUALLY THEREAFTER TO \$467,856.00 IN THE FIFTH AND FINAL YEAR OF THE RENEWAL TERM.

* * * * *

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager and her designee, severally, are authorized and directed to execute and deliver on behalf of the City an instrument substantially in the form of **Attachment I**, which is incorporated for all purposes as if fully set forth. The City Manager and her designee, severally, should take all other actions conducive to effectuate the transaction, including agreeing to non-material changes to the approved form and executing and delivering ancillary documents and instruments conducive to effectuating the transaction.

SECTION 2: Funding for this ordinance in the amount up to \$206,225.00 is available as part of the FY2017 Budget, see the table below:

Amount	General Ledger	Cost Center	Fund
\$246,925.00	5206010	8002320024	11001000
\$13,300.00	5201040	8002320024	11001000
Total-Amount \$206,225.00			

SECTION 3: Additional funding for this ordinance is contingent upon City Council approval of the City's operating budget and the availability of funds for subsequent Fiscal Years.

SECTION 4: Payment not to exceed the budgeted amount is authorized to Klabzuba Properties III, Ltd., and should be encumbered with a purchase order. All expenditures will comply with the approved operating budget for current and future fiscal years.

SECTION 5: The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP

Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

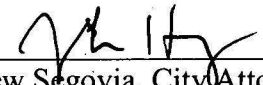
SECTION 6. This Ordinance shall be effective immediately upon passage by eight or more affirmative votes; otherwise, it shall be effective on the tenth day after passage.

PASSED AND APPROVED this 23rd day of February, 2017.


M A Y O R
Ivy R. Taylor

Attest:

Leticia M. Vacek, City Clerk

Approved As To Form:

Fal Andrew Segovia, City Attorney

Agenda Item:	12 (in consent vote: 4, 5, 6, 9A, 9B, 9C, 11, 12, 14, 15, 16A, 16B, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27)						
Date:	02/23/2017						
Time:	09:31:13 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance authorizing the execution of a five-year lease renewal agreement with Klabzuba Properties III, Ltd. for use of a 22,279 square foot portion of a building located at 106 South Saint Mary's Street for office space for the Department of Human Services with an annual rent of \$423,300.00 in the first year of the term and increasing annually thereafter to \$467,856.00 in the fifth and final year of the renewal term. [Lori Houston, Assistant City Manager; John Jacks, Interim Director, Center City Development & Operations]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Treviño	District 1		x				x
Alan Warrick	District 2		x				
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6	x					
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x				
Michael Gallagher	District 10		x			x	

1st Amendment and 1st Renewal to Lease Agreement

(106 South St. Mary's, San Antonio, TX 78205)

This 1st Amendment and 1st Renewal to Lease Agreement is entered into between Landlord and Tenant.

1. Identifying Information.

Authorizing Ordinance:

Landlord: Klabzuba Properties III, Ltd

Landlord's Address: 100 Lexington Street, Suite 050
Fort Worth, Texas 76102

Tenant: City of San Antonio

Tenant's Address: P.O. Box 839966, San Antonio, Texas 78283-3966
(Attention: Director, CCDO)

Lease: Office Lease (106 South St. Mary's/Community Initiatives Department) between Landlord and Tenant, relating to approximately 22,279 rentable square feet, authorized by the Ordinance Authorizing.

Ordinance Authorizing

Original Lease: 20011-08-11-0649

Renewal Term

Commencement Date: February 1, 2017

Renewal Term End Date:

January 31, 2022

2. Defined Terms.

All terms defined in the Lease and not otherwise defined in this amendment, when used in this amendment and renewal, have the meanings ascribed to them in the Lease. References to "Lease" in this amendment and renewal include both the original Lease and all previous amendments to it.

3. Term, Extension, Early Termination.

3.01. The current Lease term is hereby amended and extended to January 31, 2017, with the January 2017 monthly rent as stated in the current Lease for Year 5.

3.02. The 1st Renewal Term will begin on February 1, 2017, and will consist of a five (5) year term, subject to early termination by Tenant as described in Section 3.03.

3.03. Tenant may terminate this Lease at, or any time after, the end of the third year of the 1st Renewal Term by delivering 180-days prior, written notice to Landlord. If tenant terminates early under this section during the 1st Renewal Term, then Tenant must pay to Landlord a termination fee consisting of the reimbursement of the unamortized Tenant Improvement Allowance calculated on a straight-line schedule over 48-months.

4. Rent.

Base Rent for the 1st Renewal Term will be payable per the chart below:

Term	Monthly Rent	Price per Rentable Square Foot
February 1, 2017 - January 31, 2018	\$35,275.00	\$19.00
February 1, 2018 - January 31, 2019	\$36,203.00	\$19.50
February 1, 2019 - January 31, 2020	\$37,132.00	\$20.00
February 1, 2020 - January 31, 2021	\$38,060.00	\$20.50
February 1, 2021 - January 31, 2022	\$38,988.00	\$21.00

5. Additional Parking.

Landlord will provide Tenant with four additional parking spaces at the monthly market rate which is presently \$95.00 per space, and will remain at that rate through at least March 31, 2018, for a total parking allocation within the Building of 20 spaces.

6. Taxes.

Effective January 1, 2017, the Real Property Taxes Expense Stop is to be based on Real Property Taxes assessed against the Building for 2017.

7. Tenant Improvement Allowance.

Tenant is to receive a Tenant Improvement Allowance of \$6.00 per rentable square foot, and said allowance may be spent in any manner Tenant deems appropriate including on Tenant's furniture, fixtures and equipment.

8. Landlord's Additional Services.

8.01. In addition to the Cleaning and Maintenance responsibilities outlined in Exhibit D of the Lease, Landlord, at its sole cost and expense agrees to perform the following additional tasks:

8.01.01. Recycling:

- a. Recycling services will be contracted for and paid directly by Landlord.
- b. Personal size recycling containers will be provided by Landlord at each work station, office or office area including the lunch room, these will be emptied daily.
- c. Large recycling barrels will be provided by Landlord in a single central location within the Premises and will be emptied not less than 1 time per week.

8.01.02. Window Treatments:

Landlord will clean window treatments as necessary and repair any parts and pieces of the window treatment that fail.

8.01.03. Landscaping:

- a. On a weekly basis Landlord shall provide plant services by a competent vendor to water, treat and enhance as necessary the potted plants located on each terrace, whether installed by Landlord or others, but limited to 8 large pots on each terrace within the Premises.
- b. On a seasonal basis, defined as not more than twice per year, Landlord shall change out any annuals in the pots. Annuals will be planted for the specific purpose of adding plants with color to a pot that may have a perennial or other long term plant contained within it. Not less than half of the pots will contain annuals.

9. Second Option to Renew.

9.01. Tenant may renew the Lease a second time ("2nd Renewal Term") for an additional three year term by giving Landlord 180 day prior written notice before expiration of the 1st renewal Term.

9.02. The 2nd Renewal will be on the same terms and conditions except that Base Rent will be at the market rate to be determined as per Section 4.03 of the current lease prior to the commencement of said 2nd Renewal Term.

9.03. The Lease may be terminated by Tenant after two years of the 2nd Renewal Term with 180-day prior, written notice to Landlord.

10. Exhibits.

All exhibits to this Agreement are incorporated into it for all purposes as if fully set forth.

11. Appropriations.

All obligations of the City of San Antonio under this instrument are funded subject to the discretion of City Council. If the City Council fails to appropriate money for any obligation under this agreement, the City may terminate this agreement and have no further liability.

12. No Default.

Neither Landlord nor Tenant is in default under the Lease and neither party is aware of a cause of action against the other arising out of or relating to the period before the date of Landlord's signature on this amendment.

13. Same Terms and Conditions.

This amendment and renewal is a fully integrated expression of the changes the parties intend to make to the Lease. The parties acknowledge that, except as expressly set forth in this amendment, the Lease remains in full force and effect according to its terms, and the parties reaffirm the obligations thereof. Both Landlord and Tenant are bound thereby. Neither party is in default under the Lease. There have been no amendments or other modifications to the Lease except as expressly described in this amendment and renewal.

14. Public Information.

Landlord acknowledges that this instrument is public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be disclosed to the public.

In Witness Whereof, the parties have caused their representatives to set their hands.

Tenant

Landlord

City of San Antonio, a Texas municipal corporation

Klarenba Properties III, Ltd.

Signature: _____

Signature: Amanda Baker

Printed Name: _____

Printed Name: Amanda Baker

Title: _____

Title: VP of Its General Partner

Date: _____

Date: January 27, 2017

Attest:

City Clerk

Approved as to Form:

City Attorney

Exhibit A: Premises

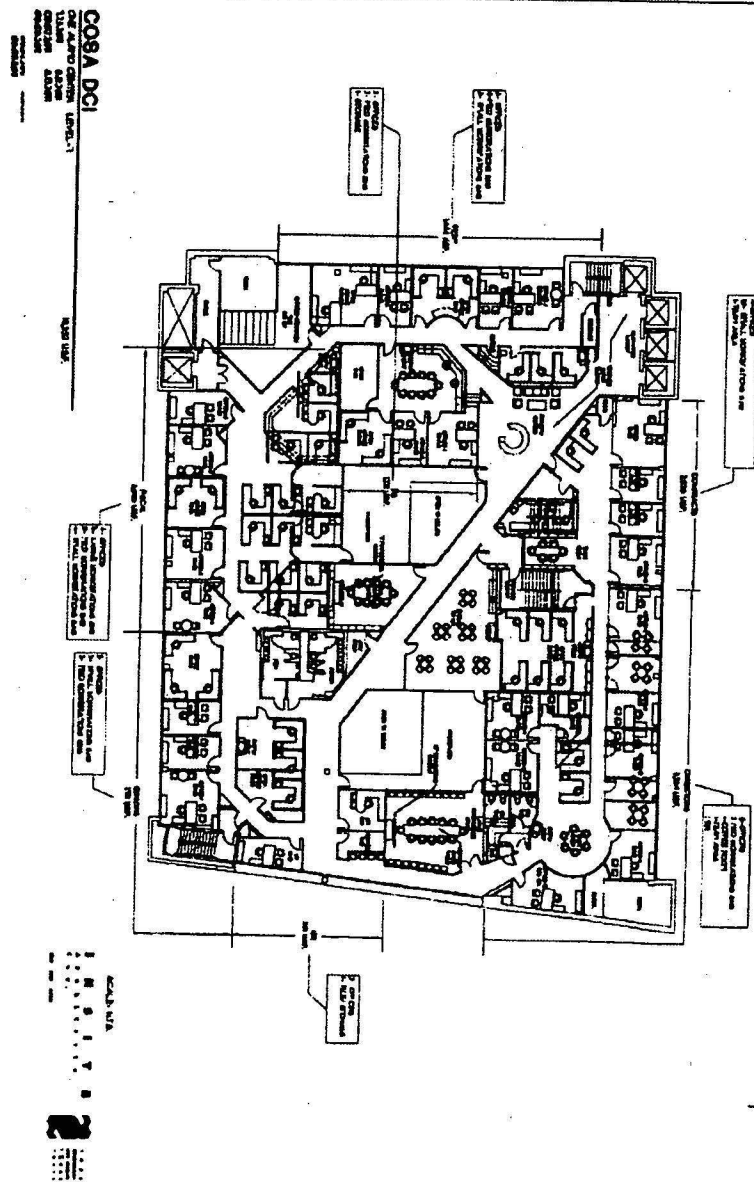


Exhibit B

Renewal Commencement Memorandum

Landlord: Klabzuba Properties III, Ltd

Tenant: City of San Antonio

Lease: Office Lease (106 South St. Mary's/Community Initiatives Department) between Landlord and Tenant, relating to approximately 22,279 rentable square feet, authorized by the Ordinance Authorizing.

Renewal: The 1st Renewal and 1st Amendment to the Lease.

Authorizing Ordinance:

Predicate Facts:

Landlord and Tenant are parties to the Lease, which was authorized by the Authorizing Ordinance.

The parties have executed the 1st Renewal and 1st Amendment, which calls for the Lease Term to begin on February 1, 2017.

For their mutual benefit, the parties now wish to memorialize certain particulars of the 1st Renewal and 1st Amendment to the Lease.

Rights and Obligations:

Now therefore, in consideration of the premises, the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Defined Terms.

All terms used in this memorandum and not otherwise defined herein but defined in the Lease have the meanings ascribed to them in that instrument.

2. Renewal Term Commencement.

The Renewal Term commences February 1, 2017. The first installment of Base Rent is due _____.

3. Rentable Square Feet.

Whenever the Renewal calls for a calculation based on the rentable square feet subject to the Lease, the figure to use is 22,279.

4. Tenant Improvement Allowance.

The amount expended by Landlord to complete the work requested by Tenant as part of the Tenant Improvement Allowance is \$_____. In the event that Tenant terminates this Lease after February 1, 2020 and before January 31, 2021, then Tenant shall reimburse Landlord a fee equal to the prorated balance of the entire Tenant Improvement Allowance expended amortized over 48 months based on the months remaining in the Lease. As an example, if the Lease is terminated effective April 30, 2020, with 39 months expended, then Tenant shall pay to Landlord an amount equal to 9/48^{ths} of the Tenant Improvement Allowance actually spent.

5. No Default.

As a part of the inducement to Landlord to execute and deliver this consent, Assignor represents to Landlord and Assignee that:

- a. The Lease is in full force and effect according to its terms.
- b. Neither party is in default under the Lease.
- c. Neither party has any offset or claim against the other that would reduce or impair its obligations under the Lease.

6. Conflict of Terms.

This instrument controls over anything to the contrary in the Lease.

The Remainder of the page is intentionally left blank.

In Witness Whereof, the parties have caused their representatives to set their hands.

Tenant

City of San Antonio, a Texas
municipal corporation

Signature: _____

Printed
Name: _____

Title: _____

Date: _____

Attest:

City Clerk

Approved as to Form:

City Attorney

Landlord

Klabzuba Properties III, Ltd., a Texas
limited partnership, by and through its
sole general partner

Klabzuba Realty, LLC, a Texas limited
liability company

Signature: _____

Printed
Name: _____

Title: _____

Date: _____