

ORDINANCE 2021-03-18-0179

AUTHORIZING THE FIRST AMENDMENT TO THE LEASE AGREEMENT BETWEEN THE CITY OF SAN ANTONIO AS TENANT AND PORT AUTHORITY OF SAN ANTONIO AS LANDLORD PASSED AND APPROVED ON JUNE 18, 2020.

* * * * *

WHEREAS, the Alamo Regional Security Operations Center (“ARSOC”) vision is for a centralized security operations facility to provide real-time, collaborative, cyber-security information sharing among municipally owned entities in the San Antonio Area; and

WHEREAS, on June 18, 2020, City Council approved through Ordinance No. 2020-06-18-0417 a Lease Agreement between the City of San Antonio as Tenant and Port Authority of San Antonio as Landlord for property located at 638 Davy Crockett, Building 940 to be the ARSOC facility; and

WHEREAS, the Lease Agreement provides for a tenant improvement allowance to include construction of offices, restrooms, demising walls, architectural plans, and other mutually agreed upon stated tenant improvements; and

WHEREAS, the ongoing global pandemic has caused the need to add COVID health and safety facility enhancements and design changes to such construction; and

WHEREAS, an amendment is requested to include additional funds to be paid by the City to Port SA and to extend the project completion and “Move-in ready” date in order to include these health and safety facility enhancements and design changes; and

WHEREAS, this first amendment will result in an increase of \$470,939.00 to the tenant improvement allowance, which will be covered by transferring \$263,939.00 from the original ARSOC furniture and equipment allocation and adding \$207,000.00 from the City’s Information Technology Services Department’s FY2021 Security Budget allocation; and

WHEREAS, the tenant improvement allowance will thereby increase to \$3,176,824.00, with \$2,676,824.00 due within 30 days of commencement of the Primary Lease and \$500,000.00 plus a \$10.00 interest charge assessed by Port SA due by December 31, 2021; and

WHEREAS, all other terms, conditions, covenants, and provisions of the Lease Agreement not specifically amended by this first amendment will remain in full force and effect and unmodified; **NOW THEREFORE:**

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

SECTION 1. The City Council authorizes the City Manager or designee to enter into the First Amendment to the Lease Agreement in the form as shown in **Attachment I** with Port Authority of San Antonio.

9710-01-20-1508

SECTION 2. The amount of \$207,000.00 is appropriated in SAP Fund 43904032, 2011 Tax Notes: ITSD, SAP WBS TN-20111-01-01-35, SAP GL account 6102100 - Interfund Transfer out entitled Transfer to 23-00127-90-03-01-01. The amount of \$207,000.00 is authorized to be transferred to SAP Fund 40099000.

SECTION 3. The budget in SAP Fund 40099000, Other Capital Projects, SAP Project Definition 09-00127, ARSOC - Alamo Regional Security Op Ct, shall be revised by increasing SAP WBS Element 09-00127-90-03-01-01 entitled Trf Fr TN-20111-01-01-35, SAP GL account 6101100, and SAP WBS Element 09-00127-01-03, SAP GL account 5201140, each by the amount of \$207,000.00.

SECTION 4. Payment is authorized to be encumbered and made payable to Port SA in an amount not to exceed \$470,939.00. Payment is in support of the ARSOC - Alamo Regional Security Op Ct Project, using Fund 40099000, with the WBS 09-00127-01-03 and GL 5201140. Funding for this project is provided by Tax Notes and is in the FY2021-FY2026 CIP Budget as amended above.

Payment is limited to the amounts budgeted in the Operating and/or Capital Budget funding sources identified. All expenditures will comply with approved operating and/or capital budgets for current and future fiscal years.

SECTION 5. The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Fund Numbers, Project Definitions, WBS Elements, Internal Orders, Fund Centers, Cost Centers, Functional Areas, Funds Reservation Document Numbers, and GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 6. This Ordinance becomes effective immediately upon its passage by eight (8) votes or more and 10 days after passage upon its approval by less than eight (8) votes.

PASSED AND APPROVED this 18th day of March, 2021.


M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:



Tina J. Flores, City Clerk



Andrew Segovia, City Attorney



City of San Antonio

City Council

March 18, 2021

Item: 21A

File Number: 21-2176

Enactment Number:

2021-03-18-0179

Ordinance approving the first amendment to the lease agreement between the City of San Antonio as tenant and the Port Authority of San Antonio as landlord, approved on June 18, 2020.

Councilmember John Courage made a motion to approve. Councilmember Clayton H. Perry seconded the motion. The motion passed by the following vote:

Aye: 11 Nirenberg, Treviño, Andrews-Sullivan, Viagran, Rocha Garcia, Gonzales, Cabello Havrda, Sandoval, Pelaez, Courage and Perry

JG
03/18/21
Item No. 21A

Attachment I

AMENDMENT NO. 1 TO LEASE AGREEMENT

BETWEEN PORT AUTHORITY OF SAN ANTONIO AND THE CITY OF SAN ANTONIO

This AMENDMENT NO. 1 TO LEASE AGREEMENT (this "**Amendment No. 1**") is hereby made and entered into by and between Port Authority of San Antonio, a Texas Defense-Base Development Authority ("**Landlord**"), as landlord and the City of San Antonio, a Texas Municipal Corporation ("**Tenant**"), as tenant. Landlord and Tenant are referred to herein as "Parties" collectively and as a "Party" individually.

RECITALS

On June 18, 2020, the Lease Agreement between the Parties (the "**Lease**") was passed and approved by the San Antonio City Council through Ordinance No. 2020-06-18-0417 (the "**Ordinance**"). Subsequent to the passing of the Ordinance and execution of the Lease, it has become necessary to enter into this Amendment No. 1 to include additional funds to be paid by Tenant to Landlord and extend the date for completion of the Project by Landlord.

AMENDMENT

NOW THEREFORE, the Parties hereby agree and amend the Lease as follows:

1. REVISIONS TO THE AGREEMENT. The following Sections are hereby revised to read as follows:

(a) **APPENDIX 1 BASIC TERMS, Tenant Improvement Allowance and Repayment:**

Landlord will provide Tenant with up to \$3,176,824.00 Tenant Improvement Allowance ("TI Allowance") of which \$2,676,824.00 will be repaid by Tenant within 30 days of the Commencement Date. The remaining TI Allowance of up to \$500,000.00 will be repaid by December 31, 2021 with an interest charge of \$10.00. Tenant and Landlord will confirm the total TI Allowance expended within 30 days after the Lease Commencement Date. Tenant may choose to pay down the balance of the TI Allowance at any time and in any amount without penalty. At the time of any reduction in the unamortized TI Allowance balance, Landlord will recalculate the December 2021 payment based on the remaining balance and Landlord will notify Tenant of such change in the amount of the payment in writing. If Tenant does not pay the entire TI Allowance prior to January 1, 2022, the remaining balance will be paid by Tenant on a mortgage style amortization with equal monthly payments over the remaining term of the Lease plus 7% annual interest rate applied on a 30/360-day basis ("TI Amortization").

(b) **Section 4.1.1:**

4.1.1 Cancellation of Lease by Tenant. Tenant may cancel this Lease and be free of all its obligations if the Commencement Date has not occurred as a result of the Premises not being "Move-in ready" by September 1, 2021, plus any additional days for delays that are beyond Landlord's control. "Move-in ready" means that Tenant has been granted a Certificate of Occupancy identifying City of San Antonio as Tenant for the Premises and the Premises are finished-out according to the requirements of this Lease, except for minor items such as are routinely corrected with a punch list.

(c) **APPENDIX B TENANT IMPROVEMENTS, Section 2:**

2. Subject to Section 4 below, Tenant will bear the entire cost of the Tenant Improvements, including, without limitation, all architectural and engineering fees associated with the preparation of Tenant's plans and any changes thereto, labor, material and equipment costs, permit fees, and overhead, and will pay \$2,676,824.00 within 30 days of the Commencement Date and the remaining balance of up to \$500,000.00 will be paid no later than December 31, 2021 as set out in **APPENDIX 1**.

2. CAPITALIZED TERMS. Unless otherwise defined in this Amendment No. 1, capitalized terms and phrases used in this Amendment No. 1 will have the meaning stated in the Lease.

3. PROVISIONS REMAIN IN EFFECT. All other terms, conditions, covenants, and provisions of the Lease not specifically amended by this Amendment No. 1 remain in full force and effect and unmodified.

4. ENTIRE AGREEMENT. The Lease, as amended by this Amendment, No. 1, constitutes the entire understanding and agreement between the Parties with respect to the subject matter of the Lease and contains all of the covenants and agreements of the Parties with respect thereto.

5. COUNTERPARTS. This Amendment No. 1 may be executed in multiple counterparts, each of which shall be fully executed as an original and all of which together constitute one and the same instrument.

[Signatures on Next Page]

EXECUTED and AGREED as of the dates indicated below.

LANDLORD:

PORT AUTHORITY OF SAN ANTONIO

By: James E Perschbach
James E Perschbach (Jan 26, 2021 18:51 CST)

James E. Perschbach
Printed Name
President & CEO
Title

Date: Jan 26, 2021

TENANT:

CITY OF SAN ANTONIO

By: _____

Craig Hopkins
Printed Name
Chief Information Officer
Title

Date: _____

APPROVED AS TO FORM:

Assistant City Attorney

ATTEST:

City Clerk