

August 19, 2020

Ms. Lori Dellinger, Market President
The Frost National Bank
501 S. Shoreline Blvd. – 2nd floor
Corpus Christi, Texas 78401

Peter Zaroni
CITY MANAGER

PO Box 9277
Corpus Christi
Texas 78469-9277
Phone 361-826-3220
Fax 361-826-3839
Peterz@cctexas.com
www.cctexas.com

RE: Notice of City of Corpus Christi's intent to exercise option to purchase Frost
Bank property located at 2406 Leopard Street

Dear Ms. Dellinger:

Approximately 20 years ago, The Frost National Bank ("Bank" or "Optionor") and the City of Corpus Christi ("City" or "Optionee") entered into two agreements regarding the Bank property located at or near 2406 Leopard Street: a Lease Agreement and an Option to Purchase Agreement ("Option Agreement"). The City occupies 41,289 square feet of the Bank building and the Bank occupies some of the 1st floor space in the Bank building. Attached is an aerial of the Bank building that generally identifies the area used by the Bank as well as the area used by the City. The Lease Agreement term continues until 11:59 p.m. on May 31, 2021. The City's option to purchase the Bank property continues until 12:00 noon on July 31, 2021.

The City intends to exercise its option to purchase the Bank property which is defined in the Option Agreement as follows: (hereinafter referred to as the "Property"):

- (a) The tracts of land (the "Land") located in Nueces County, Texas, that are described on Exhibit A attached hereto;
- (b) All right, title and interest of Optionor, if any, in, to and under all easements benefitting the Land or the Improvements (hereinafter defined);
- (c) All right, title and interest of Optionor, if any, in and to all rights and appurtenances pertaining to the Land including any right, title and interest of Optionor in and to adjacent streets, alleys or rights-of-way;
- (d) All improvements, consisting of buildings (the "Improvements") in and upon the Land;
- (e) All of the right, title and interest, if any, in and to all leases which were listed on Exhibit B to the Option Agreement [Note: none were listed];
- (f) All of Optionor's right, title and interest, if any, in all appliances, fixtures, equipment, machinery, carpet, drapes and other personal property, if any, located on or about the Land and the Improvements or used exclusively in the operation and maintenance thereof, but specifically excluding Optionor's furniture and

trade fixtures (including, without limitation, Optionor's banking equipment, computer systems, file systems and telephone switch) (the "Tangible Personal Property"); and

(g) All of Optionor's right, title and interest, if any in all intangible property, (the "Intangible Property"), if any, pertaining to the Land, the Improvements, or the Tangible Personal Property or the use thereof, including without limitation, transferrable utility contracts, transferable telephone exchange numbers, plans and specifications, engineering plans and studies, floor plans and landscape plans.

The City is planning to make additional improvements to the Property during the next City fiscal year which begins October 1, 2020. The Option Agreement allows the Bank the option to lease back up to 11,301 square feet of the Property for bank operations. Per the attached email received from a Frost representative, Frost intends to continue its current use at the Property which was stated in the email to be approximately 5,600 square feet, but which area remains to be confirmed by the parties. Please provide confirmation of the square footage currently utilized at the Property by the Bank.

In addition, the City requests to enter discussions with an authorized Bank representative regarding development of a lease for the Bank's continued use of the Property and to also include discussions regarding the possibility of the City's acquiring the Bank's option to lease back the Property. The lease will take effect once the Property is transferred to the City. The lease will include such items as the specific area to be utilized by the Bank, parking usage, common area maintenance, and rent payments.

Please identify a point-of-contact for the Bank regarding these matters. The City's point-of-contact regarding the Property is Charles Mendoza, City Deputy Director of Asset Management, who may be reached at (361) 826-1941. Thank you for your assistance.

Sincerely,



Peter Zanoni
City Manager

cc: The Frost National Bank
P. O. Box 1600
Attn: Properties Management Dept., T-11
San Antonio, Texas 78296

The Frost National Bank
Attn: Robert Goudge, Executive Vice President, Corporate Real Estate
111 West Houston Street
San Antonio, Texas 78205

Constance Sanchez, City Chief Financial Officer
Steve Viera, Assistant City Manager
Jim Davis, Director of Asset Management
Charles Mendoza, Deputy Director of Asset Management



EXHIBIT A

LAND

TRACT I:

LOTS ONE (1), TWO (2), THREE (3), FOUR (4), FIVE (5), SIX (6), SEVEN (7), EIGHT (8), NINE (9), TEN (10), ELEVEN (11), TWELVE (12), THIRTEEN (13), FOURTEEN (14) AND FIFTEEN (15), BLOCK ONE (1), THE HIGHLANDS ADDITION, situated in the City of Corpus Christi, Texas, as shown by the map or plat thereof, recorded in Volume 3, Page 58, Map Records of Nueces County, Texas, to which reference is here made for all pertinent purposes;

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') of Lots 1 & 2, Block 1, The Highlands Addition, conveyed to the City of Corpus Christi by Deed dated February 14, 1927, for the widening of Leopard Street, recorded under Clerk's File No. 45768, Volume 179, Page 59, Deed Records of Nueces County, Texas; and further

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') of Lots 3, 4 & 5, Block 1, The Highlands Addition, conveyed to the City of Corpus Christi by Deed dated December 10, 1926, for the widening of Leopard Street, recorded under Clerk's File No. 45762, Volume 179, Page 55, Deed Records of Nueces County, Texas; and further

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') of Lots 6 & 7, Block 1, The Highlands Addition, conveyed to the City of Corpus Christi by Deed dated December 9, 1926, for the widening of Leopard Street, recorded under Clerk's File No. 45763, Volume 179, Page 56, Deed Records of Nueces County, Texas.

TRACT II:

LOT ONE-A (1-A), BLOCK ONE (1), NELSON ADDITION NO. 2, an Addition situated in the City of Corpus Christi, Texas, as shown by the map or plat thereof, recorded in Volume 26, Page 57, Map Records of Nueces County, Texas, to which reference is here made for all pertinent purposes.

TRACT III:

LOTS TWO (2), THREE (3), FOUR (4) AND FIVE (5), BLOCK ONE (1), NELSON ADDITION NO. 2, situated in the City of Corpus Christi, Texas, as shown by the map or plat thereof, recorded in Volume 1, Page 18, Map Records of Nueces County, Texas, to which reference is here made for all pertinent purposes;

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') previously conveyed to the City of Corpus Christi, Texas, as referenced in Deed dated January 21, 1982, from Ruth Slaka Sheinberg to Citizens State Bank of Corpus Christi, recorded under Clerk's File No. 255917, Volume 1809, Page 647, Deed Records of Nueces County, Texas.

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') conveyed to the City of Corpus Christi, Texas, by Deed dated December 10, 1926, from T. M. Lawrence, recorded under Clerk's File No. 45663,

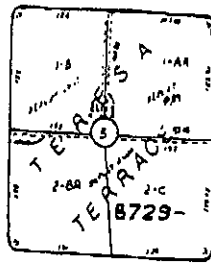
Volume 179, Page 55, Deed Records of Nueces County, Texas, affecting Lots 4 & 5, Block 1, Nelson Addition No. 2.

ALL OF THE FOREGOING LOTS ARE DESCRIBED ON THE DRAWING ATTACHED TO THIS EXHIBIT A.

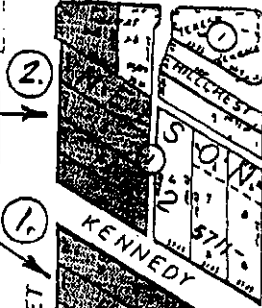
U-25

LEASE AGREEMENT:

1. Main Building on 2.67 acres.
2. 5 lots with 993 s.f. office bldg.

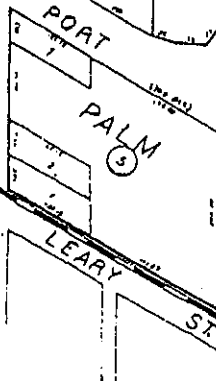
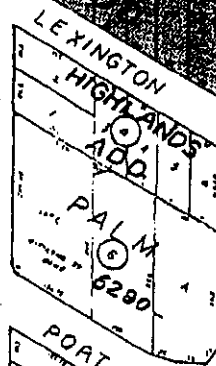


PEABODY



STREET

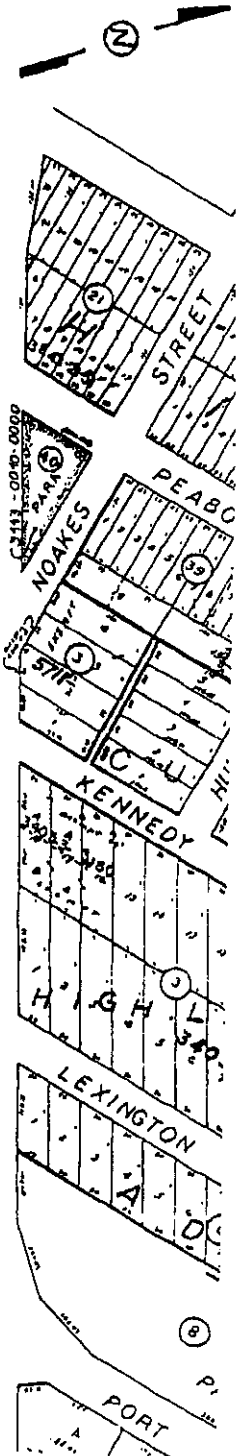
LEOPARD



U-20

EXPRESSWAY (I-37)

STATE HIGHWAY NO. 37



From: Goudge, Bobby <bobby.goudge@frostbank.com>

Sent: Thursday, April 30, 2020 9:24 AM

To: Elizabeth Hundley ElizabethH@cctexas.com

Subject: RE: Frost Bank - City Lease Purchase Agreement (recent call)

Elizabeth,

Attached is a copy of the Option to Purchase. I noticed the option for Frost to lease back the space

they occupy is in Article VIII and Frost does intend to exercise that option. My records indicate that

we currently occupy 5,596 sf, but that should probably be verified.

Let me know if you need any additional information.

Bobby

Robert Goudge

Executive Vice President | Corporate Real Estate Team

Frost – Banking, Investments, Insurance

111 West Houston Street, San Antonio, TX 78205

Office: (210) 220-4187 | Cell: (210) 260-2408

bobby.goudge@frostbank.com | www.frostbank.com