

AGENDA MEMORANDUM
First Reading Ordinance for the City Council Meeting of October 27, 2020
Second Reading Ordinance for the City Council Meeting of November 10, 2020

DATE: October 14, 2020

TO: Peter Zaroni, City Manager

THRU: Michael Rodriguez, Chief of Staff
michaelrod@cctexas.com
(361) 826-3732

FROM: Jeffrey Edmonds, P.E., Director of Engineering Services
jeffrey@cctexas.com
(361) 826-3851

Jim Davis, Director of Asset Management
jimd@cctexas.com
(361) 826-1919

Authorization to Exercise Option to Purchase Frost Bank Building and Adjacent Lot
--

CAPTION:

Ordinance authorizing the City of Corpus Christi to exercise an Option to Purchase the Frost Bank building and adjacent lots located at 2402 Leopard Street from Frost National Bank based on a 20 year lease purchase agreement entered into in 2000 in an amount of \$0.00 and authorizing the execution of the Option to Exercise Fee payment in an amount of \$1,000.00 with FY 2021 funding available from the Development Services Fund and Fire Administration General Fund.

SUMMARY:

This ordinance authorizes the City of Corpus Christi to exercise the Option to Purchase Agreement for the purchase of the Frost Bank building and land located at or near 2402 Leopard Street from Frost National Bank and to authorize execution of documents to complete the closing for the purchase in an amount of \$0.00 and the Option to Exercise Fee payment in an amount of \$1,000.00. The purchase would allow the City to continue daily operations for the following departments: Development Services, Fire, and the Emergency Operations Center.

BACKGROUND AND FINDINGS:

In May 2000, the City of Corpus Christi and Frost National Bank entered into two agreements to lease and an option to purchase the Bank property and land located at or near 2402 Leopard Street. The Frost Bank building is a four-story building that is located on a 2.67-acre parcel with approximately 53,000 square feet of office space. Additionally, there is an adjacent 1.3098 acres of vacant parcels located near the building with a total lot acreage of 3.98 acres. Currently, the Frost Bank building is

occupied by the City's Development Services Department, Fire Department, and the Emergency Operations Center for daily operational use. The City pays a square footage rental rate of \$3.67 and utilizes 41,289 square feet for office space, totaling an amount of \$12,627.55 monthly and \$151,530.63 annually. The City is responsible for all repairs and maintenance to the building, and for the pro rata portion of taxes and insurance paid by Frost Bank. Attachment 1 provides an aerial view of the Bank building that identifies the areas of the building used by the City. The second attachment depicts the lots to be acquired (see shaded areas). The building is currently appraised by Nueces County Appraisal District at \$1,163,415.00 and the land to be acquired is appraised at \$116,346.00 with the total property appraisement value of \$1,279,761.00.

In addition to City operations, Frost Bank conducts daily operations from a portion of the building located on the first floor. If the City exercises the Option to Purchase Agreement, Frost Bank will have the option to lease up to 11,301 square feet from the City at the square footage rental rate of \$3.67 for a five-year term, with up to two additional five-year term extensions at market rental rate value to be negotiated at the time of the renewals. Frost Bank representatives have indicated they plan to continue operations at the building within the same footprint currently used for operations.

The Agreement requires the City provide a copy of the ordinance authorizing the City's acquisition of the property pursuant to the Option to Purchase Agreement and evidencing the authority of the persons signing any documents to be executed at the closing. The City must exercise its option to purchase the building and land by providing notice to Frost Bank within the exercise period of June 1, 2021 through July 31, 2021 plus providing payment of the \$1,000.00 option fee. Additionally, if the City sends notice on the earliest date of June 1, 2021 to exercise the Option to Purchase Agreement, then the transaction will close on July 2, 2021 at which time the City will take ownership.

ALTERNATIVES:

The alternative would be for the City not to proceed with the Option to Purchase Agreement for the Frost Bank Building and land located at or near 2402 Leopard Street. By doing so, the City will have to negotiate a new lease agreement with The Frost National Bank or relocate the City Departments that are at the Frost Bank Building to another location.

FISCAL IMPACT:

The fiscal impact for FY2021 is an amount of \$1,000.00 for the Option to Exercise Fee of the purchase of the Frost Bank building and the lots located at or near 2402 Leopard St. with funding available from the Development Services Fund and Fire Administration General Fund.

Funding Detail:

Fund: **Development Services (Fund 4670)**

Mission Elem: (281)

Organization: Inspection Operations (12201)

Project No.: N/A

Account: Professional Services (530000)

Activity: N/A

Amount \$500

Fund: **General Fund (Fund 1020)**

Mission Elem: (093)

Organization: Fire Administration (12000)

Project No.: N/A

Account: Professional Services (530000)

Activity: N/A

Amount \$500

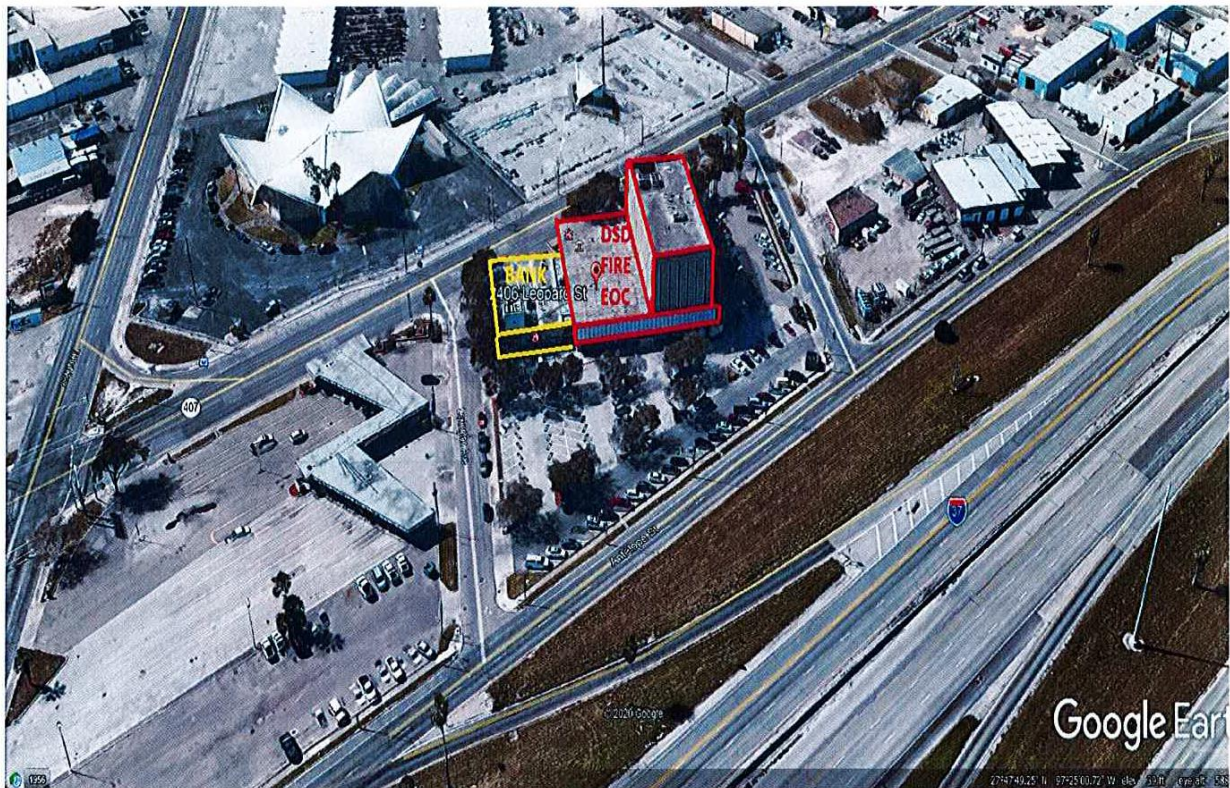
RECOMMENDATION:

Staff recommends that the City exercise its Option to Purchase the Frost Bank Building and land located at or near 2402 Leopard Street for a purchase amount of \$0.00 with the Option to Exercise payment fee in an amount of \$1,000.00 during the exercise period of June 1, 2021 through July 31, 2021.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Option to Purchase Agreement (Authorized on May 30, 2000)
Lease Agreement (Approved on May 30, 2000)
First Amendment to Lease Agreement
Letter to Frost Bank
Maps

Attachment 1: Aerial View of the Frost Bank Building with Identified Areas used by the City



Attachment 2: Additional Lots to be Acquired (see shaded areas)

