

AN ORDINANCE **58630**

AUTHORIZING THE EXECUTION BY THE CITY MANAGER OF A MEMORANDUM OF UNDERSTANDING WITH BONA VENTURES, INC., AND C.F.C. DEVELOPMENT COMPANY D/B/A GUADALUPE MEDICAL OFFICE JOINT VENTURE FOR A GROUND LEASE TO BUILD A MEDICAL OFFICE AND PHARMACY BUILDING WITH SURFACE PARKING.

* * *

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

The City Manager is authorized to execute a Memorandum of Understanding between the City of San Antonio and the Bona Ventures, Inc., and C.F.C. Development Company d/b/a Guadalupe Medical Office Joint venture for a ground lease to build a medical office and pharmacy building with surface parking. The Memorandum of Understanding shall be in substantially the same form and content as that attached hereto and incorporated herein by reference as Exhibit "A". Prior to execution of the lease for the construction of the medical office building and the pharmacy pursuant to the terms of the Memorandum of Understanding referenced above, the following items must be completed and approved by the City Manager:

- (a) Preliminary plans for the medical office building and the pharmacy to be constructed;
- (b) A site plan layout and planned utilization of the property;
- (c) If appropriate, a copy of an executed and accepted short term loan commitment for the financing for the proposed medical office building and the pharmacy;
- (d) If appropriate, a copy of an executed and accepted long term loan commitment for the financing for the proposed medical office building and the pharmacy;
- (e) Evidence of all equity participation and amounts of such participation.

Provided that all of the conditions set forth in Subsections (a) through (e) above have been met, the City Council shall by separate ordinance authorize the City Manager to execute the lease mentioned above. The City Manager is authorized to rescind the previous Memorandum of Understanding with Guadalupe Medical Association.

PASSED AND APPROVED this 19th day of April, 1984.

Henry Cisneros
MAYOR

ATTEST:

Korina S. Rodriguez
City Clerk

84-18

APPROVED AS TO FORM: *Tom Sinsley*
Acting City Attorney

APPROVED AS TO FUNDS: *Carl A. White*
Director of Finance

GUADALUPE MEDICAL OFFICE

ADDON

36

ITEM NO.

APR 19 1984

MEETING OF THE CITY COUNCIL

DATE:

MOTION BY Alderete

SECONDED BY: Berruzabal

ORD. NO. 58630

ZONING CASE

RESOL.

PETITION

AVIATION	
BUDGET & RESEARCH	1
BUILDING INSPECTIONS	
BUILDING INSPECTIONS-HOUSE NUMBERING	
CITY WATER BOARD	
COMMERCIAL RECORDER	
CONVENTION & VISITORS BUREAU	
CONVENTION FACILITIES	
ECONOMIC & EMPLOYMENT DEVELOPMENT	
EQUAL EMPLOYMENT OPPORTUNITY	
FINANCE DIRECTOR	
ASSESSOR	
CONTROLLER	1
TREASURY DIVISION	
GRANTS SECTION	1
INTERNAL AUDIT	
RISK MANAGEMENT	
FIRE CHIEF	
HEMISFAIR PLAZA	
HUMAN RESOURCES & SERVICES	
INFORMATION RESOURCES	
LEGAL-CITY ATTORNEY	
LIBRARY DIRECTOR	
MARKET SQUARE	
METROPOLITAN HEALTH DISTRICT	
MUNICIPAL COURTS	
PARKS & RECREATION	
PERSONNEL DIRECTOR	
PLANNING	
POLICE CHIEF	
PUBLIC UTILITIES	
PUBLIC WORKS DIRECTOR	
ENGINEERING DIVISION	
ENGINEERING DIVISION-CENTRAL MAPPING	
WASTEWATER ENGINEERING	
REAL ESTATE DIVISION	
TRAFFIC ENGINEERING DIVISION	
PURCHASING	
ZONING ADMINISTRATION	
SPL. PROTECTS	1

	ROLL CALL	AYES	NAYS
MARIA A. BERRIOZABAL PLACE 1		✓	
JOE WEBB PLACE 2		absent	
HELEN DUTMER PLACE 3		✓	
FRANK D. WING PLACE 4		✓	
BERNARDO EURESTE PLACE 5		✓	
BOB THOMPSON PLACE 6		✓	
JOE ALDERETE, JR. PLACE 7		✓	
G.E. "ED" HARRINGTON PLACE 8		absent	
VAN ARCHER PLACE 9		✓	
JAMES C. HASSLOCHER PLACE 10		absent	
HENRY G. CISNEROS PLACE 11 (MAYOR)		✓	

9-19-84
FRANK PETERZ HAVING MEMO OF UNDERSTANDING EXECUTED BY PROBATIONERS. *[Signature]*

84-18

[Red stamp: #1]

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into by and between the City of San Antonio and Bona Ventures, Inc. and C.F.C. Development Company, dba Guadalupe Medical Office Joint Venture, for two ground leases; (1) to build, and cause to be operated and maintained as provided in Section H hereof, a medical office and pharmacy building (hereinafter called "medical complex") and (2) to provide adjacent surface parking (hereinafter called "surface parking"), and the parties hereto agree to the following terms and conditions:

A. 1) Parties:

Lessor: City of San Antonio

Lessee: Bona Ventures, Inc. and C.F.C. Development Company dba Guadalupe Medical Office Joint Venture

Officers: Juan J. Patlan, President of Bona Ventures, Inc.

Robert E. MacMillan, Jr., President of C.F.C. Development Company

B. Property to be Leased:

Lots 8, 9, 10, and 11, Block D, New City Block 2437, in the City of San Antonio, Bexar County, Texas plus adjacent area for parking.

C. Terms:

Twenty (20) years with two succeeding five (5) year options to renew for the medical complex. The parking lease shall be made to coincide with the expiration of the medical complex lease. Within six months of the expiration of the leases, the City of San Antonio will have the option to either buy the improvements, renegotiate one or both leases at fair market value determined by appraisal method or to sell one or both parcels according to applicable law and subject to the ownership rights of any condominium owners or association in the improvements thereon.

D. Rate:

Site for Guadalupe Medical Building:

25¢ per square foot of land per year plus Consumer Price Index or other mutually acceptable method to be applied as an escalator at every Fifth Year.

Parking Area:

11¢ per square foot of land per year plus Consumer Price Index or other mutually acceptable method to be applied as an escalator at every Fifth Year.

E. Conditions of Leases:

- 1) Purpose: Construct a medical office building and pharmacy (approximately 13,385 square feet office and pharmacy).
- 2) Lessee will provide adjacent surface parking to accommodate the needs of the medical center (approximately 56 spaces on approximately 21,000 square feet).
- 3) Lessee's activity will insure retention of jobs and Lessee will use best efforts for creation of new jobs.
- 4) Construction of the medical complex will be completed in a period of not longer than 18 months after execution of the lease.
- 5) Lessee will commence construction of the medical complex within 6 months of execution of the lease.
- 6) Lessee will complete construction of the surface parking within a period not to exceed 12 months after execution of the parking lease.

F. Mortgage of Lessee's Interest:

Lessee has the right to mortgage the leasehold with the following conditions:

- 1) Curing provisions for the Lessee and mortgagee of approximately 60 days for non-monetary default and 30 days for monetary defaults.

2) The leasehold mortgagee will have the following rights:

- a) Cure any defect of Lessee;
- b) Expel the Lessee in the event of default;
- c) Assume position of Lessee with all rights and duties under the lease.

G. Lessor's Option to Cancel:

City may cancel lease by giving written notice if any of the following occur:

- 1) Default by Lessee in performance of covenants or agreements as provided by the lease documents.
- 2) Institution of Bankruptcy proceedings.
- 3) Appointment of Receiver of Lessee's assets.
- 4) Assignment of Lessee's assets for the benefit of Lessee's creditors.
- 5) Execution of Lessee's leasehold estate.

H. After the completion of improvements and the filing of any condominium declarations and bylaws, City at City's sole option may either:

- 1) Cancel this lease after execution of individual unit ground leases for the entire premises, or after execution of a ground lease with the Condominium Association, or both, as the City may require, or
- 2) Allow Lessee to request an assignment or sublease this lease which must be approved by the City in writing, which may be given only by or pursuant to an ordinance enacted by the City Council of the City of San Antonio. Should Lessee request City's consent of an assignment or sublease of the leased premises, Lessee shall give City notice of such request which shall include the identity of and reasonable financial history and data concerning the proposed assignee or sublessee. City shall give Lessee notice of its consent or refusal of consent within 60 days after receipt of notice.

I. Miscellaneous:

Other portions of the proposed lease will cover prevailing wages if applicable, indemnification of the Lessor, liens, maintenance, liability insurance, workers' compensation, taxes, non-discrimination, approval by boards and commissions, a signed contract between Lessee and a general contractor, and the submission of a performance bond, letter of credit or other guarantee satisfactory to the City.

This memorandum is subject to the acquisition of the above described property by the City of San Antonio and the awarding and the securing of adequate CDBG funds to acquire parcels of land and complete the Avenida Guadalupe Medical Office Project.

Further, it is understood that all the conditions enumerated in Ordinance No. 58630 must be completed prior to execution of the lease between the parties.

AGREED TO this 30th day of April, 1984.

CITY OF SAN ANTONIO

BY: *[Signature]*

TITLE: *Asst City Manager*

ATTEST:

BY: *[Signature]*

TITLE: *City Clerk*

GUADALUPE MEDICAL OFFICE JOINT VENTURE

BONA VENTURES, INC.

BY: *[Signature]*
JUAN J. PATLAN

TITLE: President

C.F.C. DEVELOPMENT COMPANY

BY: *[Signature]*
ROBERT E. MACMILLAN, JR.

TITLE: President

CITY OF SAN ANTONIO

ADD-ON

Interdepartment Correspondence Sheet

TO: Mayor and City Council

FROM: Frank Perry, Special Projects Coordinator, City Manager's Office

COPIES TO: File

SUBJECT: Ordinance Authorizing Memorandum of Agreement for Ground Lease for
Guadalupe Medical Office, Pharmacy and Parking

Date April 19, 1984

SUMMARY

This ordinance authorizes the City Manager to execute a Memorandum of Understanding with Bona Ventures, Inc. and C.F.C. Development Company dba Guadalupe Medical Office Joint Venture for ground leases to build a medical office and pharmacy building with surface parking in the Avenida Guadalupe Project. The ordinance also authorizes the City Manager to terminate a previous Memorandum of Understanding connected with an Urban Development Action Grant Application which was not awarded. Staff recommends approval of this ordinance.

POLICY ISSUES

This ordinance is consistent with previously established policy to leverage private reinvestment in the Avenida Guadalupe Project. The Urban Development Action Grant Application was not successful largely because of difficulties in structuring financing under the previously authorized medical office/pharmacy building/parking arrangement. The proposed Memorandum Understanding is revised to resolve those difficulties. Basic changes are as follows:

- The development entity has been changed as authorized by the Avenida Guadalupe Association.
- The length of the ground lease has been increased from 15 years with one five year option to renew to 20 years with two five year options to renew.

To: Mayor and City Council
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April 19, 1984

FINANCIAL CONSIDERATIONS

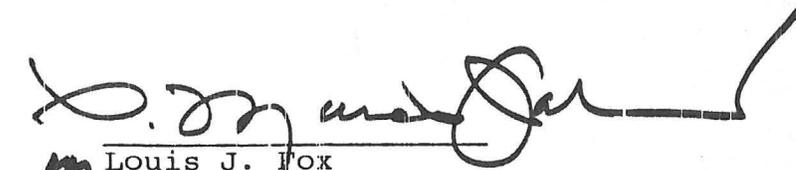
Funds for acquisition in the amount of \$252,000 to purchase property needed for parking were previously appropriated by City Council. Land for the medical office and pharmacy building has already been acquired. No additional funds are needed at this time.

The lease of the land for the site of the medical office-pharmacy building is at 25 cents per square foot per year, price indexed for escalation every fifth year. The lease of the land for parking is at 11 cents per square foot per year with escalator provisions every fifth year.

The private reinvestment to be leveraged is expected to be no less than \$1.2 million. The result of retaining medical offices and the pharmacy in the area in modern facilities and attracting additional medical offices in the project is a vital first step in encouraging additional private reinvestment in the Avenida Guadalupe Project.


Frank Perry
Special Projects Coordinator
City Manager's Office

Approved:


Louis J. Fox
City Manager