

## **ORDINANCE NO. 2024-O-19**

**AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE AGREEMENT BETWEEN THE CITY OF LAREDO AND THE ADEX TRADING, INC., FOR A PROPERTY LOCATED AT 2015 PAPPAS, CONSTITUTING OF APPROXIMATELY 97,183 SQUARE FEET OF LAND, INCLUDING APPROXIMATELY 28,366 SQUARE FEET OF BUILDING SPACE KNOWN AS BUILDING NO. 1315. LEASE TERM SHALL BE FOR FIVE (5) YEARS COMMENCING ON JANUARY 1, 2025 WITH FOUR (4) OPTIONS, EACH EQUAL TO FIVE (5) YEARS, UPON MUTUAL AGREEMENT OF THE PARTIES. THE MONTHLY RENT SHALL BE \$6,973.00 AND WILL BE ADJUSTED ANNUALLY ACCORDING TO CHANGES IN THE CONSUMER PRICE INDEX (CPI); PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, the City of Laredo ("City") is the owner of certain real property, located at 2015 Pappas, Laredo, TX, and seeks to enter into a lease agreement for said property for the purposes of warehousing, distribution, office space to optimize the utilization of airport assets; and

WHEREAS, Adex Trading, Inc. ("Tenant"), a current tenant in good standing, has expressed interest in entering into a new lease agreement with the City to continue its operations, contributing to local economic activity; and

WHEREAS, the Laredo City Council finds that entering into a lease agreement with Adex Trading, Inc. serves the best interests of the City and its residents by generating revenue and promoting business development; and

WHEREAS, all legal prerequisites for the authorization of this lease agreement have been satisfied, including public notice requirements under applicable law;

NOW, THEREFORE, BE IT ORDAINTED BY THE CITY COUNCIL OF THE CITY OF LAREDO THAT:

### **Section 1: Approval of Lease Agreement.**

The City Council hereby authorizes the City Manager to execute a new lease agreement between the City of Laredo and Adex Trading, Inc., for the property located at 2015 Pappas Street, in accordance with the terms and conditions outlined in this Ordinance.

### **Section 2: Lease Terms and Conditions.**

**1. Term of Lease.**

The Term of this Lease shall be for a period commencing on January 01, 2025 (the "Effective Date") and continuing for a period of five (5) years, ending on December 31, 2030 (the "Termination Date"). However, tenant has been granted four (4) options to extend this lease, each equal to five (5) years, upon mutual agreement of both parties.

**2. Rental Payment.**

- 3.** Commencing on the Effective Date and continuing for the Term, Tenant shall pay to Landlord Annual Fixed Rent in the amount equal to Eighty Three Thousand, Six Hundred Eighty Dollars (\$83,680.00) per year, in equal monthly installments of Six Thousand Nine Hundred Seventy Three Dollars (\$6,973.00) per calendar month.

**4. Maintenance and Repairs.**

- (a) Tenant shall, throughout the term of this lease, take good care of the leased area and the fixtures and appurtenances therein and at its sole cost and expense make all nonstructural repairs thereto as and when needed to preserve them in good working order and condition, damage from the maintenance and repair at tenant's sole cost and expense of all windows, doors, light fixtures, plumbing fixtures, painting of interior and exterior walls when needed, floor covering and other non-structural repairs and all necessary modifications to the demised premises to comply with the Americans with Disabilities Act.
- (b) Tenant is responsible for exterior trash and debris removal, janitorial maintenance, sidewalk sweeping, interior plumbing, and interior maintenance through the term of this lease. LESSEE shall provide interior janitorial maintenance
- (c) Landlord shall throughout the term of this lease maintain the structural components of the leased premises to include the roof, foundation, vertical and horizontal columns, and all other structural portions of the premises including the parking lots in good condition and repair during the term of this lease.

**5. Utilities.**

Tenant shall be responsible for the payment of all expenses and payments in connection with the use of the Property, including heat, gas, electricity, and all other utilities used on the leased premises throughout the term of this lease. Water/Sewer utility charges will be pro-rated among the buildings tenants in accordance with the Tenant's agreements with their subtenants. Tenant shall also pay for the removal of all garbage from the leased

premises.

**6. Insurance and Liability.**

(a) **Commercial Liability Insurance:** Throughout the Term of this Lease, Tenant, at its sole cost and expense, shall maintain commercial general liability insurance against liability occasioned by any accident, injury (including death) or damage suffered or occurring on or about the Premises or any appurtenance thereto. The liability policy shall be for the minimum of \$1,000,000.00 combined single limit coverage for property damage and bodily injury to any one person and general aggregate limits of \$2,000,000.00 per accident (which insurance can be satisfied by an umbrella policy maintained by Tenant), and shall list Landlord as an additional insured.

(b) **Automobile Insurance:** Throughout the Term of this Lease, Tenant, at its sole cost and expense, shall keep automobile insurance for a minimum of \$1,000,000.00 per occurrence.

(c) **Umbrella Insurance:** Throughout the Term of this Lease, Tenant, at its sole cost and expense, shall keep automobile insurance for a minimum of \$10,000,000.00 per occurrence.

(d) **Workers Compensation:** Throughout the Term of this Lease, Tenant, at its sole cost and expense, shall maintain worker's compensation insurance in such amounts and in such forms as are required by Texas state statute and/or local ordinance.

(e) **Waiver of Subrogation:** Anything in this Lease to the contrary notwithstanding, to the extent permissible by law Landlord and Tenant hereby waive any and all rights of subrogation for themselves and any insurer against each other, their respective agents, officers and employees for any loss or damage that may occur to the Premises or the Airport and to all property, whether real, personal or mixed, located in or at the Premises or the Airport, by reason of any peril to be insured under this Lease regardless of cause or origin, including negligence of the parties hereto, their respective agents, officers and employees.

**7. Use of Premises:** Tenant may and shall use the Premises solely for the purpose of warehousing, distribution, and office space.

**8. Compliance with the Laws:** During the Term of this Lease, Tenant shall comply with and cause the Property to be in compliance with all laws, rules, regulations, permits and approvals, whether or not presently contemplated

(collectively “Legal Requirements”) applicable to the Property or the uses conducted on the Premises.

**Section 3: Default and Termination.**

1. Tenant shall be in “Default” if:
  - a. LESSEE shall fail to comply with any term, covenants, or condition of this lease and fails to cure within 10 days after written notice by LESSOR;
  - b. LESSEE shall do or permit to be done any act which results in a lien being filed against the leased premises, and does not discharge of record or place bond against said lien within 30 days following written notice by LESSOR to LESSEE of the filing thereof.
2. The City reserves the right to terminate this lease, by pursuing any remedy described in Section 12.02 of the lease agreement.

**Section 4: Effective Date.**

This Ordinance shall become effective January 1, 2025.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR ON THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2024.

CITY OF LAREDO

a municipal corporation

By:

\_\_\_\_\_  
JOSEPH NEEB  
CITY MANAGER

ATTEST:

\_\_\_\_\_  
MARIO I. MALDONADO, JR  
CITY SECRETARY

APPROVED AS TO FORM:

BY: \_\_\_\_\_  
DOANH “ZONE” T. NGUYEN  
CITY ATTORNEY

