



Meeting Date: April 25, 2024 **Agenda Type:** Action Items

From: Jesse Luna **Reviewed by:** David Hubbard
Purchasing Manager Chief Administrative Officer

Submitted by: David Hubbard **Approved by:** Ryan Kelso
Chief Administrative Officer Chief Executive Officer

RECOMMENDED ACTION: Discuss and Consider Resolution #2024-184 Approving (i) the Transfer of Approximately 1.126 Acres of Real Property Located at 263 Main Plaza, New Braunfels, Texas (the “Main Plaza Property”), to the City of New Braunfels; (ii) the Lease of the Main Plaza Property from the City of New Braunfels to New Braunfels Utilities; (iii) Execution of Any and All Documents Necessary to Convey and Lease the Main Plaza Property; and (iv) Other Matters in Connection Therewith

BACKGROUND

New Braunfels Utilities (“NBU”) proposes to transfer the Main Plaza Property to the City of New Braunfels (the “City”) pursuant to a Real Estate Transfer Agreement (“Agreement”).

The Agreement provides for the conveyance of the real property and improvements that comprise the Main Plaza Property to the City on a date mutually agreed by NBU and the City (the “Transfer Date”), no later than August 1, 2024. The agreed purchase price is \$4,550,000, which will be paid as follows: (i) \$500,000 on the Transfer Date; (ii) \$500,000 on October 1, 2024; (iii) \$500,000 on October 1, 2025; (iv) \$500,000 on October 1, 2026; and (v) \$2,550,000 when NBU turns over possession of the Main Plaza Property to the City. The Main Plaza Property will be conveyed to the City as is, where is, and with all faults, pursuant to a Special Warranty Deed (the “Deed”).

The Main Plaza Property will further be conveyed to the City subject to a written lease agreement (the “Lease”) between the City, as landlord, and NBU, as tenant. The Lease provides for the use and occupancy of the Main Plaza Property by NBU for the total sum of \$10.00 from the Transfer Date until the date that is one hundred twenty (120) days after NBU obtains a final certificate of occupancy for NBU’s new headquarters located on 76 acres at the northwest intersection of I35 and Engel Road (“New Headquarters”). The City has agreed to issue a temporary certificate of occupancy to NBU for the New Headquarters upon successful completion of the inspection of the fire safety systems to enable NBU to begin moving furniture, fixtures, and equipment into the New Headquarters prior to issuance of the final certificate of occupancy.

The Agreement further permits the City to obtain a survey of the Main Plaza Property or a title insurance policy at the City's expense if the City elects to do so. Other closing costs are equitably divided between the parties according to local custom. Corridor Title is expected to conduct the transfer.

NBU staff requests that the Board approve the transfer of the Main Plaza Property to the City and the lease of the Main Plaza Property from the City to NBU, and further requests that the Board authorize the CEO or his designee to execute all documents necessary to close the transaction contemplated by the Agreement, including but not limited to, the Deed and the Lease.

This item is being presented to the Board because NBU staff must present each conveyance of real property to the Board for approval.

FINANCIAL IMPACT

NBU is expected (i) to receive \$4,550,000 from the City for the Main Plaza Property; (ii) pay rent to the City in the amount of \$10.00 under the Lease; and (iii) pay closing costs in an amount not to exceed \$3,000.00.

LINK TO STRATEGIC PLAN

Customers and Community

Infrastructure and Technology

Financial Excellence

Stewardship

EXHIBITS

1. Real Estate Transfer Agreement, together with the form Special Warranty Deed and form Lease Agreement, attached thereto as Appendix B and Appendix C, respectively.
2. Resolution #2024-184
3. Presentation