

---

## CITY OF PORT LAVACA

---

### PORT COMMISSION REGULAR MEETING: August 16, 2022

**DATE:** 8.13.2021  
**TO:** PORT COMMISSION  
**CC:** JIM RUDELLAT, HARBOR MASTER  
**FROM:** JODY WEAVER, INTERIM CITY MANAGER  
**SUBJECT:** **CONSIDER RENTAL RATES, TERMS AND LEASE AGREEMENT FOR SUITE 3  
EDWARD JONES**

---

- Edward Jones has leased Suite 3 from the City since September 1, 2003. As such they have been a long-time steady tenant and have always to my knowledge paid their rent on time without issue. The original 2003 lease was for 5 years with a 5-year option and there have been 5 amendments that extended the lease until it's current expiration date of August 31, 2022.
- The lease amount they contracted for in 2003 was \$765.00/month. The MCI in September 2003 was 166.8. The MCI in June 2022 (last date published) was 312.09, or an increase of 187%. So, \$765.00 in today's dollars per the MCI is \$1,431.35.
- Edward Jones is currently paying a total of \$1,150.00/month. Staff's recommendation as outlined in the attached information is to increase the overall lease amount to \$1,220.00/month. This would equate to an increase since 2003 of 159% or about an MCI of 266 which is what it was around March of 2021. Interestingly, this also is about the increase since 2003 using the Consumer Price Index (CPI) which would be a 161% increase. This \$1,220.00 per month is an increase of 6% over their current rate of \$1,150.00, in keeping with Council's wish to keep increases from being "too high" in any one year.
- Edward Jones is requesting a 5-year lease with fixed 3.5% increase each year. This would certainly simply staff's workload for this lease over the next 5-years. Communication with Edward Jones this year has been sporadic, but based upon my conversations two years ago, they seem to want a fixed increase and not the uncertainty of the MCI. If the Port Commission is uncomfortable getting locked into a 3.5% annual increase, perhaps we offer a 2-year lease with a 5% increase for year 2 and see where the market is for year 3 if they are still interested in the lease.
- The proposed lease agreement document is based upon Edward Jones' standard agreement with some edits on our part. Anne Marie has reviewed this and is prepared to recommend to Council that the language is satisfactory. I have put in red some provisions that differ from Edward Jones' standard and/or are things that will need further discussion from the Port Commission. Although again communication has been spotty, it is my understanding that because of the corporate nature of this tenant, it is very difficult to use anything other than their standard document (although we have made some edits to it). If the Port Commission/Council requires that only the City's standard lease document be used, then I suggest that a one-year amendment to the existing lease be entered into and we provide them written notice of this fact so they have a year to find a new location. (Note: the language of the original contract states that in the event that the Lessee should holdover or be permitted to holdover, the lessee shall be deemed a tenant wholly at will of the City).
- The Early Termination clause is included but provides for a Four (4) month rent liquated Damages payment. This matches what is included in the original 2003 lease.
- The scheduled payment for water/sewer and electrical are subject to increase with changes to the KW/hr cost and the Base Water and/or Sewer Rate.

- Lessee is responsible for payment of any ad valorem taxes assessed on the leased property if any.
- 2 parking spaces are provided in the front and 2 in the back

Attached:

- breakdown of rents for Nautical Landings office leases
- proposed draft lease agreement