

TRAVIS CENTRAL APPRAISAL DISTRICT

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April 3, 2019

THE HONORABLE CRAIG MORGAN, MAYOR
CITY OF ROUND ROCK
221 E MAIN ST
ROUND ROCK, TX 78664

It is critical that the Travis Central Appraisal District (District) certify the appraisal roll so that taxing units may prepare budgets and set tax rates. Because the deadline for certification is statutorily prescribed the District has limited options related to the timeline to complete the work. The only other recourse is to increase the staffing and physical resources dedicated to the certification effort. **The District facilities at 8314 Cross Park Drive are not sufficient for the District to meet statutory deadlines for certification.**

In order for the District to certify the appraisal roll the Appraisal Review Board (ARB) must first resolve 95% of protests filed and approve the records. Since 2005 the number of protests filed has increased from 46,495 to 142,812. To address the increased protest demand in 2018 the number of members of the ARB was increased to allow for maximum capacity of twenty panels, and because the facilities at 8314 Cross Park Drive can only accommodate ten panels, the District rented space at the Travis County Expo Center in 2018 to hold formal hearings at the maximum capacity of twenty panels. **The District contracted to rent the Travis County Expo Center for 2019; Unfortunately, in October 2018, the contract for rental was rejected by the Travis County Commissioners Court in favor of the Republic of Texas Biker Rally and the Texas Heat Wave Car Show.**

Because certification is time sensitive, **the District urgently needs a long term reliable solution to address the lack of workspace** so that we can continue to provide quality service to the taxing jurisdictions and the taxpayers of Travis County. The District explored several options to meet the growing need for additional workspace including leasing from a third party, expanding the current building, building on the lot the district owns behind its current facility, or purchasing an existing larger facility. In addition to the Expo Center we have attempted to rent space from other third parties; however, none will enter into a recurring annual short term lease with the District, and because of the infrastructure needed to support the ARB, it is not fiscally feasible to enter into new rental contracts yearly. New construction is a more expensive option and the time required for new construction would delay operational use for the 2019 and 2020 protest seasons. **The District determined the best option is for the District is to purchase an existing larger facility with sufficient space for expanded ARB panels that could be leased, contingent upon sale, for the use by the ARB for the upcoming 2019 season.**

The District will not request any additional funds from the taxing units for this real estate purchase. The District holds sufficient funds in dedicated reserves and

annually budgeted reserves for the building purchase and renovations. Additionally, the District requests that any funds from the sale or lease of its current facility be placed into its reserve accounts. The District will hold the proceeds from the sale or lease in reserve and will use the proceeds to make payments or payoff down the loan.

The District found a building located within two miles of its current facilities, with easy access from both IH-35 and 183. The total loan amount for the building and necessary renovations will not exceed \$10,000,000. The District negotiated financing for a 20 year fixed note at 4.3% interest.

The Texas Property Tax Code Section 6.051 requires acquisition or conveyance of real property by the appraisal district be approved by the governing bodies of three-fourths of the taxing units entitled to vote on the appointment of board members. Please find enclosed a copy of the resolution from the Travis Central Appraisal District for the purchase of real estate and a summary of the alternatives considered by the District. **The District needs a resolution from your governing body approving the real estate purchase by June 1, 2019. A sample resolution and sample agenda item language has been included for your convenience.**

Please feel free to contact me if you have any questions or need additional information. My contact information is: (512) 834-9317 ext. 337 or by e-mail at Mcrigler@tcadcentral.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Marya Crigler", with a stylized flourish at the end.

Marya Crigler
Chief Appraiser
Travis Central Appraisal District

RESOLUTION

APPROVAL OF TRAVIS CENTRAL APPRAISAL DISTRICT REAL ESTATE ACQUISITION

WHEREAS, Travis Central Appraisal District has demonstrated a need for additional office workspace to meet the growing demand for appraisal services; and

WHEREAS, the Board of Directors of the Travis Central Appraisal District proposed and authorized purchase of real estate located at 850 E. Anderson Lane for future expansion of the District's facilities; and

WHEREAS, Texas Property Tax Code Section 6.051 requires acquisition or conveyance of real property by the appraisal district be approved by the governing bodies of three-fourths of the taxing units entitled to vote on the appointment of board members; and

WHEREAS, sufficient funds exist in the dedicated and budgeted reserves of the Travis Central Appraisal District to purchase and renovate the real estate and **the District will not request from the taxing units any additional funds for this real estate purchase**; and

WHEREAS, any proceeds from the sale or lease of the existing office of the Travis Central Appraisal District be allocated to the District's dedicated reserve funds for future payments towards the proposed building purchase; and

WHEREAS, purchase of the proposed real estate offers the most effective solution to provide the Travis Central Appraisal District with the additional office space needed to house additional staff and service the taxing entities and the taxpayers of Travis County;

NOW, THEREFORE BE IT RESOLVED that **CITY OF ROUND ROCK** approves the Travis Central Appraisal District purchase of the real estate located at 850 E. Anderson Lane, Austin, TX in the amount of \$10,000,000 for use of appraisal district office facilities.

Passed and approved by **CITY OF ROUND ROCK** on the ____ day of _____, 2019.

By: _____.

ATTEST:

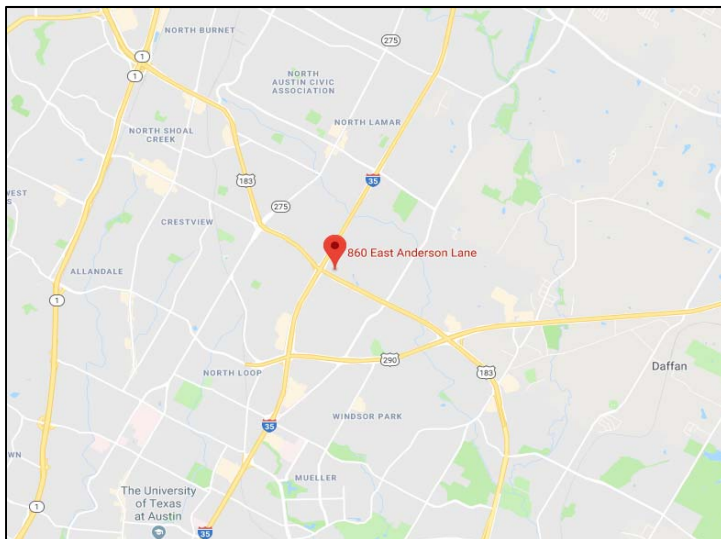
By: _____

Analysis Summary

Property	Address	Bldg Size (SF)	Occ	Year Built	Stories	Site Area	Purchase Price	Renovations	Total Cost	\$/SF	Move In Date
National Western Life	850 E Anderson Ln	72,720	0%	1975	4	2.95	\$8,550,000	\$1,450,000	\$10,000,000	\$138	06/01/2019
Citizens Plaza	400 E Anderson Ln	76,801	0%	1973	6	3.25	\$6,925,000	\$6,000,000	\$12,925,000	\$168	06/01/2020
Former Kohl's	13609 N-IH 35	86,300	0%	2001	1+	7.91	\$8,000,000	\$5,600,000	\$13,600,000	\$158	06/01/2020
New Construction	2304 Forbes Drive	60,000	0%	2021	2	1.37	\$10,425,000	\$0	\$10,425,000	\$174	01/01/2021
8000 Centre Park	8000 Centre Park Dr	62,440	89%	1985	3	3.02	\$7,805,000	\$4,000,000	\$11,805,000	\$189	01/01/2022
Executive Plaza	14205 Burnet Rd	66,976	82%	1985	6	2.65	\$11,500,000	\$1,750,000	\$13,250,000	\$198	01/01/2022



NATIONAL WESTERN LIFE



PROPERTY SPECIFICS

Address:	850 E Anderson Ln Austin, TX 78752
Sale Price:	\$8,550,000 (\$119/sf)
Submarket:	Northeast
Building Size:	72,720 SF
Occupancy:	0%
Year Built:	1975
Stories:	4 floors
Site Area:	2.95 acres
Parking:	3.44/1,000 RSF
PID(s):	234163

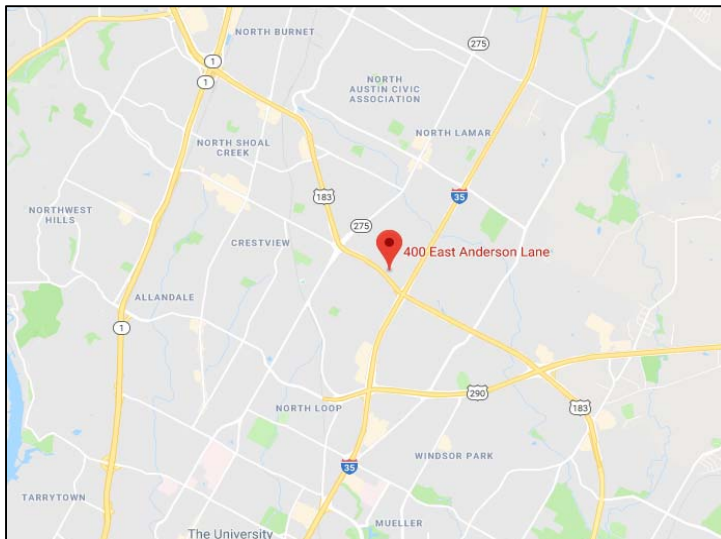
Notes:

CBRE fee simple appraisal estimates the stabilized value to be \$9,210,000 as of January 2018. This opinion of value estimates a \$1,710,000 lease-up adjustment for the vacant office.

Estimated Total Cost:

Purchase Price:	\$ 8,550,000
Improvements:	<u>\$ 1,450,000</u>
Total Cost	<u>\$ 10,000,000</u>

CITIZENS PLAZA



PROPERTY SPECIFICS

Address: 400 E Anderson Ln
Austin, TX 78752

Sale Price: \$6,925,000 (\$90/sf)

Submarket: North

Building Size: 76,801 SF

Occupancy: 2%

Year Built: 1973

Stories: 6 floors

Site Area: 3.25 acres

Parking: 4.4/1,000 RSF

PID(s): 236531, 236529,
236528

Notes:

Property is not ADA compliant and estimates \$60-70/sf to bring up to code and another \$20/sf for TI's.

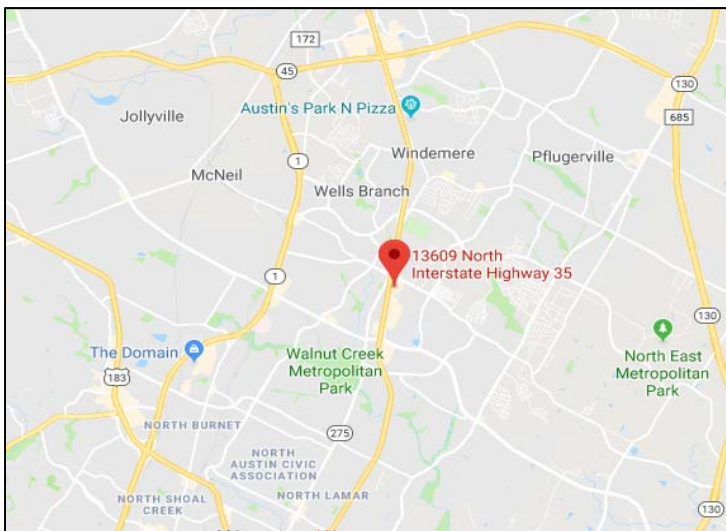
Estimated Total Cost:

Purchase Price: \$ 6,925,000

Improvements: \$ 6,000,000

Total Cost **\$12,925,000**

13609 N IH-35



PROPERTY SPECIFICS

Address:	13609 N-IH 35 Austin, TX 78753
Sale Price:	\$8,000,000 (\$93/sf)
Submarket:	Northeast
Building Size:	86,300 SF
Occupancy:	0%
Year Built:	2001
Stories:	1 Floor + Mezz
Site Area:	7.91 acres
Parking:	5.53/1,000 RSF
PID(s):	527935

Notes:

Former Kohl's Department store is Located in a community shopping center. Marketing brochure proposes retrofitting to office space. A large amount of tenant finish out would be expected for full conversion to office. With the extensive amount of renovations required, TCAD would need to rent off-site space for the 2019 ARB season.

Estimated Total Cost:

Purchase Price:	\$ 8,000,000
Improvements:	\$ 5,600,000
Total Cost	<u>\$13,600,000</u>

2304 Forbes Drive- Annex Building



PROPERTY SPECIFICS

Address:	2304 Forbes Drive Austin, TX 78754
Est Cost to Construct:	\$10,425,000 (\$150/sf)
Building Size:	60,000 SF
Year Built:	2021
Stories:	3 floors
Site Area:	1.37 acres
Estimated Parking:	4.0/1,000 RSF
PID(s):	232859

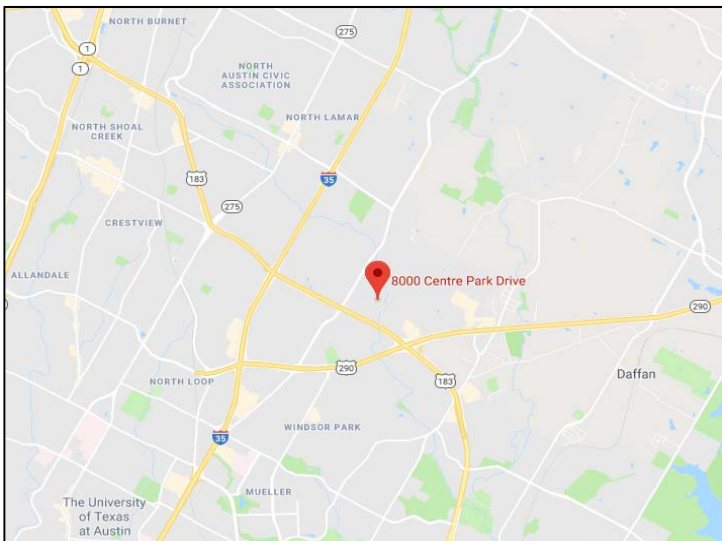
Notes:

TCAD purchased the land at 2304 Forbes Lane in 2016 for overflow parking. We estimate that constructing a 60,000 SF annex building on the property would take 18-24 months. This would require TCAD to rent an off-site ARB location for the 2019 and 2020 protest season for an estimated cost of \$300,000 per year. Construction of a building on this lot will create parking space availability issues. This solution also poses an issue with having staff split between two buildings. While that is manageable, it would be a challenge.

Estimated Total Cost:

Cost to Construct:	\$ 9,000,000
Professional Fees:	\$ 700,000
Other Services:	\$ 125,000
Total Cost	<u>\$ 10,425,000</u>

8000 CENTRE PARK



PROPERTY SPECIFICS

Address:	8000 Centre Park Dr Austin, TX 78754
Sale Price:	\$7,805,000 (\$125/sf)
Submarket:	Northeast
Building Size:	62,440 SF
Occupancy:	89%
Year Built:	1985
Stories:	3 floors
Site Area:	3.02 acres
Parking:	3.6/1,000 RSF
PID(s):	232831

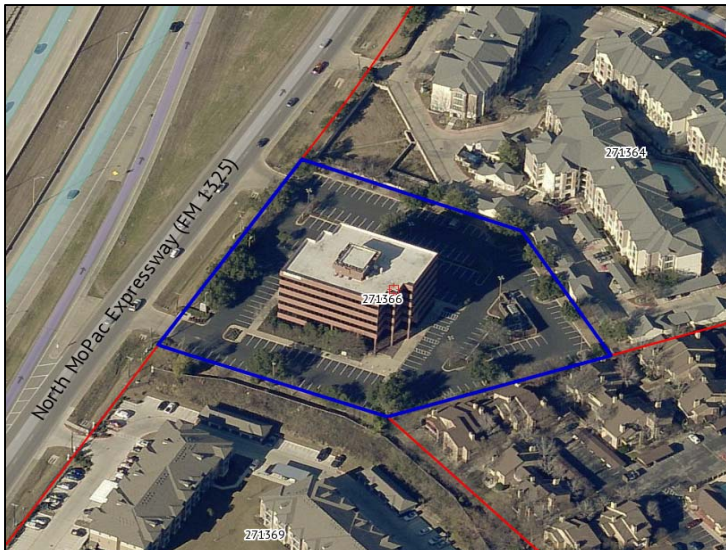
Notes:

Multi-tenant property with an estimated average remaining lease of two years. TCAD could not fully occupy the building until 2022 after a full remodel to single tenant layout. This would require TCAD to rent an off-site ARB location for the 2019, 2020 and 2021 protest season for an estimated cost of \$300,000 per year.

Estimated Total Cost:

Purchase Price:	\$ 7,805,000
Improvements:	\$ 4,000,000
Total Cost	<u>\$11,805,000</u>

Executive Plaza



PROPERTY SPECIFICS

Address: 14205 Burnet Rd
Austin, TX 78728

Sale Price: \$11,500,000
(\$172/sf)

Submarket: Far Northwest

Building Size: 66,976 SF

Occupancy: 82%

Year Built: 1985

Stories: 6 Floors

Site Area: 2.65 acres

Parking: 3.46/1,000 RSF

PID(s): 271366

Notes:

Multi-tenant property with an estimated average remaining lease term of two years. TCAD could not fully occupy the building until 2022. The building has small floor plates which is not ideal for TCAD purposes. This would require TCAD to rent an off-site ARB location for the 2019, 2020 and 2021 protest season for an estimated cost of \$300,000 per year.

Estimated Total Cost:

Purchase Price:	\$11,500,000
Improvements:	\$ 1,750,000
Total Cost	<u>\$13,250,000</u>

20190114-14 RESOLUTION
BY THE BOARD OF DIRECTORS OF THE
TRAVIS CENTRAL APPRAISAL DISTRICT APPROVING THE
ACQUISITION OF REAL PROPERTY FOR AN APPRAISAL OFFICE

WHEREAS, the Travis Central Appraisal District (the "District") is a county appraisal district under the provisions of Texas law; and

WHEREAS, as such, under Section 6.051 of the *Texas Tax Code* the District may purchase or lease real property and construct improvements as necessary to establish and operate the appraisal office of the District; and

WHEREAS, the District is seeking financing for the acquisition and renovation of real property and improvements to serve as an appraisal office; and

WHEREAS, after considering various options for such financing, the Board has determined that the financing structure proposed by Government Capital Corporation provides the best value for the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TRAVIS CENTRAL APPRAISAL DISTRICT:

1. That the above recitals are true and correct.
2. That the financing for the acquisition of real property, tenant improvements, and finish out renovations for an appraisal office be awarded to Government Capital Corporation ("GCC") in a principal amount not to exceed \$10,000,000 at a fixed interest rate not to exceed 4.35% per annum.
3. That the financing shall be in the form of a lease purchase agreement whereby the District will enter into a twenty (20) year lease purchase agreement (the "Agreement") with GCC, or its assigns, the District will make quarterly lease payments in an amount not to exceed \$750,000 annually, to GCC or its assigns, during the term of the Agreement and upon the expiration of the term of the Agreement GCC, or its assigns, will convey fee simple title to the property to the District.
4. That the annual liability to the taxing entities of Travis County, who fund that District's annual budget, will not increase due to the payments associated with this lease purchase agreement.
5. That the Chief Appraiser be and is hereby authorized to negotiate the final terms of the Agreement and related financing documents with the winning proposer and to execute all such documents on behalf of the District.
6. That it is officially found and determined that this meeting was open to the public as required by law, and that notice of the time, place and subject matter of this meeting has been posted in the manner required by law.

Adopted this 14th day of January, 2019.

TRAVIS CENTRAL APPRAISAL DISTRICT

By: W. Thomas Buckle
Blanca Zamora Garcia, Chair
Board of Directors

W. THOMAS
BUCKLE

ATTEST:

By: James Valadez
James Valadez, Secretary
Board of Directors