



Recommendation for Action

File #: 20-1790, **Agenda Item #:** 14.

4/23/2020

Posting Language

Consent to the proposed sale by Catellus Austin, LLC or related entity of approximately 3.7 acres along Aldrich Street between 51st Street and Barbara Jordan Boulevard to Teacher Retirement System of Texas to be used for administrative offices.

Lead Department

Economic Development.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

Council Resolution No. 041202-55 authorized the execution of the Mueller Master Development Agreement with Catellus Austin, LLC to redevelop the Robert Mueller Municipal Airport. Approved on Mayor Pro Tem Goodman's motion, Council Member Slusher's second on a 7-0 vote.

With Ordinance No. 041216-83, Council created Reinvestment Zone Number Sixteen (Mueller TIRZ) to help fund infrastructure reimbursement within Mueller. Approved on Council Member Slusher's motion, Mayor Wynn's second on a 7-0 vote.

RCA 20110526-019 approved the sale by Catellus Austin, LLC of a 4.46 acre parcel along Mueller Boulevard between 51st Street and Barbara Jordan Boulevard to the Austin Independent School District to be used for the construction of a Performing Arts Center. Approved on Council Member Morrison's motion, Council Member Spelman's second on a 7-0 vote.

For More Information:

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Council Committee, Boards and Commission Action:

Resolution 20200310-003B: Robert Mueller Municipal Airport Plan Implementation Advisory Commission recommendation to Council to consent to the sale of approx. 3.7 acres in Mueller for administrative offices to be built for the Teacher Retirement System of Texas. Approved on a 6-2 vote. Commissioners Hilliard and Neider voted nay. Commissioner Ronsonette was absent.

Commissioners Lima and Jackson recused.

Additional Backup Information:

In December of 2004, the City entered into a Master Development Agreement (MDA) with Catellus Austin, LLC to redevelop the Robert Mueller Municipal Airport. The MDA governs the disposition of land at Mueller, including the parcel that is proposed to be sold to Teacher Retirement System of Texas (TRS) for the TRS offices.

Catellus will purchase the parcel at fair market value from the City through the existing MDA authority and by the process set forth in the MDA. Under Section 8.1(p) of the MDA, Catellus is not allowed sell any portion of the property to a tax-exempt entity without the approval of the City Council.

In 2019, TRS initiated a competitive process to relocate their administrative offices by issuing a Request for Qualification/Proposal to select a site for their offices to be constructed. Catellus submitted a proposal for a site at Mueller and was subsequently selected as the preferred candidate. TRS is aware that under the MDA any contracts for land to be transferred to a governmental authority are contingent upon approval of the City Council.

Institutional offices, such as TRS, are a particularly desirable use for Mueller because they provide a reliable long-term employment base not typically subject to market cycles, helping fulfill Mueller's envisioned balance of jobs and housing. This use for the selected site is in line with the Mueller Design Book's Illustrative Plan, which identifies the site as office (Mixed-Use Commercial), and in compliance with the Mueller PUD zoning.

Background on MDA Section 8.1(p)

MDA Section 8.1(p), requiring Council consent for property sales to tax-exempt governmental authorities, was included in the MDA to ensure that the City could fulfill the bond payment obligations of a Tax Increment Reinvestment Zone. Reinvestment Zone Number Sixteen (Mueller TIRZ) was created with Ordinance No. 041216-83 to help fund infrastructure reimbursement within Mueller.

The status of the Mueller TIRZ is publicly reported to the Robert Mueller Municipal Airport Plan Implementation Advisory Commission [[Update on Mueller Financing](http://www.austintexas.gov/edims/document.cfm?id=331541) [<http://www.austintexas.gov/edims/document.cfm?id=331541>](http://www.austintexas.gov/edims/document.cfm?id=331541), 11/12/2019]. As of 2018 the annual debt service is \$4.5 million, and the current revenue is \$6.2 million for the Mueller TIRZ. Because annual revenue well exceeds annual debt service the bond payment obligations will not be impacted by a sale to a tax-exempt governmental authority.

Strategic Outcome(s):

Economic Opportunity and Affordability.