



City of Austin

Recommendation for Action

File #: 24-4095, Agenda Item #: 65.

3/21/2024

Posting Language

Authorize the negotiation and execution of all documents and instruments necessary or desirable to acquire in fee simple approximately 107.1 acres, together with all improvements thereon, including two buildings totaling 189,765 square feet of office and flex space, for public purposes including municipal offices, located at 2400 Grove Boulevard and 5601 Riverside Drive, Austin, Texas 78741, Travis County, Texas, from Tokyo Electron U.S. Holdings, Inc., for a total amount not to exceed \$87,045,000 including closing costs. Related to Items #63 and #64.

Lead Department

Financial Services Department.

Fiscal Note

Funding is available in the Capital Budget of the Financial Services Department and the Housing Department.

For More Information:

Kimberly Olivares, Financial Services Department, 512-974-2924; Michael Gates, Financial Services Department, 512-974-5639; Brandon Williamson, Financial Services Department, 512-974-5666; Mandy DeMayo, Housing Department, 512-974-1091.

Additional Backup Information:

This item is for the acquisition of an approximately 107.1-acre site, consisting of a 46.78-acre tract with two buildings totaling 189,765 square feet of office and flex space, plus two additional vacant tracts of land totaling approximately 60.3 acres, for public purposes, including municipal offices and the possible future development of income-restricted housing. The general location of this property is 2400 Grove Boulevard and 5601 Riverside Drive, Austin, Texas 78741.

As part of the transaction, Tokyo Electron desires to lease back the entirety of the two buildings, totaling 189,765 square feet, on the 46.78-acre portion of the property, from the closing date through December 31, 2024, with the option to extend on a month-to-month basis through March 31, 2025, at a minimum annual rent of \$22.00 per square foot of R&D space and a minimum annual rent of \$26.00 per square foot of office space, plus operating expenses.

An independent, third-party appraisal was procured to establish the fair market value of the proposed acquisition. The appraisal supports the purchase price of \$87,000,000. The amount of the purchase price plus closing costs is not to exceed \$87,045,000.