



To: Mayor Coleman
Mayor Pro Tem Gonzales
Councilman Cooper
Councilman White
Councilwoman Sattler
Councilman Marshal

From: Floyd M. Akers
Executive Director

Cc: Brandon Wade
City Manager

Date: October 1, 2012

Subj: Executive Summary for October 9, 2012 Council Meeting
Project Jersey Pre-lease of 60,000 sq. ft. out of 120,000 sq. ft. building

Project Jersey ((2) 120,000 sq. ft. manufacturing/warehouse buildings) is a project that PCDC has been pursuing for over a year. Due to increased banking requirements money has been tight and a large pre-lease agreement is necessary to start this project. PCDC has a contract to sell a 15+ acre tract to the 130 Commerce L.L.C. for \$3 per foot. The cost basis in the land is \$1.36 per foot. After the note is paid PCDC should gain approximately \$1,000,000 in the sale. PCDC has agreed to lease the first 60,000 sq. ft. of shell space in the building for \$408,000 per year for 5 years plus (NNN) taxes, maintenance and insurance. The Landlord has agreed to pay PCDC up to \$63,000 per year for taxes, maintenance and insurance which should give PCDC an effective lease rate of \$5.75 per sq. ft.

I strongly believe that PCDC will lease this building by or within 6 months of the issuance of a Certificate of Occupancy. However, if we are unable to do so we may utilize the gain in the property sale to subsidize the lease for two years without cost to PCDC.

The Austin Chamber of Commerce has repeatedly proven to me and my staff that 90% of the projects they receive require existing space. In addition, HID Global told us we lost out to Tech Ridge because our site was a "Pioneering Site" and they did not want to be the first company to build in the middle of a field.

I believe the evidence is strong that this project will stimulate significant job growth and capital investment on a side of Pflugerville that will also increase sales tax receipts and property tax receipts significantly in the City.