

# TRS' New Headquarters (mid-2025): Your Questions Answered



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## Why is the Teacher Retirement System of Texas (TRS) moving its headquarters?

TRS first moved into the agency's current headquarters at 1000 Red River in downtown Austin 50 years ago. Today, downtown travel and parking can be difficult for our growing number of members. Also, a new, modern space will allow for efficiencies in how we serve our members and provide an enhanced member experience.

Further, our agency was out of room and was leasing office space nearby. The downtown campus also needs significant maintenance. In 2022, Austin's real estate market created an ideal opportunity to sell the aging Red River property and purchase a more cost-effective space that TRS owns outside Austin's Central Business District (downtown).

## Where is the new campus located?

The site is located in the Mueller Business District, a mixed-use community north of downtown Austin. The location is east of IH-35 and north off Airport Boulevard. Comprised of two buildings named Alpha and Bravo, the campus will offer TRS members and visitors better access that includes dedicated on-site parking. It is also close to community amenities.

While some TRS staff moved into the Alpha building in 2023, the public-facing Bravo building is due to open in mid-2025. Until that time, all in-person TRS benefit counseling and other services will continue to be provided at the current location at 1000 Red River in Austin.

## When will the move happen?

The new Mueller campus is made up of two buildings, named Alpha and Bravo. As of October 2023, staff assigned to Alpha had all moved in. Those assigned to the member-facing Bravo building, now under construction, are expected to begin moving in mid-2025.

## Will this affect the actuarial soundness of the fund?

No. The purchase of the new campus can be seen as a transfer of cash assets to a real estate capital asset. In other words, the purchase price is not material to actuarial soundness. Further, as a long-term capital asset, the new headquarters is expected to rise in value over time.

## Will this impact the ability of members to get a future Cost-of-Living-Adjustment (COLA) increase?

No. The 86th Texas State Legislature approved phased-in benefit contribution enhancements. This helped allow the

pension fund to become actuarially sound. That fiscal soundness permits lawmakers to consider providing future cost-of-living allowance increases or other one-time, supplemental payments. Again, the purchase price is not material to future COLA increases, especially because TRS is realizing the value locked in the Red River property as a partial offset to the purchase price. To learn more about the pension trust fund's actuarial health, please view this [video series](#).

## What will the new campus cost?

The total purchase price of the new campus is expected to be around \$340 million, considering inflationary impacts and other factors. The campus will be considered a capital asset and is real estate that is expected to appreciate in the years ahead. The purchase cost will be partially offset by the sale of TRS' current headquarters in October 2022 for \$108 million. Further cost savings will be realized by avoiding office leases for additional space and maintaining aging infrastructure.

## Where are the remaining funds coming from to pay for the new campus?

The funds will come from the pension assets, as was the case in 1972-73 for the original land purchase and construction of TRS' current headquarters at 1000 Red River in Austin. While the pension trust fund is allocating funds upfront, they will effectively remain within the pension in the form of a capital asset. TRS expects that the value of the new property will increase in the long term.

## What is the size of the new campus?

The new TRS headquarters at Mueller includes two six-story buildings with office space totaling 450,000 square feet. This will allow for future expected growth in a single location that the pension trust fund owns. In the short-to-medium term, unused space in the Alpha building is being leased to outside businesses. This will realize funds from lease agreements that will be returned to the pension fund, further offsetting overall costs. Retail space on the first floor of Alpha is managed by the building's condominium association and owned by the community's master developer Catellus. From an operating efficiency (heating & cooling) perspective, the Alpha and Bravo buildings are designed to meet LEED (Leadership in Energy and Environmental Design) certification standards. Alpha's core and shell are LEED Silver-certified.

## How was the site chosen?

TRS staff undertook an extensive planning and search process with the assistance of a local real estate firm before presenting finalist properties to the board of trustees in early 2020.

Priorities included a location outside of Austin's downtown, yet accessible to our membership. The COVID-19 pandemic temporarily halted the planning process, which resumed in 2021.

### **Why didn't TRS just renovate the Red River campus?**

Estimated maintenance costs total \$50 to \$75 million for the current facilities. However, those fixes would only allow the Red River campus to remain occupied. They add no value to the facilities. Those funds, once spent, would be gone.

Further, addressing maintenance needs does nothing to address the space shortage. Expansion upward of the existing campus is restricted by the [Capitol View Corridors](#). Also, the new buildings will incur none of the same ongoing costs and, in the long run, will be more efficient to operate (heat and cool, etc.).

### **Why move to the Mueller development area?**

TRS evaluated proposals from developers for locations throughout the greater Austin metro area. We selected Mueller because it provides the best value and offers members a better experience while getting the agency out of downtown. The TRS move also aligns with plans of [other state agencies](#) to get out of leased or aging space.

### **What has been the timeline for this project?**

The planning process for TRS' long-term facilities has been underway since 2014 and resumed in early 2019. After the pandemic eased and the economy began its recovery in 2021-22, Austin experienced a significant rise in real estate values. It became evident there was an advantage to capitalizing on an active commercial real estate market to realize the maximum value for our current campus. The longer TRS waited to move, the more opportunities would have dissolved, and the higher future costs would have been.

### **How have you been keeping members informed about this project?**

TRS has provided a public update on Long-Term Facilities at every board meeting since early 2019.

TRS initially engaged with its board of trustees on a Long-Term Facilities project in 2014. The issue was deferred at that time. In 2018, TRS resumed the search for a long-term space solution to house all its employees in one location. By early 2020, TRS moved forward with negotiations with three finalist developers and began contract negotiations.

### **TRS leadership has pointed out the success of the agency's work-from-home efforts during the pandemic, why do you need new space?**

Members consistently state they prefer face-to-face counseling sessions and to support that function, many staff are necessary to work on-site. While the pandemic demonstrated that certain staff could work remotely some of the time, many staff are needed onsite to support member-critical business processes.

Further, many employees work better when working together in person. This is especially true for onboarding and training new employees. As a result of lessons learned from the pandemic, we modified (shrunk) the footprint of our original generational solution by 15%.

### **Why does TRS need 1,000+ staff to run the fund?**

Between 1972 and today Texas experienced extraordinary population growth, increasing from about 12 million people to more than 30 million. TRS membership and the services the pension fund provides have also grown accordingly.

While TRS has a more efficient staff ratio among public pension plans at 1.9 front-office employees per 10,000 members, TRS still expects to double in size by 2050 to meet members' needs. Today the pension is valued at around \$200 billion, the sixth largest in the U.S. and among the top 20 funds of its kind in the world.

The new headquarters will include a larger Member Experience Center and office space for staff, necessary to provide the service and retirement support members will need moving into the future. TRS is also improving its service model by considering and opening regional offices. In late 2022, TRS successfully opened a [regional office in El Paso](#) to provide additional counseling services in the region.

### **How does the Indeed Tower lease figure into this?**

Indeed Tower was sold on June 23, 2021, and TRS' lease was terminated when the sale closed. TRS has no further interest in, or obligations related to, Indeed Tower. A news release is available [here](#).

### **Do our state lawmakers know about this plan?**

Yes. TRS consistently meets with legislators and their staff to keep them apprised of our efforts.