



**January 17, 2020**

### **TRS of Texas Statement re: Indeed Tower lease rates**

Texas is growing and with it, the membership of the state's teacher retirement system (TRS). This past fiscal year (ending 8/31/2019) TRS membership surpassed 1.6 million. This number is projected to grow above two million by 2026. Accordingly, TRS continues to prudently plan for this growth in all areas so we can provide Texas' active and retired educators the level of service they expect.

One important piece of that effort is providing appropriate space for our 180-person Investment Management Division (IMD) which must responsibly manage a growing and increasingly complex Trust fund currently valued at more than \$160 billion. While the trust is funded from employer and employee contributions, nearly two thirds of the fund's revenue comes from investment returns, reducing reliance on the use of taxpayer dollars.

TRS remains committed to transparency. Last fall, we agreed to share lease rate information for Indeed Tower once doing so would not put TRS at a competitive disadvantage in the marketplace. We followed an Attorney General ruling to withhold certain information until critical work on the System's long-term infrastructure needs was concluded.

That work relates to plans shared publicly at our December 2019 board meeting to enter into a contract with a developer to come up with a long-term space plan for our entire agency. We have outgrown the current building located on highly desirable downtown property at 1000 Red River St.

### **Securing space for the Investment Management Division**

As the now-public lease rate chart for Indeed Tower shows, TRS was able to secure three floors that will more efficiently house our growing number of investment management employees. Because TRS committed early to the Indeed Tower, we were able to stabilize the rent and negotiate favorable pre-construction rates for the 100,000 square feet. Today, 18 months later, those lease rates are well below current rents for comparable space in Austin's tight rental market. The IMD space planning process began in late 2017 with examining long-term options that were both financially responsible and economically smart. At that time, it had become apparent there was a lack of sufficient expansion space at our offices at 816 Congress Avenue. Appropriate work space remains an important factor for the IMD to continue to recruit and retain top investment talent in a dynamic, professional workplace.

Most important through this process, we remain focused on being responsible to TRS' members and making sound investments and prudent decisions about their money for generations.

Brian Guthrie,

Executive Director, Teacher Retirement System of Texas