

# HEALTH & HUMAN SERVICES DEPARTMENT

4220 JIMMY JOHNSON BLVD | PORT ARTHUR, TEXAS 77642



## OFFERING MEMORANDUM

Represented By:  
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In Association with Texas Designated Broker:  
Paul Blackburn | Blackburn Properties | TX License # 376821

**CIA**  
commercial  
investment  
advisors

# INVESTMENT OVERVIEW

TEXAS GOVERNMENT OFFICE  
PORT ARTHUR, TEXAS

## TEXAS GOVERNMENT OFFICE

LOCATION	4200 Jimmy Johnson Blvd. Port Arthur, TX 77642
MAJOR CROSS STREET	Twin City Hwy and Jimmy Johnson Blvd
TENANT	State of Texas (AAA Credit Rating)
PURCHASE PRICE	\$4,327,000
CAP RATE	7.75%
OCCUPANCY	100%
BUILDING SQ FT	17,325
PRICE PER SQ FT	\$249.75
LEASE COMMENCEMENT	September 1, 2016
LEASE ENDS	August 31, 2026
RENTAL ESCALATIONS	50% of CPI Annually
LEASE TYPE	Modified Gross
OWNERSHIP	Fee Simple-Land/Building
YEAR BUILT	2016
LOT SIZE	± 3.197 Acres*



The State of Texas has ratings of AAA, Aaa & AAA from S&P Global, Moody's & Fitch respectively. Texas has been highly rated due to its above-average population growth, well-developed infrastructure and trade networks, large and diverse economic base, financial reserves and strong financial management and budgetary practices. Although this single lease is guaranteed by the State of Texas, this property is home to two (2) different State Agencies: Texas Department of Family and Protective Services (DFPS) and the Texas Health and Human Services Commission (HHSC).

In September 2016, Texas began transforming how it delivers health and human services to qualified Texans with a goal of making the Health and Human Services System more efficient and effective. The new accountable, restructured system:

- Makes it easier to find out about services or benefits that you might qualify for.
- Better integrates similar programs and services, removing bureaucratic silos.
- Creates clear lines of accountability within the organization.
- Includes well-defined and objective performance metrics for all organizational areas.

## HIGHLIGHTS

LEASE: 10 Year Term - Commencing September 2016

TENANT: State of Texas (AAA Credit Rating)

INCOME TAX-FREE STATE

2019 DEMOGRAPHICS (10-MI): Total Population: 144,063  
| Avg HH Income (10-MI): \$66,225 | Population Growth 2010-2019 (10-MI): + 2.48%



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# FINANCIAL ANALYSIS

TEXAS GOVERNMENT OFFICE  
PORT ARTHUR, TEXAS

## TENANT SUMMARY

Tenant	State of Texas (AAA Credit Rating)
Purchase Price	\$4,327,000
Cap Rate	7.75%
Actual Occupancy	100%
Usable Square Footage	17,325 SF
Price Per SF	\$249.75
Year Built	2016
Lot Size	±3.197 Acres
Financing	All Cash or Buyer to Obtain New Financing

## RENT ROLL

TENANT	SQ FT	ANNUAL BASE RATE/SF	ANNUAL BASE RENT	MONTHLY BASE RENT
DFPS	7,662	\$23.58	\$180,663.60	\$15,055.30
HHSC	6,410	\$23.58	\$151,142.52	\$12,595.21
DARS	1,329	\$23.58	\$31,336.68	\$2,611.39
DADS	845	\$23.58	\$19,924.44	\$1,660.37
	16,246		\$383,067.24	\$31,922.27

### TERMINATION OPTION

This Lease is contingent upon the majority approval by a quorum of the Commission members of the Texas Facilities Commission. If the Commission does not approve the Lease, it may be terminated by the State of Texas without liability upon 30 day notice to the Lessor.

## ANNUALIZED OPERATING DATA

INCOME	ACTUAL
2019 Gross Rental Income	\$413,221
GROSS ANNUAL INCOME	\$413,221
EXPENSES	
Operating Expenses	(\$65,462)
Property Management	(\$12,397)
TOTAL EXPENSES	(\$77,859)
NET OPERATING INCOME:	\$335,362

## 2019 ANNUALIZED OPERATING EXPENSES

PROPERTY TAXES	\$44,286
PROPERTY INSURANCE	\$4,992
REPAIRS AND MAINTENANCE RESERVES	\$9,600
EXTERMINATING	\$1073
LANDSCAPING	\$4050
FIRE MONITORING	\$1,461

**TOTAL OPERATING EXPENSES:** **\$65,462**

\*UTILITIES & JANITORIAL PAID BY TENANT\*



# TENANT OVERVIEW

TEXAS GOVERNMENT OFFICE  
PORT ARTHUR, TEXAS

## TEXAS STATE LEASE SERVICES

TFC's State Leasing Services program procures and manages leased facilities to meet state agencies operational needs throughout the State of Texas. The program manages approximately 819 active leases for office, warehouse, and training purposes for 37 state agencies in 283 Texas cities and towns.

The program evaluates agencies facilities requirements; monitors real estate market rent and operating cost characteristics and procures, negotiates and manages lease contracts that represent the best value to the State. TFC's leasing portfolio is approximately 10.2 million square feet with a monetary value of approximately \$158 million.

<http://www.tfc.state.tx.us/divisions/commissionadmin/prog/commissioners/meeting-agendas-and-minutes/>



## TEXAS FACILITIES COMMISSION

The Texas Facilities Commission (TFC) builds, supports, and manages over 28 million square feet of state-owned and leased facilities that house over 62,000 state employees in over 100 state agencies, all working in the service of the citizens of Texas.



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## AGENCIES OCCUPYING PREMISE



**TEXAS**  
Health and Human  
Services

### TEXAS HEALTH AND HUMAN SERVICES

TYPE GOVERNMENT  
HEADQUARTERS AUSTIN, TEXAS  
<https://hhs.texas.gov/>

Experienced HHSC employees deliver benefits and services, including:

- Medicaid for families and children.
- Long-term care for people who are older or who have disabilities.
- Supplemental Nutrition Assistance Program food benefits and Temporary Assistance for Needy Families
- Behavioral health services.
- Services to help keep people who are older or who have disabilities in their homes and communities.
- Services for women and people with special health needs.

The agency also oversees regulatory functions including:

- Licensing and credentialing long-term care facilities, such as nursing homes and assisted living.
- Licensing child care providers.
- Managing the day-to-day operations of state supported living centers and state hospitals.

**TEXAS**  
Department  
of Family and  
Protective Services



### TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

TYPE GOVERNMENT  
HEADQUARTERS AUSTIN, TEXAS  
<https://www.dfps.state.tx.us/>

Many direct client services performed by DSHS, such as services for women, children and people with special health care needs transferred to HHSC in September 2016. The agency's mission is to improve the health, safety and well-being of Texans through good stewardship of public resources and a focus on core public health functions. DSHS is well-positioned to provide statewide leadership to promote safe and healthy communities and population-based strategies to address public health issues.

DSHS serves as the population and public health authority for Texas by:

- Providing vital statistics, such as birth and death records.
- Compiling and disseminating health data on numerous topics.
- Administering chronic and infectious disease prevention and laboratory testing efforts.
- Leading the public health response to disasters, disease threats and outbreaks.
- Licensing and regulating facilities on topics from asbestos to mobile food establishments to youth camps.







# AERIAL



**MidJefferson**  
Extended Care Hospital  
48 BEDS

Walgreens

**SUBWAY**  
MARBLE SLICED CREAMER

**TEXAS**  
Health and Human Services

PORT ARTHUR BEAUMONT HWY

LAKE ARTHUR DRIVE

Central Mall is an enclosed shopping mall anchored by Bed Bath & Beyond, Dillard's, JC Penney, Sears, Stage, Target and TJ Maxx with 65 retail shops and a movie theater. They have over 5 million visitors per year.

**MEMORIAL HIGH SCHOOL**  
2,145 STUDENTS

E FARM TO MARKET RD 365

TURTLE CREEK DRIVE

JIMMY JOHNSON BLVD 5,430 CPD

HWY 287 287

CVS



PAPA JOHN'S



Cane's

metro

MATTRESS FIRM



Cheddar's

SALTGRASS

WAFFLE HOUSE

LAQUINTA



**CONN'S**  
HomePlus  
**BOOT BARN**

**THE MEDICAL CENTER OF SOUTHEAST TEXAS**  
224 BEDS

**BEST BUY**  
**ROSS**  
DRESS FOR LESS

**BUFFALO WILD WINGS**  
**DOLLAR TREE**  
**Chick-fil-A**

SONIC

**Walmart**  
**Lowes**  
**Office DEPOT**  
**Academy**  
**HOBBY LOBBY**  
**PETSMART**  
**GameStop**  
**McDonald's**  
**FedEx**  
**TEXAS**  
**DISCOUNT TIRE**  
**IHOP**  
**Jack in the box**

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# AERIAL ZOOMED OUT

R|B|F



**N**  
Bulldogs  
NEDERLAND  
HIGH SCHOOL  
1,546 STUDENTS

**N**  
Bulldogs  
WILSON  
MIDDLE SCHOOL  
826 STUDENTS

Walgreens

BLIMPIE  
AMERICA'S SUB SHOP

FAMILY  
DOLLAR

DQ  
Grill & Chill



PORT NECHES  
MIDDLE SCHOOL  
1,479 STUDENTS



GROVES  
MIDDLE SCHOOL  
571 STUDENTS

Chicken  
EXPRESS

H&R BLOCK

H-E-B Sprint  
Papa John's SUPERCUTS

Jack  
in the box

LOUISIANA  
POPEYES

Central Mall is an enclosed shopping mall anchored by Bed Bath & Beyond, Dillard's, JC Penney, Sears, Stage, Target and TJ Maxx with 65 retail shops and a movie theater. They have over 5 million visitors per year.

planet fitness  
BIG LOTS!

Walgreens

Walmart

BAYMONT  
INN & SUITES

TEXAS  
Health and Human  
Services

MidJefferson  
Extended Care Hospital  
48 BEDS

SUBARU

Ford

McDonald's

Shell

TOYOTA

AVIS

KUSA Aviation

ROSS  
DRESS FOR LESS

Walmart

LOWE'S

HARBOR  
FREIGHT  
TOOLS

Conn's  
HomePlus

BOOT  
BARN

Shell

JACK BROOKS  
REGIONAL AIRPORT

Steward

THE MEDICAL CENTER OF  
SOUTHEAST TEXAS  
224 BEDS





# AERIAL CITY VIEW



VETERANS  
MEMORIAL  
PARK

OAK BLUFF  
MEMORIAL PARK

FAIRLEA  
PARK

RBF

NECHES  
RIVER

DOW



H-E-B

Central Mall is an enclosed shopping mall anchored by Bed Bath & Beyond, Dillard's, JC Penney, Sears, Stage, Target and TJ Maxx with 65 retail shops and a movie theater. They have over 5 million visitors per year.

Walmart



MOTIVA



JACK BROOKS  
REGIONAL AIRPORT

Walmart



PORT ARTHUR  
REFINERY

DOLLAR GENERAL

JD MURPHEE STATE  
WILDLIFE MANAGEMENT  
AREA



# LOCATION OVERVIEW

Port Arthur is a city in Jefferson County, within the Beaumont–Port Arthur metropolitan area of Texas. A small, uninhabited portion extends into Orange County. It is 90 miles east of Houston. In 1895, Arthur Stilwell founded Port Arthur, and the town quickly grew. Port Arthur was incorporated as a city in 1898 and soon developed into a seaport. It is host to the largest oil refinery in the United States (the 600,000 bpd Saudi Aramco - Motiva Enterprises refinery).

Port Arthur Independent School District, with an enrollment of more than 10,000 students, is the primary public school system serving Port Arthur. The district currently has one high school, five secondary schools, eight elementary schools and four campuses for special services such as vocational and technical programs and early childhood programs.

Motiva Enterprises, headquartered in Houston, owns and operates the Port Arthur Refinery with over 1,000 employees. On May 25th, 2012, Motiva officially completed its expansion of the refinery to a capacity of 600,000 bpd making it the largest refinery in North America and the fifth largest in the world. Motiva's products include diesel, gasoline, liquefied petroleum gas, aviation fuel and lubricants which it supplies to American states in the South, Mid-Atlantic, and the Northeast. Marketing outlets include 5200 Shell and 76-branded service stations. There are 24 storage and distribution terminals.

Lamar State College-Port Arthur is a two-year institution that offers freshman- and sophomore-level work in about 50 academic and technical fields of study. The college is part of the Texas State University System. The campus has nearly 25 buildings located on 40 acres of property. It is the site of several major new building and renovation projects, including a new athletic/multi-purpose center, and an expanded library. They have a student enrollment of 2,604.

## 2019 DEMOGRAPHICS

### 2019 ESTIMATED POPULATION

1-MILE .....	10,661
5-MILE .....	96,943
10-MILE .....	144,063

### 2019 AVERAGE HOUSEHOLD INCOME

1-MILE .....	\$67,713
5-MILE .....	\$68,283
10-MILE .....	\$66,225

### 2019 ESTIMATED DAYTIME POPULATION

1-MILE .....	7,866
5-MILE .....	73,410
10-MILE .....	103,554





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**By accepting this Marketing Brochure you agree to release Commercial Investment Advisors, Inc. | CIA Brokerage Company hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of any property.**



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## Information About Brokerage Services

*Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.*

11-2-2015



### TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

### A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

### A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

**AS AGENT FOR OWNER (SELLER/LANDLORD):** The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

**AS AGENT FOR BUYER/TENANT:** The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

**AS AGENT FOR BOTH - INTERMEDIARY:** To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

**AS SUBAGENT:** A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

### TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

**LICENSE HOLDER CONTACT INFORMATION:** This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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_____ <small>Sales Agent/Associate's Name</small>	_____ <small>License No.</small>	_____ <small>Email</small>	_____ <small>Phone</small>

\_\_\_\_\_  
Buyer/Tenant/Seller/Landlord Initials

\_\_\_\_\_  
Date