

**EXECUTIVE SUMMARY**

---

**ITEM NAME: Amendment of the Intergovernmental Agreement between the Arizona Board of Regents and the City of Phoenix for the Lease of Property to Develop the Phoenix Biomedical Campus (Arizona Biomedical Collaborative)**

Action Item       Discussion Item       Information Item

**Issue:** The Arizona Biomedical Collaborative (UA, ASU, NAU) requests Board approval of an amendment to the IGA between the Arizona Board of Regents and the City of Phoenix providing for the lease of approximately 3 acres of land located on the Phoenix Biomedical Campus to allow further development of facilities.

**Previous Board Actions:**

- ▶ The original IGA was approved and signed on February 5, 2004. Under this IGA the City of Phoenix designated 15 acres of city owned land located between Van Buren to Fillmore and between 5<sup>th</sup> and 7<sup>th</sup> streets to be developed for life science based research, office and academic uses. The IGA further granted lease rights to the University of Arizona for three historic buildings for use by the University of Arizona College of Medicine for 40 years for the sum of \$1 per year. Finally, the IGA granted the Arizona Board of Regents and option to lease or purchase three additional building pads located on the campus for development of future facilities.
- ▶ In January of 2006, ABOR exercised part of the option on the three parcels and purchased a pad of approximately 38,000 square feet for the construction of ABC 1 which was completed in May of 2007 and is presently occupied by the University of Arizona College of Medicine and Arizona State University's Biomedical Informatics program.
- ▶ In January 2009 the Board of Regents approved a request to further amend the IGA to lease or purchase an additional 3 acres on the campus. In August the City of Phoenix City Council approved this proposed amendment to the IGA.

**Statutory/Policy Requirements:**

- ▶ Board Policy 3-204(B), Intergovernmental Agreements, requires Board approval of IGAs which exceed the \$1,000,000 threshold.

**Lease Terms/Strategic Implications:**

- ▶ This IGA will grant ABOR a 60 year lease on 130,680 square feet of land, owned by the City of Phoenix, located on the Phoenix Biomedical Campus and will enable construction of the proposed Health Sciences Education Building. At the end of the lease term land ownership will transfer to the Board of Regents.

**Contact Information:**

**EXECUTIVE SUMMARY**

---

- ▶ The land has been valued at \$45 per square foot (\$5,880,600). This amount will be amortized, at no interest, over 60 years with no annual lease payments due until the 10<sup>th</sup> year of the lease. Annual lease payments to the City of Phoenix will \$98,010 in years 11-40, and \$147,015 in years 41-60.
- ▶ Under the terms of the IGA the city will also contribute \$3.4 million to ABOR for design and construction costs for the Health Sciences Education Building.
- ▶ The IGA also requires ABOR to commence the construction of the Health Sciences Education Building within 18 months of the execution of the lease or lose its leasehold interest.

**Committee Review and Recommendation:**

The Capital Committee reviewed this item at its September 9, 2009 meeting and recommend Board approval contingent on review by legal counsel.

**Recommendation:**

That the Board approve the amendment to the intergovernmental agreement with the City of Phoenix for the lease of approximately 3 acres of land located on the Phoenix Biomedical Campus as described in this Executive Summary, and contingent on review by legal counsel.