

EXECUTIVE SUMMARY

ACTION ITEM: Approval of an Amendment to the Ground Lease for Arizona State University Research Park, formerly known as Price-Elliott Research Park, Inc., with the Arizona Board of Regents.

ISSUE: Arizona State University (ASU) requests approval of an amendment of the Ground Lease by and between the Arizona Board of Regents acting for and on behalf of Arizona State University (the “Lessor”) and ASU Research Park, formerly known as Price-Elliott Research Park, Inc., (the “Lessee”) for the purpose of providing for payment of all rents to Arizona State University directly and removing the designation of Arizona State University Foundation, an Arizona nonprofit corporation, (the “Foundation”) as trustee.

BACKGROUND:

- The current Ground Lease commenced in 1984, and expires on December 31, 2101, as amended June 1, 1991, November 20, 1992, December 1, 1995, December 19, 1997, and April 25, 2002.
- ASU subleases property at the Research Park to tenants, the term of the sublease is limited to the current term of Ground Lease.
- Under the current Ground Lease, ASU designated Arizona State University Foundation, an Arizona nonprofit corporation, as trustee for the purpose of accepting rent under the Agreement.

DISCUSSION:

- The Research Park completed in June, 2006 full repayment to ASU for the previous cash advances to the Park by ASU.
- Additional annual rent consisting of the net proceeds earned by the Research Park will now start to be paid by the Park to ASU. To simplify the accounting, management, and receipting process for the rent, ASU desires to amend the Ground Lease by deleting references to Arizona State University Foundation as the designated trustee and replacing such references with Arizona State University. Any rents required to be paid and any other communication or documents shall be addressed to Arizona State University.
- At the September 7, 2006 Capital Committee Meeting, Arizona State University agreed to have one of the ASU Research Park Board of Directors appointed by the President of the Arizona Board of Regents.

RECOMMENDATION:

RESOLVED: That the Board authorize ASU to enter into an amendment to the ground lease of the ASU Research Park as described in this summary, subject to review and approval by university counsel and hereby delegates to the ASU Executive Vice President and Chief Financial Officer or the ASU Associate Vice President for Business Services to sign the amendment and all other necessary or appropriate documents to carry out the intent and effect of the aforementioned amendment.

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