

INFORMATION ITEM: ASU Research Park Annual Report for Fiscal Year 2004/2005

Marketing.

*Ground Lease Activity.* In September 2004, the Price-Elliott Research Park, Inc., Board of Directors approved the use and ground lease terms for Reproductive Medical Institute (RMI) on 4.16 net acres located on lot 34. RMI intends to construct and operate a 35,000 square foot fertility clinic and research center on the site. Lease execution is anticipated for the first quarter of FY2006. In addition, Edward Jones exercised their option to lease an additional 7 acres adjacent to their Phase 1 Headquarters operation. Occupancy is scheduled for December 2005.

*Real Estate Community Outreach.* Major outreach events to the brokerage community included the Park's exhibition at CORENET (Corporate Real Estate Network), the largest national site selector and facility manager conference, in San Antonio. As a result of the biannual conference, Park staff has met with over 300 site location and facility managers. The Park also continued to foster activity with the local brokerage community by presenting to, and hosting, over 140 local real estate brokers.

*New Website and E-mail Newsletter.* A new website was launched in November to provide a more informational approach on real estate availability and Park tenants and activities. The "Real Estate" section features a virtual map of park buildings and available land options and the "Park News" section provides links to ASU, Park tenants and community resources, and serves as a quarterly e-mail transmission to over 2,000 recipients. Since its inception, the website has generated over 6,000 visitors.

*Statewide Bioindustry Initiatives.* The Park supported the bioindustry in several ways this past year. The Park, the Biodesign Institute and Arizona Technology Enterprises (AzTe) jointly exhibited in the Arizona Pavilion at the 2005 Bioindustry Organization Conference (BIO), held in Philadelphia. In addition, the Park was a main sponsor, and host, of a joint TGEN/Technopolis Conference, "*Commercializing Bioscience*," to 150 researchers and start up bioscience companies seeking access to National Institute of Health (NIH) funding. The Park also initiated the first Arizona Women's Health Conference with researchers from TGen, ASU and NAU to discuss women's health from a research and care perspective, and exhibited and sponsored the local bioindustry association trade show.

*Park Awareness/Information.* In order to increase awareness of the Park to its target audience, Park hosted events and tours generated over 700 visitors and 39 ground lease inquiries. In addition, the Park sponsored multiple events in the community, such as the Arizona Electronics Association annual conference and Valley Partnership, and sent direct mail pieces to over 1,000 individuals.

Operations.

*Corporate Matters.* Price-Elliott Research Park, Inc. officially changed its name to Arizona State University Research Park, Inc. on January 24, 2005 with Board of Directors approval and ASU consent. Amended Articles of Incorporation were filed with the Arizona Corporation

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Executive Summary

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Commission. As a part of that transition, an Affiliate Agreement was executed between Arizona State University Research Park, Inc. and Arizona State University.

*Capital Improvements.* Several small capital expenditures were made, including replacement of picnic tables and benches, irrigation clocks and air conditioning equipment for the park office. In addition, one significant (unbudgeted) capital expenditure was required to replace the existing pump station for transmission of SRP water through the lake system.

Ground Lease Tenant Status.

- Percentage Leased: 76%
- Acres Remaining: 57
- Completed Buildings: Sixteen, consisting of 1,565,497 square feet
- Tenants: Edward D. Jones & Co., L.P.; Global ASML, LLC (with subtenant ASML Training Center); Philips Semiconductor; Nanotechnology Research L.L.C.; Motorola, Inc.; Iridium Satellite; Transamerica Research Center; the Institute for Supply Management; Cytec Fiberite; Insignia ESG; Walgreen's Mail Services, Inc. (formerly Walgreen's Healthcare Plus); (i)Structures; Bright Horizons Child Development Center; Wells Operating Partnership, L.P. (two separate ground leases and facilities subleased to Avnet Computer Marketing Group and Countrywide); Lexington Tempe L.P. (with subtenant ASML); North Central Association, Commission on Accreditation and School Improvement; Verizon Wireless; and the Park-owned Lakeside Technology Center.

Lakeside Technology Center.

- Facts: 45,398 square feet on 6.8 acres
- Percentage Leased: 99%
- Tenants: Phoenix Analysis and Design Technologies (24,152 square feet); CMC Wireless (7,800 square feet); Laser Components DG, Inc. (5,950 square feet); Power One (6,930 square feet).

Financial. Financial results for Ground Lease Operations (GLO) and the Lakeside Technology Center (LTC) are reported separately. At year-end all excess cash flow from LTC is paid to GLO. Positive net cash flow after (bond) debt service resulted in payments totaling \$1,027,637 to ASU in FY2005 in repayment of previous advances. This is slightly higher than the budgeted payment of \$1,000,000, due largely to increased interest earnings and operating expenditures that were less than anticipated.

In FY2006, payments to ASU of \$1,000,000 are anticipated. The current principal amount owed on advances from ASU, including interest, is \$3,454,374, which includes interest accruing from FY2005 of \$88,215.03. The balance due, which is projected to be repaid in FY2010, has been significantly reduced from a high of \$8,953,084 in June 1999. The remaining bonded indebtedness is \$17,615,000.