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## State Land Department News & Information

As of September 15, 2005

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### State Trust Land Lease Auction in Peoria Will Generate \$350 Million for Education

(Phoenix, September 15, 2005) On Wednesday, the Arizona State Land Department auctioned a long term ground lease for a 55 acre parcel of State Trust Land in Peoria that will generate \$350 Million for Arizona Public Education over the lease term. The property is located at the intersection of Happy Valley Road and Lake Pleasant Parkway in Peoria.

"This tremendously successful auction demonstrates how Arizona Public Education benefits from commercial leases of State Trust Land," State Land Commissioner Mark Winkleman commented after the auction. "Beginning today and continuing long into the future, hundreds of millions of dollars will be provided to Arizona school children directly from this lease of State Trust Land."

The property is a prime commercial corner in the developing area of North Peoria. The successful bidder, Cypress Entities, battled local developer Tri Plus Partners to win the auction. It is anticipated that development will consist of retail shops and other neighborhood commercial services.

The lease auction was structured in an innovative way created by Commissioner Winkleman. The appraisal of the land was \$10.8 Million, which was the opening bid of the auction. A long term commercial ground lease was drafted to provide that rent would be calculated as a percentage of the winning bid of the land value at the end of the auction. In the auction, Cypress and Tri Plus raised the land value 20 times to Cypress' final winning bid of \$13.5 Million. This resulted in a 25% increase in land value AND an additional \$65 Million in rentals paid over the term of the lease.

"In addition to the fact that the lease will generate significant money for education," Commissioner Winkleman continued. "Because it is lease revenue, as soon as rent is paid, it is delivered to our beneficiaries. Providing funding to the schools on a consistent basis makes us at the Land Department very proud."

The Arizona State Land Commissioner serves as trustee of over 9.3 million acres of Arizona State Trust Land. The rentals from the commercial lease of Arizona State Trust Land are delivered to the beneficiaries of the Arizona State Trust Land Expendable Fund, primarily Arizona Common Schools, K through 12.

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