

EXECUTIVE SUMMARY

Item Name: **Novus® Annual Report**

 Action Item

Requested Action: Arizona State University (ASU) submits this Novus Innovation Corridor® annual report, in accordance with the reporting process approved by the board in September 2017.

Background/History of Previous Board Action

In 2010, state legislation authorized Arizona’s three state universities to create University Athletic Facilities Districts designed to generate long-term revenue for constructing new or improving existing intercollegiate athletic facilities. The Novus Innovation Corridor® is the University Athletic Facilities District (District) for ASU.

The Novus Innovation Corridor®, which includes the Arizona State University Athletic Facilities District (AFD), is a branded, mixed-use project that is being developed by ASU and third parties.

In March 2016, the Arizona Board of Regents (ABOR) authorized ASU to execute ground leases within the AFD with certain reporting requirements.

In September 2017, the board approved a reporting structure for the Novus Innovation Corridor. ASU thereafter has provided updates to the board in accordance with the reporting structure.

Overview

Novus is the intersection where business, research, academics and lifestyle come together to create a unique opportunity for synergy and collaboration with the country’s most innovative University. Novus is a unique opportunity to develop a 21st century urban community on an infill canvas in the center of one of the nation’s largest and fastest-growing metropolitan areas. This 355-acre development adjacent to the ASU Tempe campus and downtown Tempe is planned to incorporate approximately 10.6 million square feet, comprised of approximately 8.5 million square feet within the Athletic Facilities District and 2.1 million square feet in the Marina Heights development, the regional hub for the State Farm Automobile Insurance Company and the corporate headquarters of Carvana. The Novus urban neighborhoods will feature office, retail, hospitality and residential development, creating the potential to bring more than 30,000 new jobs and 5,000 new residents to the thriving Tempe community. In a 2020 report,

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ASU's Seidman Research Institute estimates that, through 2035, completed projects in Novus will generate an average of \$3.7 billion annually in statewide gross domestic product.

The goal for the Novus Innovation Corridor is to further Arizona State University's mission and charter by:

- Advancing New American University design aspirations,
- Generating resources for intercollegiate athletic facilities construction and renewal,
- Creating an urban, mixed-use, smart city development for the ASU Tempe campus and Downtown Tempe, and
- Enhancing economic development for Tempe and the Valley through establishment of an innovation zone.

Envisioned as a model of sustainable and creative urban neighborhood design, Novus has begun implementing best-practice solutions in transportation, resource and utility usage, responsible waste management and more. ASU is committed to promoting sustainable practices through the establishment of design guidelines requiring each Novus private development to obtain LEED certification. To advance the tenets of sustainable development across Novus, ASU has worked with the U.S. Green Building Council (USGBC) to achieve the LEED Gold Neighborhood Development designation (LEED-ND).

In 2014, ASU selected Catellus Development Corporation through a Request for Proposals (RFP) process to be the planning and horizontal (land and infrastructure) developer for Novus. In March of 2016, ABOR approved the development agreement and the master development plan. The Master Development Agreement (MDA) between ASU and Catellus was executed in July of 2016. Working with the City of Tempe, property within the District's legal boundaries was zoned Mixed-Use Educational (MU-ED) in July of 2017. In May 2020, ASU finalized negotiations with Arizona Public Service (APS) and recorded amended deed restrictions and easements establishing private development criteria for previously restricted parcels within Novus.

This annual report provides an update on the development, individual projects, finances and marketing efforts for Novus.

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Development

Vertical development within the corridor is well underway. Phase I of Novus created Marina Heights, a five-building, 2.1 million-square-foot regional hub for the State Farm Automobile Insurance Company, completed in 2017. Phase II of Novus is the multi-phase reinvention of Sun Devil Stadium, completed summer 2019.

Novus Phase III is a mixed-use neighborhood located at the northwest corner of University Drive and Rural Road that connects ASU athletic venues to the north and ASU's Tempe campus research neighborhood to the south. Phase III is comprised of predominately private development across multiple asset classes. Horizontal infrastructure and site preparation for Phase III of Novus have been completed, allowing private developments to open and commence operations. The off-site roadway improvements that serve the portion of Phase III located at the northwest corner of University Drive and Rural Road are complete. The off-site roadway improvements include turn bays and deceleration lanes on University Drive and Rural Road and traffic mitigation measures intended to improve traffic flow. Construction of a pedestrian bridge over University Drive commenced in November 2020. The pedestrian bridge is anticipated to be substantially complete by December 2021 and fully complete by March 2022. The pedestrian bridge will allow for unobstructed and safe pedestrian movement between the research neighborhood and its light rail station to Novus and ASU athletic venues.

Novus has achieved the following development milestones since the September 2020 Novus annual report:

- The Recreation and Sports Fields project, which consists of 30 acres of multi-use fields, parking and support facilities, was completed in October 2020. The project will serve multiple groups within the ASU community. The fields are programmable for use by student organizations to host events, club and intramural sports, the Sun Devil Marching Band and Sun Devil Athletics.
- 777 Tower, the first Class A multi-tenant office building in Novus Phase III, completed construction, was occupied by tenants and then acquired by a joint venture between Cypress Office Properties, a San Diego real estate investment and operating company, and Ascentris, a Denver real estate private equity firm. The acquisition of 777 Tower serves as another data point establishing Novus' private development projects as institutional-grade investments generating demand from the national investment community.
- In November of 2020, ABOR approved an amendment to the ASU Capital Development Plan allowing the University to proceed with the development and construction of a Multipurpose Arena in Novus. Construction commenced on the 5,000-seat venue in December of 2020 and completion is anticipated in December 2022. The Multipurpose Arena will accommodate a wide range of ASU and community uses, both entertainment and intercollegiate athletic events including serving as the home to the Sun Devil men's ice hockey team, and competition space for Sun Devil

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gymnastics, wrestling and women's volleyball and basketball. The Multipurpose Arena has been integrated into the planning of the Novus Place retail district with event plazas and open space to maximize future Novus development opportunities.

- Building on prior and ongoing dedications of rights of way to accommodate traffic infrastructure improvements, ASU continues to coordinate with the City of Tempe on Small Area Transportation Study projects, such as the Rural Road and Rio Salado Parkway intersection improvements completed February 2021 and the Rural Road and University Drive intersection improvements, the first stage of which was completed by Catellus in October 2020 and the final stage will be completed by the City by 2021 year-end. Additionally, ASU and the City reached an agreement on the alignment of Dorsey Lane extension between Rio Salado Parkway and McClintock Drive and advanced discussions surrounding a proposed pedestrian bridge at College Avenue and University Drive. Tempe staff have proposed the pedestrian bridge project as part of the City's Capital Improvement Program with design scheduled in Fiscal Year 2024-25 and construction contemplated in Fiscal Year 2025-26.
- Regional transportation initiatives continue to be advanced. The Metro Rail Grade Separation at University Drive and Rural Road has been submitted to the Maricopa County Association of Governments (MAG) for Prop 400E and identified as a Phase I project, which would receive early-phase funding if Prop 400E is successful. Additionally, federal funds have been awarded to design the Rio Salado East Modern Streetcar Extension, the Rural Road Bridge widening has been identified as a Phase III project in the Regional Transportation Plan, and a feasibility study is under way for a McClintock and State Route 202 interchange.
- In April 2021 Novus was certified as a LEED-ND (Neighborhood Development) Gold community by the U.S. Green Building Council (USGBC), one of 145 certified LEED-ND communities in the United States. The LEED-ND program is intended to prevent urban sprawl by creating sustainable mixed-use communities focused on energy efficiency and connectivity. Novus is the first LEED-ND community in Arizona and the 62 points awarded to Novus qualifies it nationally among the top ten published highest-scoring LEED-ND communities. The gold certification is a major achievement for Novus and ASU's ongoing sustainability objectives. Additionally, Novus' LEED-ND certification will help lift future Novus vertical development projects to higher levels of LEED accreditation.
- Novus and the 777 Tower project received several awards and substantial recognition from the local real estate community over the past year. Novus Innovation Corridor Phase III received the *Economic Impact Project of the Year* designation from the National Association of Industrial and Office Properties (NAIOP). 777 Tower received the *Sustainable Project of the Year* and *Talk of the Town* designation from NAIOP, in addition to the *Office Project of the Year (over 150,000 square feet)* award from Real Estate and Development (RED).
- To complement the three planned Class A mid-rise office buildings in Phase III, ASU solicited proposals for the development of creative office space, characterized by larger floor plates and higher parking counts, on Phase IV Parcel 4F. A developer executed a ground lease in May 2021 for the first phase of a proposed three-phase

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project on Parcel 4F. The first creative office component will consist of an approximately 150,000-square-foot, three-story building and the associated parking structure. Construction is slated to commence in the 4th quarter of 2021.

- A Preliminary Takedown Notice (PTN) was approved for Phase III, Parcel 3G. Parcel 3G is comprised of approximately 2.38 developable acres located at the southeast corner of 6th Street and Rural Road. Parcel 3G is the only Phase III parcel located east of Rural Road and currently consists of outdoor practice and activities fields. Events that previously took place on the fields have been relocated to the Recreation and Sports Fields within the East Athletics Village.
- A national request for proposals (RFP) was used to market Parcel 3G to the multi-family residential development community. ASU has selected a developer, entered into a letter of intent and is negotiating an option to lease for Parcel 3G. As ASU is committed to providing a variety of housing types within Novus, the proposed project consists of approximately 360 residential units, 10 percent of which will be designated as Attainable Housing units, with rent restricted to 30 percent of the area median income (AMI) and available to ASU employees on a priority basis. By establishing attainable housing within Novus, ASU is providing housing options to serve ASU faculty and staff faced with escalating Tempe area rents.
- Infosys, an India-based global leader in technology consulting services employing over 250,000 people globally, initiated its back-to-work program in July 2021 with the first employees beginning to operate out of the Infosys Innovation Hub located at the 777 Tower. The number of employees returning to work is anticipated to increase steadily with a target occupancy of approximately 200-300 employees over the next six months. Infosys' return to normal operations will allow ASU and Infosys to take full advantage of the benefits of co-location by expanding collaboration opportunities.
- The Piedmont, a multifamily residential project under construction on Parcel 3B in Phase III, completed its first phase units in July 2021. The first Novus residents are scheduled to begin occupying the second week of August. The Piedmont developer has provided rental information to Infosys employees and ASU faculty and it is anticipated that these parties will be among the first tenants in the project. The addition of full-time residents will serve to activate Phase III fully and accelerate the Novus Place retail district.
- ASU and the City of Tempe have worked collaboratively in addressing joint planning issues to advance public safety and transportation initiatives. Specifically, a site has been identified for a potential future fire station at the southeast corner of Parcel 4C, the Rio Salado Parkway/Dorsey Lane intersection configuration has been agreed to, and the parties have agreed to locate a future traffic signal at 3rd Street and Rural Road.
- ASU is under an option to lease with a developer on Parcel 3F. The developer plans to develop the property with approximately 200 micro-units, an emerging segment within the multifamily residential asset class. The proposed development conforms to Novus use restrictions and provides an alternative product type and price point for future Novus residents. The developer has achieved approval of the concept design and design development documents. It is anticipated that a ground lease will be

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executed in the fourth quarter of 2021 with construction commencing shortly thereafter.

- In August of 2021, 700 Novus Place, the second of three multi-tenant office buildings planned for Phase III of Novus, achieved approval of design development documents. 700 Novus Place is being planned on Parcel 3DN and is a sister building to the 777 Tower. 700 Novus Place will consist of approximately 160,000 square feet, including ground floor retail. Construction is projected to commence in Q1 2022 subject to procuring an anchor tenant.
- A Preliminary Takedown Notice (PTN) was approved for Phase V, Parcel 5F in July of 2020 and ASU subsequently entered into a letter of intent with a developer. After extensive conversations, ASU and the developer were unable to reach a development structure that was acceptable to the parties and negotiations with the developer have ceased. A national RFP will be issued seeking mixed-use or multifamily developers for Parcel 5F. Based on current market conditions and the property's location, it is anticipated that the parcel will garner significant interest from large national developers.
- Additional planning has been initiated on the East Athletics Village. The planning exercise was focused on venue programming, efficient use of the available property and a phased approach to relocating existing athletic venues. Phased development of the individual venues will assure ASU has competition venues to support university athletics programs while minimizing the upfront relocation cost. The phased approach accelerates the development of property currently occupied by athletic venues and in doing so generates assessments to support full-build out of each venue.
- ASU has commenced construction on four Beach Volleyball courts in the East Athletics Village. The Beach Volleyball courts represent the second of the planned improvements in the East Athletics Village. The Beach Volleyball courts have been sited to benefit from existing infrastructure while providing substantial flexibility in developing and programming future athletic venues within the village.
- Assessments have been collected on Novus commercial development projects, all of which are in Phase III. The assessment revenue collected validates the modeling used to project assessments over the life of the project. The upcoming billing cycle will expand assessment collection to include closed private development projects in Phase IV.
- The foundational components of the Novus "Connected Community" technology initiative were established in 2020. The "Connected Community" will allow Novus to offer industry-leading technology services to its community members as a part of the Novus smart city plan. A core component of the technology initiative is system adaptability to allow adoption and implementation of emerging technology. A host of smart city technology hardware and applications have been identified and vetted for their potential inclusion in Novus. The most promising have been selected and efforts are under way to pilot the first initiatives before the end of calendar year 2021.

Novus is performing as envisioned. The project continues to be remarkably resistant to the uncertainties created by the COVID-19 pandemic. The quality of the development and

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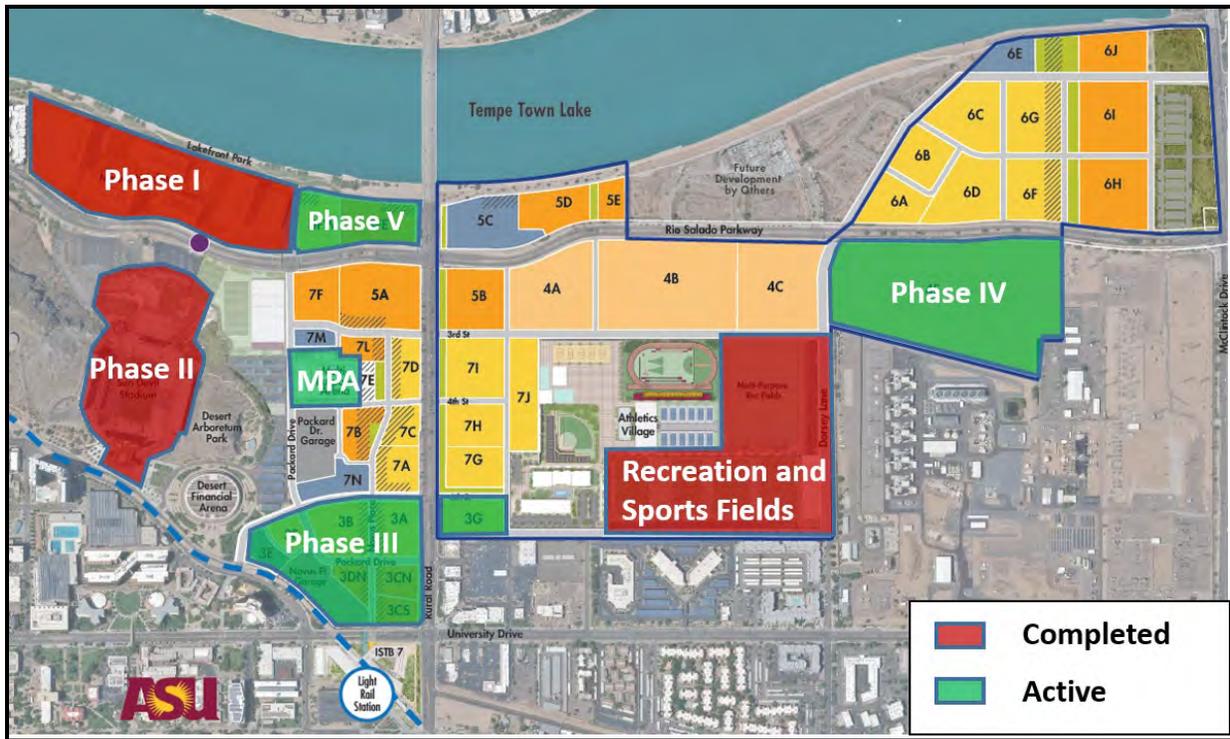
the experience and financial capacity of its private developers have served to insulate Novus from much of the pandemic's impact on commercial real estate developments. To date, Novus has experienced only nominal impacts limited largely to extended closing and development periods. Novus continues to experience strong demand for broadly marketed projects and a healthy and diverse development pipeline.

Novus continues to monitor emerging trends and market conditions that have the potential to impact the development. Based on interest in Novus' most recent product offerings, unsolicited interest from developers, and general market trends, Novus anticipates continued robust demand in the near to mid-term.

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The following graphic reflects the current Novus Master Development Plan. Phase I (Marina Heights), Phase II (Sun Devil Stadium Reinvention), and the Recreation and Sports Fields are complete. Phase III, Phase IV, and Phase V are active currently. Development activity ranges from pre-development in Phase IV and Phase V to vertical construction in Phase III.

Novus Master Development Plan



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Projects

Phase I - Marina Heights



Photo: Jim Todd

The Phase I Marina Heights development exemplifies what Novus strives to be, bringing together private enterprise and the university in an innovation zone. The 2.1 million square foot, five-building development is completed and occupied by thousands of State Farm and Carvana employees and multiple supporting retail and service businesses.

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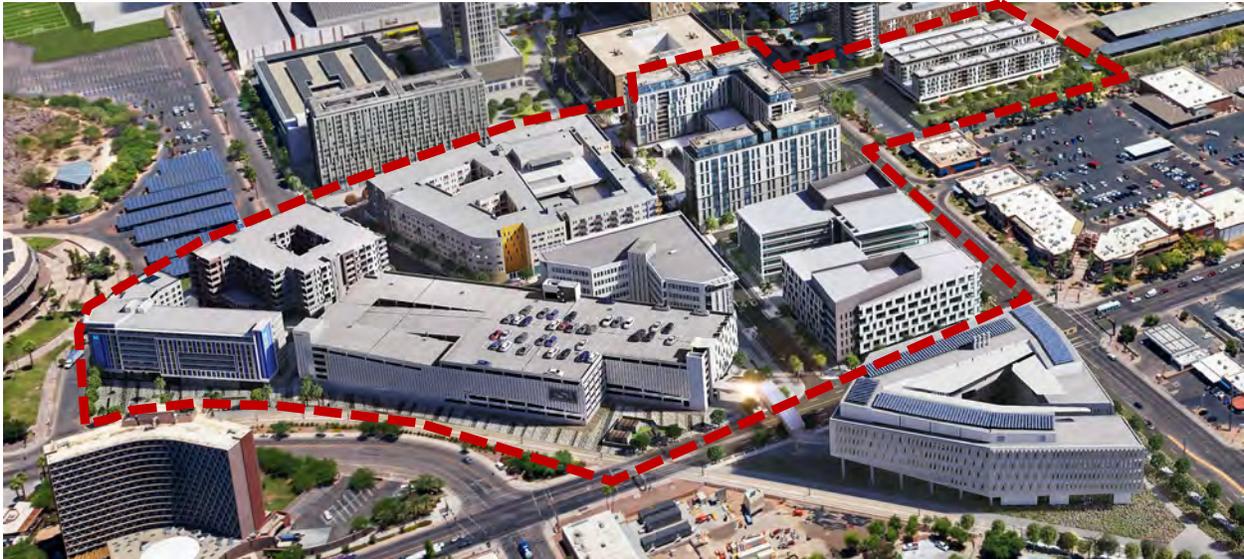
Phase II - Sun Devil Stadium



The reinvention of Sun Devil Stadium is complete with the final certificate of occupancy received August 2019. Sun Devil Stadium provides a large-scale venue for athletic events, university functions and community events in support of the Community Union 365 initiative.

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Phase III - University Drive and Rural Road



The above graphic reflects the Phase III parcel master development plan.

- Activity Summary:
 - The Preliminary Takedown Notices (PTN) for all of Phase III have been approved and issued. PTN #1 was issued for the portion of Phase III located west of Rural Road. PTN #4 was issued for Parcel 3, east of Rural Road.
 - Three different vertical developers have closed on ground leases for parcels located within Phase III of Novus, generating \$17.9M in prepaid ground lease revenue.
 - Catellus has completed the construction of Phase III horizontal infrastructure improvements that serve the closed development parcels in Phase III.
 - Catellus has completed construction of the off-site roadway improvements on Rural Road and University Drive necessary to serve the portion of Phase III located west of Rural Road.

- Completed Phase III Projects:
 - Parcel 3CN - Office Building 1
 - 6 stories and 160,000 square feet of Class A office space
 - 8,000 square feet of ground-floor retail
 - Ground lease finalized and executed March 2019
 - Construction commenced Q2 2019
 - 777 Tower completed July 2020

 - Parcel 3E – Hotel
 - 8 stories and 259 rooms

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- Ground lease executed February 2019
- Construction commenced Q2 2019
- Dual-flag Hyatt hotel completed July 2020 and opened to guests in August 2020
- Parcel 3DS – ASU Novus Place Parking Garage
 - 1,800 spaces (expanded from 1,250 spaces during construction)
 - Construction commenced Q2 2019
 - Floors 1,2 and 3 opened June 2020
 - Completed December 2020
- Active Phase III projects include the following:
 - Parcel 3B - Multi-Family Residential
 - 6 stories and 318 multi-family residential units
 - 20,000 square feet of ground floor retail
 - Ground lease executed July 2019
 - Construction commenced Q4 2019
 - The Piedmont target completion date of Q4 2021
 - Parcel 3F- Multi-Family Residential (Micro-Units)
 - 7 stories, comprised of 5 stories of residential units over 2 stories of podium parking
 - 200 multi-family residential units
 - Option to lease executed July 2020
 - Projected close of escrow Q3 2021
 - Estimated construction start Q4 2021
 - Target completion date of Q1 2024
 - Parcel 3DN – Office Building 2
 - 6 stories and 160,000 square feet of Class A office space
 - 8,000 square feet of ground-floor retail
 - Design development approved August 2021
 - Projected close of escrow Q1 2022
 - Estimated construction start Q1 2022
 - Target completion date of Q3 2023
 - Parcel 3G – Multi-Family Residential
 - 7 stories and 360 multi-family residential units
 - Letter of Intent executed July 2021
 - Projected close of escrow Q3 2022
 - Estimated construction start Q1 2023

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- Pedestrian Bridge
 - ASU commenced construction in November 2020 with substantial completion scheduled for December 2021 and completion anticipated in March 2022
 - The bridge design will improve pedestrian safety, create a sense of arrival to Novus Place and connect the ASU Tempe campus research neighborhood to the Novus Innovation Corridor.

The following graphic represents a conceptual rendering of the pedestrian bridge. The bridge, bridge landing, and plaza will mark the southern entry to Novus Place and serve as an important place-making element for the University community.



University Drive pedestrian bridge, looking west from the intersection of University Drive and Novus Place.

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Phase IV Creative Office

The following conceptual rendering depicts the first building in Phase IV, Parcel 4F as viewed looking southeast from Rio Salado Parkway:

Phase IV – Parcel F



- The Preliminary Takedown Notice (PTN) for Phase IV, Parcel 4F has been submitted.
- Karsten Golf Course closed in May 2019 to allow the development of Phase IV and planning/construction of the recreation and sports fields, parking and roadway within the East Athletics Village to begin.
 - Catellus has performed grading and infrastructure improvements on the portion of the golf course located south of Rio Salado Parkway. The grading and infrastructure improvements have made Phase IV, Parcel 4F development ready.
 - Amended deed restrictions were recorded in May 2020 establishing private development criteria allowing the development of approximately 25 acres in Parcel 4F as a creative office park, the proposed Novus Master Plan use.
- Parcel 4F - Creative Office
 - A developer has been selected through an RFP process
 - An option to lease has been executed

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- The development will consist of three, 3 to 4-story buildings of approximately 150,000 square feet and multiple parking structures over three phases.
- A developer has executed a ground lease for Phase 1 consisting of 7.8 acres that will be developed with an office building and parking structure.
- The first building and the second building pad will be improved simultaneously.
- Development timeline associated with Phase I, the first building and parking structure:
 - Option to lease executed Q3 2020
 - Ground lease executed May 2021
 - Estimated construction start December 2021
 - Target construction completion Q1 2023

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Phase V Mixed-Use Development

The following is a rendering that reflects a conceptual development plan for Phase V, Parcel 5F:



- Parcel 5F consists of 5.5 acres and was added to the Athletic Facilities District in 2019, in accordance with statute.
- The Preliminary Takedown Notice (PTN) for Phase 5, Parcel 5F was issued, approved and has been submitted to ABOR.
- Parcel 5F – Mixed-Use Project
 - A developer submitted a proposal for a mixed-use project consisting of three buildings located over a shared parking structure, but negotiation of an option to lease was not successful.
 - Consistent with the approved PTN, Parcel 5F is now being marketed to mixed-use and multifamily developers through a national RFP.

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Financial Update

The following table reports Phase III and Phase IV actual revenue, to date:

	Phase III	Phase IV	Total
Ground Lease Proceeds	\$17.9M	\$5.4M	\$23.3M

The first three projects in Phase III funded the entire Phase III site development and infrastructure budget. The remaining four development parcels within the portion of Phase III located west of Rural Road are fully improved, and costs of sales will be limited to direct costs associated with each of those projects, including legal, commissions and fees, and closing costs.

To date, take downs of 19.56 acres in Novus Phase III and Phase IV have generated \$23.3M in gross revenue from ground lease proceeds. This takedown acreage is in substantial conformance with the 2020 Business Plan takedown schedule that projected 21.71 acres to be taken down by Fiscal Year-end 2021. Takedowns of 10.87 acres have occurred since the September 2020 Novus Annual Report. There are Options to Lease on Parcel 3F (.96 acres) and Parcel 4F, building 2 (8.19 acres) totaling 9.15 acres. Letters of intent are executed or being negotiated for 5.85 acres, consisting of Parcel 3DN (1.09 acres), Parcel 3G (2.38 acres) and Parcel 3A (2.40 acres). Absorption over the next 12 to 15 months is projected to result in 6.83 acres being taken down and generation of over \$20M in gross revenues from ground lease proceeds.

Marketing

Initial marketing activities (2015-2018) for Novus focused on naming, brand creation, and early public relations to inform the community and marketplace that something new and exciting is coming. Novus transactions to date have been focused on development of initial commercial office space, apartments, hotels and retail.

The July 2020 completion of 777 Tower allowed Infosys to take delivery of approximately 60,000 square feet and become the first Phase III office tenant. As a global leader in technology consulting services, with operations in 45 countries and more than 250,000 employees, Infosys' decision to co-locate and expand its partnership with ASU serves as a major milestone for Novus. Capturing the benefits of joint research, coordinated educational programming and the ability to draw upon a highly educated labor force all serve as foundational components of the Novus story and a cornerstone in marketing Novus to prospective tenants.

To advance ASU's educational mission and support ongoing business attraction efforts, ASU engaged and has completed a scope of work with a nationally recognized site selection group. The engagement served to identify business sectors and companies that

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align with the Novus vision and ASU's academic strengths, created a cohesive marketing message for communicating the benefits of co-location with ASU at Novus and developed a tool to compare operational costs for companies comparing relocation opportunities across different markets. ASU intends to use the tools developed through the engagement to target identified industry sectors, focusing on those companies with whom ASU has an existing relationship and that likely have near or mid-term space requirements.

The projects that have been completed in Phase III provide an opportunity to begin consumer-focused marketing activities and initiatives. Each developer will be marketing its own products, and Novus will market at a development-wide level, including support and emphasis on individual project developments as they come to market. As Novus welcomes its first residents, retailers and guests, consumer and retail-focused marketing opportunities are more readily available. This provides Novus with the opportunity to grow and expand its brand at the consumer level.

The following are significant marketing milestones achieved since the September 2020 Novus Annual Report:

- Completed real-estate focused, interactive *NovusASU.com* website
- Updated collateral assets including:
 - Master Land Use Plan
 - Lifestyle Renderings
 - Aerial Renderings
- Initiated periodic construction updates via email and social media
- Completed first annual Novus economic impact analysis with the Seidman Research Institute
- Received multiple awards and certifications
 - *ENR Southwest Owner of the Year – Novus Innovation Corridor*
 - *777 Tower LEED-Gold Certification*
 - *RED Awards – Best Office Project More than 150,000 SF – 777 Tower*
 - *Novus LEED-ND Gold Certification*
 - *NAIOP Economic Impact of the Year – Novus Phase III*
 - *NAIOP Sustainable Project of the Year – 777 Tower*

The following are marketing milestones targeted over the next 12 months:

- Retail and commercial broker events
- Tenant testimonial video for Hyatt Place/Hyatt House
- Novus Restaurant Incubator – Phase I
- Novus Retail Marketing Plan
- Fabrication and installation of Novus branded storefront graphics
- Flyover Animation Video
- E-marketing campaign

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Summary

Fiscal Year 2021 saw Novus achieve several milestones, despite the challenges created by the Covid-19 Pandemic:

- Novus' certification as a LEED-ND (Neighborhood Development) Gold community serves as a foundational pillar of the Novus vision and marks Novus and ASU's continued and ongoing commitment to sustainability.
- Groundbreaking on the development of the Multipurpose Arena, a 5,000-capacity venue, which will not only serve as a venue for ASU events but also complement and activate the planned Novus Place Retail district and adjacent plazas and open spaces.
- Completion and occupancy of the first multifamily residential units in Novus. This milestone has allowed Novus to welcome its first residents generating additional foot traffic within Phase III that will support and expand retail development opportunities.
- Closing on the first Novus Phase IV project, a creative office park that will offer a second office product offering in Novus to target and capture an even larger segment of the office market and accelerate co-location opportunities.

Novus has commenced all the project development types contemplated by the Novus Master Plan, with the lone exception of retail. Retail development tends to trail office, hospitality and residential development and the first retail amenities within Novus are imminent. By coupling full-time residents with office tenants and guests visiting the hotel, Phase III has achieved critical mass and activity sufficient to allow the first wave of retailers and restaurateurs to locate and flourish in Novus.

Novus generated \$5.4 million in gross revenue from ground lease proceeds in Fiscal Year 2021. Over the life of the project, Catellus has taken down a total of 19.56 acres and generated \$23.3 million of gross revenue from ground lease proceeds, both of which align with revenue and takedown projections. The Novus development pipeline continues to be robust, and over the next 12 to 15 months it is projected that 6.83 acres will be taken down, generating approximately \$20 million in gross revenues.

The Phase III private development projects generated the first District assessments. Collection of assessment revenue, now over multiple annual billing cycles, represents a major milestone and realization of a stated goal of the ASU Athletics Facility District. To date, the assessment revenues collected on each project are in line with projected assessment revenue for each leased parcel and represent the start of a long-term revenue stream to fund new and existing athletic facilities.

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Since the September 2020 Novus Annual Report, Novus has added to its growing list of project achievements and awards, further cementing its reputation in the market as a preeminent master planned development. The success of Novus' private development projects continues to garner interest from national developers and institutional investors, resulting in a healthy and diverse development pipeline. With the addition of its first residents, the Novus Innovation Corridor is becoming a world-class, innovative, mixed-use *neighborhood*, a major milestone that benefits the ASU community and City of Tempe residents.

Committee Review and Recommendation

The Finance, Capital and Resources Committee reviewed this item at its September 9, 2021.