



March 14, 2025

SENT VIA EMAIL

Dr. Deborah Gonzalez  
Phoenix Elementary School District No. 1  
1817 N. 7th St.  
Phoenix, AZ 85006

RE: Revised Offer for Purchase – 735 E Fillmore St, Phoenix, AZ

Dear Dr. Gonzalez,

Arizona State University (ASU) remains committed to fostering a collaborative and mutually beneficial partnership with Phoenix Elementary School District No. 1 (PESD) to advance educational opportunities for students in the downtown Phoenix community. In light of the district's recent discussions regarding budget constraints and potential school closures, ASU proposes a revised solution that aligns with PESD's financial needs while preserving its ability to serve its students without closing campuses.

**Offer:**

ASU proposes to purchase the Fillmore property for \$20 million, providing PESD with immediate capital that can be reinvested in district priorities. This offer presents a financially viable alternative to school closures, ensuring long-term stability for PESD while maintaining educational opportunities for students. Alternatively, if PESD does not accept this purchase offer, we are proposing an extension of the current lease with an immediate increase in the rent from ASU to PESD.

**Addressing PESD's Needs:**

ASU understands PESD's urgent need to resolve an \$8.3 million budget deficit and avoid drastic measures such as school closures and program cuts, including the potential elimination of preschool programs. Our revised offer provides immediate and sustained financial relief while enabling the district to invest in the modernization and redevelopment of its facilities.

Further, we have revised our purchase offer in response to the district's concern that our previous offer was too low. Our offer reflects an opinion of value based on how a developer would value the site based on its realistic economic potential and current market conditions.

Moreover, our proposal aligns with PESD's stated objectives of enhancing educational opportunities through strategic partnerships. ASU envisions expanding our collaboration beyond real estate transactions to include academic and workforce initiatives.

**Responding to Prior Concerns & Enhancing Financial Flexibility:**

We recognize the district's financial and strategic challenges and have structured our proposed options to directly address these concerns:

- **Financial Stability Without School Closures:** Our proposal provides a guaranteed financial benefit that eliminates the immediate need for school closures, ensuring PESD can maintain essential programs and services.

**Educational Outreach and Student Services**

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- **Sustained Collaboration for Educational Excellence:** Our partnership extends beyond real estate, supporting PESD's educational priorities through teacher training, student programming, and career pathways.
- **Legislative Advocacy for Greater Flexibility:** In addition to ASU's direct investment, we are actively supporting HB 2640, a bill in the Arizona Legislature that would grant PESD more flexibility in using proceeds from the sale of district property for Maintenance & Operations (M&O). This initiative ensures that PESD can reinvest sale proceeds into sustaining and improving educational programs, ultimately benefiting the families and communities it serves.

We are eager to engage in further discussions to finalize a path forward that serves the best interests of both ASU and PESD. We welcome the opportunity to meet at your earliest convenience to refine the terms of this proposal and ensure alignment with PESD's strategic priorities.

Please feel free to contact me at [james.rund@asu.edu](mailto:james.rund@asu.edu) or (480) 965-2200 to schedule a meeting.

Sincerely,



James Rund  
Senior Vice President  
Arizona State University

xc:

Morgan R. Olsen, ASU  
Rick Naimark, ASU  
Kristin Irwin, ASU  
Ruben Alonzo, ASU  
Jessica Bueno, Phoenix Elementary School District No. 1  
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