

RESOLUTION NO. PC-04

(PARK CENTRAL COMMUNITY FACILITIES DISTRICT)

A RESOLUTION OF THE DISTRICT BOARD OF PARK CENTRAL COMMUNITY FACILITIES DISTRICT APPROVING THE ASSESSMENT DIAGRAM AND METHOD OF ASSESSMENT WITH RESPECT TO THE ASSESSMENT AREA AND PROVIDING FOR THE LEVY OF THE RELATED ASSESSMENT AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$30,000,000 AGGREGATE PRINCIPAL AMOUNT OF SPECIAL ASSESSMENT REVENUE BONDS AND APPROVING THE FORM THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A BOND PURCHASE CONTRACT, A CONTINUING DISCLOSURE UNDERTAKING AND CERTAIN OTHER DOCUMENTS AND AGREEMENTS WITH RESPECT TO THE BONDS AND THE PUBLIC INFRASTRUCTURE BEING FINANCED; AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS

BE IT RESOLVED BY THE DISTRICT BOARD OF PARK CENTRAL COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

(a) Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act"), and Section 9-500.05, Arizona Revised Statutes, the City of Phoenix, Arizona (the "City"), Park Central Community Facilities District (the "District") and the then-owners (the "Initial Owners" and, together with their successors in interest, the "Owners") of all real property included within the District (the "Property"), entered into a District Development, Financing Participation, Waiver and Intergovernmental Agreement (Park Central Community Facilities District), dated as of April 15, 2019 (the "Development Agreement"), providing, among other things, the conditions, terms, restrictions and requirements for the acquisition and construction of certain public infrastructure (as such term is defined in the Act) comprising a parking garage and related property (the "Garage Project") and the financing of a portion of the costs of such Garage Project by the District.

(b) Under the terms of the Development Agreement, the costs of acquiring and constructing the Garage Project (the "Project Costs") are to be paid from the following combination of funds: (i) a portion from the proceeds of the hereinafter-described Bonds of the District (such portion herein referred to as the "Work"); (ii) a

portion from a contribution by Dignity Health, a California non-profit public benefit corporation, and (iii) a portion from a contribution by the Initial Owners.

(c) Further, pursuant to the Act, the district board of the District (the "District Board") caused to be prepared a study of the feasibility and benefits of the Work and the Garage Project provided for in the General Plan of the District heretofore approved by the City and the District and to be financed in part with proceeds of the sale of the Bonds, such study having included a description of the Garage Project to be constructed and all other information useful to understand the Garage Project, a map showing, in general, the location of the Garage Project, an estimate of the cost to construct, acquire, operate and maintain the Garage Project, an estimated schedule for completion of the Garage Project, a map or description of the area to be benefitted by the Garage Project and a plan for financing the Garage Project (the "Report"). A public hearing on the Report was held today, but prior to, the adoption of this Resolution, after provision for publication and delivery to the Mayor and Council of the City of notice thereof as provided by law (the "Notice").

(d) After review of the Report and based on such public hearing held by the District Board and the delivery of the Report to the Mayor and Council of the City, pursuant to the Resolution No. PC-03 on May 1, 2019 (the "Report Resolution"), the Report was approved in the form submitted to the District Board, its intent was declared as required by Section 48-715, Arizona Revised Statutes and, for purposes of Section 48-721(A), Arizona Revised Statutes and, as set forth in the Development Agreement, to take such reasonable actions as may be necessary to cause the results contemplated by and set forth in the Report, including particularly the acquisition and construction of the Garage Project for the benefit of the areas described in the Report and the consummation of the expected method of financing and an appropriate system of providing revenues to maintain such Garage Project, all as provided in the Report.

(e) It was further resolved in the Report Resolution that:

(1) The public interest and convenience required the Work described in substantially the form in the Report, including the "Plans and Specifications" which are referenced in the Report, be ordered.

(2) The Work should be performed substantially in accordance with the Act, the Development Agreement and the Report including the Plans and Specifications.

(3) The "Estimate" included in the Report was approved and adopted by the District Board.

(4) The Work, in the opinion of the District Board, was of more than local or ordinary public benefit and was of special benefit to the respective lots, pieces and parcels of land comprising the "Assessed Property" described in the Report, and the cost and expense of the Work was made and ordered chargeable upon the Assessed Property and was declared to be benefitted by the Work and was to be assessed to pay the

costs and expenses thereof in proportion to the benefits derived therefrom, as described therein.

(5) The District Board declared that any lot or parcel belonging to the United States, the State of Arizona, the City, a county, school district or any political subdivision or institution of the State of Arizona or county included within the boundaries of the Assessed Property should be omitted from the assessment hereafter to be made, and the total expense of the Work shall be assessed on the remaining lots and parcels lying within the boundaries of the Assessed Property.

(6) The District Board found that the public convenience required that Bonds as described in the Report and the Development Agreement should be issued to represent the cost and expenses of the Work and determined that such bonds should be issued under the provisions of the Act, in the name of the District, but payable out of a special fund collected by the District from special assessments levied upon the lots, tracts, pieces and parcels of land included within the Assessed Property and the other sources described in the Development Agreement, in not to exceed twenty-five (25) annual installments from the assessment remaining unpaid as of the date of such Bonds as provided by the Development Agreement. Such bonds should bear interest at rates not to exceed eight percent (8%) per annum from their date, payable on the first day of January and July of each year and should be payable in the manner and be subject to the provisions as to collection of assessments for the payment thereof, except as otherwise described in the Development Agreement, and neither the District nor the City would be required to purchase delinquent land at sale if there is no other purchaser, as described in Title 48, Chapter 4, Article 2, Arizona Revised Statutes, save and except that the method of collection of such assessments shall be as provided in 3 Sections 48-600 to 48-607, both inclusive, Arizona Revised Statutes and not as provided in Section 48-608, Arizona Revised Statutes.

(7) The publication of the Notice was in lieu of the posting and publication of the Report Resolution.

(8) Pursuant to the Development Agreement, the Initial Owners, for themselves and on behalf of their successors in interest, waived any and all rights of the Owners to file (1) written protests against the construction of the Work or (2) objections to the extent of the Assessed Property. Such waivers were accepted by the District Board, and the District Board proceeded in reliance on such waivers.

(9) Based on the foregoing, the Work was ordered in accordance with the Plans and Specifications and the Development Agreement.

(f) EPS Group, Inc. (the "Assessment Engineers") has prepared and presented to the District Board (i) duplicate diagrams of the Assessed Property (the "Diagram"), forms of such diagrams being attached hereto and marked as Exhibit "A" and (ii) the method by which the Assessment Engineers have allocated the assessments which are the subject of the Diagram, such methodology being attached hereto and marked as Exhibit "B" (the "Method of Assessment").

(g) Pursuant to Section 48-721, Arizona Revised Statutes, the District Board, by resolution and pursuant to the procedures prescribed by the Development Agreement, may levy an assessment of the costs of the Work on the Garage Project as provided for in the Development Agreement and in the Report and, with respect to the intent therefor and the ordering the Work with respect thereto, resolved in the Report Resolution to levy such an assessment based on the benefit determined by the District Board to be received by the Assessed Property, as more fully described herein.

(h) The District Board hereby determines that special assessment revenue bonds of the District (the "Bonds") should be issued if certain conditions are met to provide moneys for the Work. The District Board, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as nearly as practicable, and the other procedures the District Board has provided in the Development Agreement, will cause to be levied an assessment of the costs of Work (the "Assessment") on the Assessed Property, and, in that respect, the Owners have waived certain matters and agreed to certain other matters with respect thereto pursuant to the Development Agreement, including as to the manner in which the Assessment is to be allocated as the Assessed Property is to be divided into more than one parcel and is to be prepaid and reallocated.

(i) Pursuant to this Resolution, the Diagram and the Method of Assessment will be approved and adopted and the levy of the Assessment will be ordered. No direction will be given that demand be made on the Owners of the Assessed Property so assessed for payment of the Assessment as such Owners waived such right pursuant to the Development Agreement. The Superintendent of Streets or the District Manager, acting in such capacity, will levy and record the Assessment for the District and execute a warrant to the District Treasurer to collect the amounts with respect to the Assessment (the "Warrant") at least twenty-four (24) hours before the date of the issuance and delivery of the Bonds. Thereafter, the Warrant and the Assessment will be returned by the Superintendent of Streets or the District Manager and the District Treasurer as prescribed by law. The certified list of unpaid amounts with respect to the Assessment will be filed with the District Clerk by the Superintendent of Streets or the District Manager.

(j) Pursuant to the Act, the District Board hereby determines to enter into an Indenture of Trust and Security Agreement, to be dated as of the first day of the month of the date of issuance of the Bonds (the "Indenture"), from the District to U.S. Bank National Association, as trustee, to secure, and process the issuance, registration, transfer and payment, and the disbursement and investment of proceeds of, the Bonds. (Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.) The District Board has determined by this Resolution to authorize the issuance of the Bonds and, in order to provide terms for, to secure and to provide for authentication and delivery of the Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

(k) Pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have

entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule.

(1) There have been placed with the District Clerk for public review (1) the proposed form of the Indenture; (2) the proposed form of the Purchase Contract relating to the Bonds, to be dated the date of the sale of the Bonds (the "Purchase Contract"), by and between the District and Piper Jaffray & Co. (the "Underwriter"); (3) the proposed form of a Continuing Disclosure Undertaking, to be dated even date with the delivery of the Bonds, from the District relating to the Bonds; and (4) the proposed form of the Preliminary Official Statement relating to the Bonds, to be dated the date of the distribution thereof (the "Preliminary Official Statement"), and which, as revised after the sale of the Bonds, will constitute the form of the Final Official Statement for the Bonds (the "Final Official Statement"). (The documents described in Clauses (1) through and including (4) are hereinafter referred to, collectively, as the "Bond Documents.")

2. (a) Approval of Diagram. The Diagram, as prepared and presented to the District Board, is hereby approved by the District Board.

(b) Approval of Method and Levy of Assessment. The Method of Assessment, as prepared and presented to the District Board, is hereby approved by the District Board and the levy of the Assessment in amounts not in excess of those described therein and to result therefrom by the Superintendent of Streets or the District Manager at least twenty-four (24) hours before the date of issuance and delivery of the Bonds is hereby approved in accordance with the Method of Assessment, the Assessment being hereby declared to be based on the benefit to be received by the Assessed Property as so assessed.

(c) Certification and Delivery. The District Clerk is hereby authorized and directed to certify that the Diagram was approved by the District Board on this date, and after such certification the District Clerk is hereby authorized and directed to deliver the Diagram to the Superintendent of Streets or to the District Manager.

(d) Demand and Certification. No demand shall be made on the owners of the Assessed Property as such owners waived such right pursuant to the Development Agreement. The District Treasurer is directed to certify to the District Clerk that nothing was collected and that the Assessment remains unpaid in full.

3. (a) Approval of Sale and Issuance of Bonds. The Bonds are hereby authorized to be issued as a series of special assessment revenue bonds of the District pursuant to the Act to be designated "Special Assessment Revenue Bonds, Taxable Series 2019" for the purposes set forth in the Report Resolution. The Bonds shall be issued in the aggregate principal amount of not to exceed \$30,000,000 which shall be equal to or less than the amount certified to the District Clerk as the amount of the Assessment remaining unpaid, shall be in fully registered form only and denominations, shall as indicated hereinabove bear interest at rates not to exceed eight (8%) per annum from their date, shall as indicated hereinabove mature not more than twenty-five (25) and three months from their date and be subject to redemption prior to maturity and shall be dated and numbered, in each case as provided in the Indenture. The Bonds shall be sold to the Underwriter in accordance

with the terms of the Purchase Contract and at a price specified therein with original issue discount and premium and underwriter's compensation in an amount approximately equal to the amount presented in the Report.

(b) Forms, Terms and Provisions, and Execution and Delivery, of Bonds. The forms, terms and provisions of the Bonds provided for in the Indenture, be and they hereby are approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized in the Indenture to execute the Bonds and the determinations of such forms, terms and provisions are hereby delegated to such officers, and each is hereby authorized to execute and deliver them.

(c) Forms, Terms and Provisions, and Execution and Delivery, of Bond Documents. The forms, terms and provisions of the Bond Documents in substantially the forms of such documents (including the exhibits thereto) placed with the District Clerk for this meeting, are hereby approved, with such completions, insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the documents including for the purposes described in Section 3(a) hereof, which approval will be conclusively demonstrated by the execution thereof, and the District Manager or the District Treasurer is hereby authorized to execute the Bond Documents.

(d) Authorization to Execute and Deliver Order to Trustee. The District Manager or the District Treasurer is authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Bonds by the Trustee.

(e) Forms, Terms and Provisions, and Execution and Delivery, of Documents Identified in the Development Agreement. The forms, terms and provisions of the documents and agreements described in the Development Agreement to be executed and delivered by, or approved by, the District, as applicable, are hereby approved in substantially the forms of such documents placed with the District Clerk for this meeting, or as described in the Development Agreement, with such completions, insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the documents, which approval will be conclusively demonstrated by the execution thereof, and the District Manager or the District Treasurer is hereby authorized to execute and delivery or approve, as applicable, such documents and agreements. Such documents and agreements include, but are not limited to, the Development Management Agreement, the Garage Asset Management Agreement and the Assignment and Assumption of Contracts (each as defined in the Development Agreement).

(f) Other Actions Necessary. The District Manager, the District Clerk, the District Treasurer and the other officers of the District shall retain consultants and counsel necessary to carry out the purposes of this Resolution and shall take all other action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents, including, without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and issuance of the Bonds, the execution of an intergovernmental agreement with the City to provide the District with certain administrative and professional

services, the retention of Harding & Associates, Real Estate Appraisers, to conduct an appraisal of the property within the District, and the retention of Kimley-Horn and Associates, Inc. as a parking consultant.

(g) Distribution of Official Statements. The Preliminary Official Statement in substantially the form placed with the District Clerk for this meeting is hereby approved; the distribution by the Underwriter of the Preliminary Official Statement, with such changes as may be acceptable to the District Manager, is also hereby approved; the Chairperson or any other member of the District Board, the District Manager or the District Treasurer is hereby authorized and directed to execute and deliver the Final Official Statement in substantially the form of the Preliminary Official Statement, with such changes as may be acceptable to the District Manager or the District Treasurer and the distribution of the Final Official Statement by the Underwriter is hereby approved.

(h) Assessment. The Bonds shall be payable from installments paid or amounts otherwise collected from the Assessment and from amounts available from time to time in the Debt Service Reserve Fund and from the other sources identified in the Indenture. The amounts due pursuant to the Assessment and unpaid are and shall be a first lien on the Assessed Property so assessed, subject only to general property taxes and prior special assessments and shall be collected as prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as nearly as practicable or such other procedures as the Board may prescribe. In the event of nonpayment of amounts due pursuant to the Assessment and, except as otherwise provided herein, the procedures for collection of delinquent amounts and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes apply, as nearly as practicable, except that neither the District nor the City is required to purchase the delinquent land at the sale if there is no other purchaser.

(i) Obligations of City. Nothing contained in this Resolution, the Bond Documents or any other instrument shall be construed as obligating the City, except to the extent provided in such documents or instruments, or as incurring a charge upon the general credit of the City nor shall the breach of any agreement contained in this Resolution, the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the City.

(j) Appointment of Trustee. U.S. Bank National Association is hereby confirmed as Trustee, Registrar and Paying Agent for the purposes of the Indenture unless the District appoints another entity to act in such capacities.

4. (a) Repeal of Resolution. After any of the Bonds are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

(b) Severability; Amendment; Ratification.

(1) If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or

unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

(2) This Resolution may only be amended as provided by the terms of the Indenture.

(3) All prior acts of the District Board, of the District Manager and of the District Treasurer with respect to all matters concerning the Report Resolution, the Development Agreement, the Report, the Assessment, the Warrant and this Resolution are hereby ratified and confirmed.

(c) Effective Date. This Resolution shall be effective immediately.

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PASSED by the District Board of Park Central Community Facilities District this  
1<sup>st</sup> day of May, 2019.


  
\_\_\_\_\_  
Chairperson

ATTEST:

  
\_\_\_\_\_  
District Clerk



APPROVED AS TO FORM:

  
\_\_\_\_\_  
District Counsel *TGJ*

ATTACHMENTS:

- EXHIBIT "A" - Assessment Diagram
- EXHIBIT "B" - Method of Assessment

EXHIBIT "A" ASSESSMENT DIAGRAM

# FINAL ASSESSMENT DIAGRAM

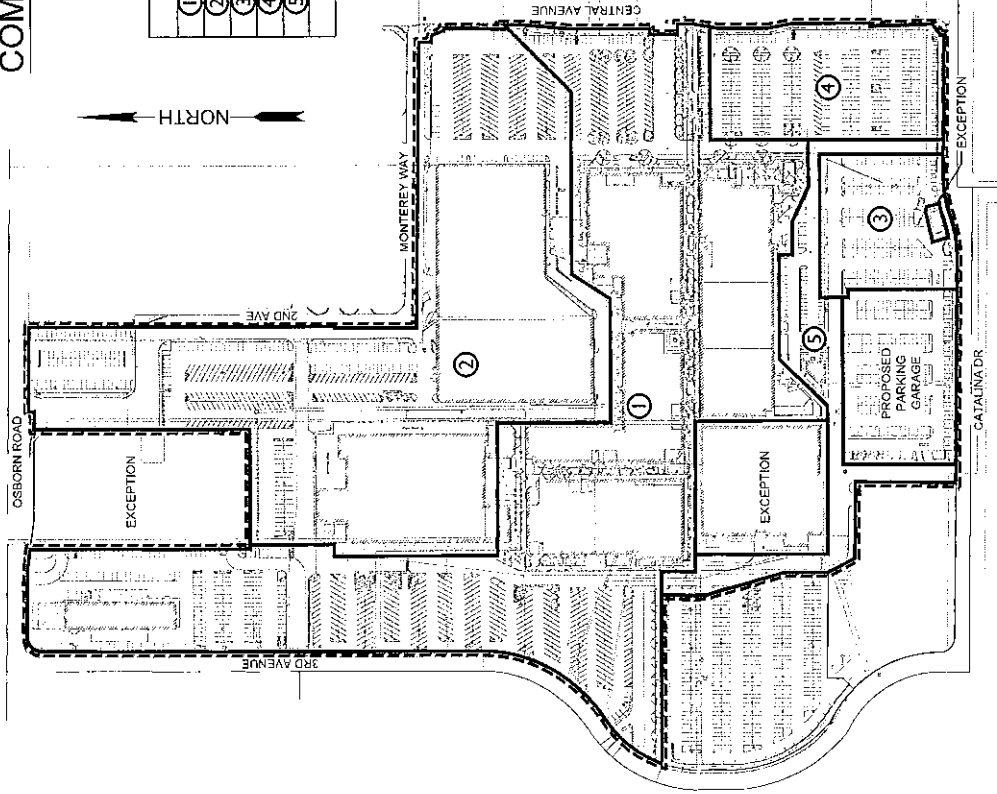
FOR

## PARK CENTRAL

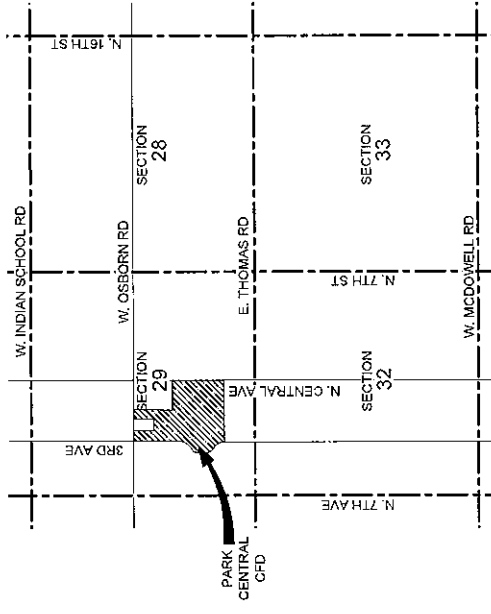
### COMMUNITY FACILITIES DISTRICT

CITY OF PHOENIX, ARIZONA

SECTION 29, TOWNSHIP 2N, RANGE 3E



PARCEL	AREA (S.F.)	ASSESSMENT
① ASSESSMENT PARCEL 1	705,424	\$ 9,300,000.00
② ASSESSMENT PARCEL 2	544,938	\$ 5,100,000.00
③ ASSESSMENT PARCEL 3	71,178	\$ 6,300,000.00
④ ASSESSMENT PARCEL 4	109,100	\$ 9,300,000.00
⑤ ASSESSMENT PARCEL 5	65,987	\$ 1,000,000.00
TOTAL		\$ 30,000,000.00



VICINITY MAP

#### DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES DEPICTED ON THIS PLAN WERE SUPPLIED BY WOOD, PATEL & ASSOCIATES, INC. AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

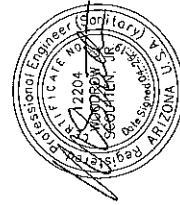
*W. Patel*  
 DISTRICT ENGINEER      04/26/19      DATE

APPROVED BY RESOLUTION NO. \_\_\_\_\_ AT A MEETING OF THE BOARD OF DIRECTORS OF THE PARK CENTRAL COMMUNITY FACILITIES DISTRICT OF THE CITY OF PHOENIX, ARIZONA ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2019

DISTRICT CLERK \_\_\_\_\_ DATE \_\_\_\_\_  
 SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2019

SUBMITTED: \_\_\_\_\_ SUPERINTENDENT OF STREETS      DATE \_\_\_\_\_


EXHIBIT A



EXPIRES 06/30/2019

CFD ASSESSMENT PARCELS

----- CFD BOUNDARIES

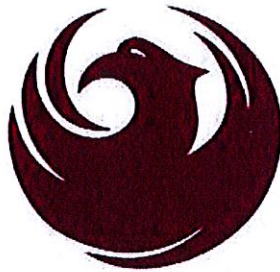


125 S. Avenida Blvd., Suite 115  
 Avondale, AZ 85325  
 7623.547.4661 | F623.547.4662  
 www.epsgrp.com

DATE: 04-26-2019  
 SHEET NO. 1 OF 1

EXHIBIT "B" – METHOD OF ASSESSMENT

**FINAL ASSESSMENT METHODOLOGY REPORT  
FOR  
PARK CENTRAL COMMUNITY FACILITIES DISTRICT  
Parking Garage Assessment District  
City of Phoenix, Arizona**



April 26, 2019



125 S. AVONDALE BOULEVARD  
SUITE 115  
AVONDALE, ARIZONA 85323  
623.547.4661



EXPIRES 06/30/20'9

**EXHIBIT B**

**PARK CENTRAL COMMUNITY FACILITIES DISTRICT**  
**Parking Garage Assessment District**  
**Final Assessment Methodology Report**  
April 26, 2019

**Background**

The redevelopment of the former Park Central Mall located at Central Avenue and Catalina Drive is the catalyst for the proposed construction of a 2001-space parking garage (the "Catalina Garage") on the north side of Catalina Drive between Central Avenue and 3<sup>rd</sup> Avenue within the boundaries of the below-described Park Central Community Facilities District (the "District").

The Park Central developer proposes that the costs of the Catalina Garage be financed in part by the District, which was established by resolution of the Mayor and Council of the City Phoenix (the "City") on August 29, 2018. The general boundaries of the District are Osborn Road on the north, Catalina Drive on the south, 3<sup>rd</sup> Avenue on the west and Central Avenue on the east. The entity HPPC, LLC (the "Developer") has selected an architect and a general contractor to design and construct the Catalina Garage. The District will be asked to authorize the sale of District Special Assessment Revenue Bonds (the "Special Assessment Bonds"), payable from revenues of special assessment payments derived from, and secured by, levy assessment liens on the identified parcels within the District that benefit from the Catalina Garage (referred to herein as the "Assessment Area"). Proceeds from the bond sale will be used, together with other funds described herein, to construct the Catalina Garage. Principal and interest payments to retire the Special Assessment Bonds would be made to the District by the parcel owners.

**Purpose**

The purpose of this report is to present a final assessment methodology for assessing the District parcels for the cost of the Catalina Garage. The bond amount has been set at \$30,000,000.00. This report supersedes

**Ownership at Creation of District and Subsequent Transfers**

Figure 1 shows the District boundaries, the general location of, and the ownership of the tax parcels as they existed at the time the District was formed.

The owners of the property within the District at the time of creation of the District were HPPC, LLC, Dignity Health (Dignity), and Park Central Mall, LLC. Since the time of District formation, the properties formerly owned by Dignity and Park Central Mall, LLC were conveyed to HPPC II, LLC. All parcels are currently owned by HPPC, LLC and HPPC II, LLC (together the Initial Owners). Within the parcel on which a future apartment building will be developed, a small "island" parcel exists, which is owned by the City (APN 118-37-030B). This City parcel was excepted from the legal description for the District boundaries and is not included within the boundaries of the District. Another parcel owned by Dignity (APN 118-37-028) is surrounded by the District's boundaries, but is excluded from the District. The following table provides basic information for the parcels within the District as they existed at the time the Preliminary Assessment Methodology Report was prepared in March 2019.

**Table 1 – Original District Parcels**

<b>Parcel Number (APN)</b>	<b>Owner</b>	<b>Size (square feet)</b>	<b>Size (acres)</b>
118-37-027A	HPPC, LLC	759,789	17.44
118-37-027E	HPPC II, LLC	423,853	9.73
118-37-013B	HPPC II, LLC	95,571	2.19
118-37-031	HPPC II, LLC	25,570	0.59
118-37-027D	HPPC II, LLC	153,339	3.52
118-37-030A	HPPC II, LLC	140,581	3.23
<b>Totals</b>		<b>1,598,703</b>	<b>36.70</b>

On April 5, 2019, an amended plat for the Park Central site was recorded at Book 1451, Page 35 (MCR 2019-0241260) and named "Park Central Amended – A Re-Plat of Lots 1, 4, and 5 of Park Central Mall" (Amended Plat). The Amended Plat created the CFD assessment parcels (Figure 2).

Parcel 118-37-030A was split into two parcels; the Catalina Garage will be built on one of the new parcels. That parcel will be conveyed to the District prior to the issuance of the Special Assessment Bonds and will, therefore, be unassessable. The remainder of Parcel 118-37-030A is planned for an apartment building. The future apartment parcel will remain in the District and be assessed accordingly.

Park Central Mall, LLC, a predecessor to HPPCII, entered into an agreement with Mercy Healthcare Arizona (MHA) in 1998 titled *Declaration of Reciprocal Easements, and Covenants, Conditions and Restrictions* (the "1998 Agreement"). The 1998 Agreement granted easements to MHA for 990 parking spaces in three specific locations within the Park Central site. Dignity is the successor in interest to MHA under the 1998 Agreement. An amendment to the 1998 Agreement recorded on January 23, 2019 (the "2019 Amendment") provides that Dignity will contribute \$8 million to the construction of the Catalina Garage in return for 500 parking spaces in the Catalina Garage, some of which are reserved for Dignity's use. Under the 2019 Amendment, Dignity will continue to have rights to parking on certain Park Central parking areas and within the existing Park Central garage. Thus, the new 500 spaces within the Catalina Garage are in addition to the 990 spaces already provided under the 1998 Agreement as amended by the 2019 Amendment. As a result, Dignity will have access to a total of 1,490 spaces throughout the Park Central site. This total includes 405 existing parking spaces located on Parcel P, which is located outside the boundaries of the District (see Figure 3).

The Developer and HPPCII intend to sell portions of the above described parcels to others for development of various uses such as the apartments, senior housing, office buildings, hotels, and mixed-use buildings. The Amended Plat created the apartment and Catalina Garage parcels, as well as a new parcel that was acquired by Creighton University on April 16, 2019. The Amended Plat also combines current tax parcels into larger parcels. Figure 2 shows the locations and layout of the District parcels as they now exist with recordation of the Amended Plat.

The Developer is planning to sell additional parcels following recordation of the special assessment liens. When those future parcel sales occur, the District assessment that has been recorded on

each parcel must be modified to split the special assessment between the new parcel and the remainder of the parent parcel. This assessment modification process should be based on the original assessment methodology. An example of a future modification process is included in this report.

**Catalina Garage Costs**

The Catalina Garage is planned to have 10 levels and is estimated to cost approximately \$33.3 million for design, construction, soft costs, and contingencies. Table 2 provides a breakdown of the estimated garage construction costs.

**Table 2 – Estimated Garage Construction Costs**

<b>Construction Costs</b>	<b>Cost</b>
Design Costs	\$1,004,232
Other Soft Costs	\$342,500
Construction Contract	\$29,982,254
Parking Gates Allowance	\$250,000
Development Fee	<u>\$1,287,645</u>
Total	\$32,866,631
Owner Contingency	<u>\$600,000</u>
<b>Total</b>	<b>\$33,466,631</b>

City staff, acting as agents of the District, a Development Manager retained by the District, and a District Engineer retained by the District, will administer the District construction process. A portion of the costs to make payments to the contractor and to pay other costs associated with the construction and financing of the Catalina Garage will be financed by the District using proceeds from the sale of the Special Assessment Bonds. In addition, Dignity, which owns a building surrounded by District land but is not included within the District, has agreed with the Initial Owners within the District to contribute \$8,000,000 toward the construction of the Catalina Garage in exchange for receiving 500 parking spaces in the Catalina Garage for its use. Pursuant to the terms of a Development Agreement (the "Development Agreement") among the City, the District, and each of the Initial Owners and their related lenders, any construction and other associated costs of the Catalina Garage in excess of amounts provided by the District from Special Assessment Bonds and the Dignity contribution are the responsibility of the Initial Owners.

The Special Assessment Bonds will be secured by special assessment liens placed on the participating parcels within the Assessment Area. The Special Assessment Bond sale and recording of liens on the parcels must occur prior to the start of construction of the Catalina Garage. The Special Assessment Bond amount is based on an estimate of the total Catalina Garage project cost being financed by the District, including construction and non-construction costs. Non-construction costs can include professional services for design and managing the construction, other technical services, bond issuance costs and fees, land costs, and permit fees.



### **City Parking Requirements**

Parking requirements, based on the proposed land use, are established in Section 702 of the City's Zoning Code for off-street parking. The Current C-2 H-R zoning for the Park Central property was approved in 1986 (Case 183-86) for Intermediate Commercial High Rise uses. In 2009, the original stipulations for the 1986 zoning were modified by the City to include development of the site in conformance with a site plan and supporting documents. The parking ratios shown in the 2009 modification for the various proposed uses conform to those listed in the Section 702 table.

In 2003, the City adopted Ordinance G-4559, which established the Interim Transit-Oriented Zoning Overlay District One (TOD-1) on portions of downtown Phoenix including the entire Park Central site. That ordinance allows for reductions in required parking depending on the land use and proximity to a light rail transit station. That ordinance allows for a reduction in required parking spaces if the development is located within 1,320 feet of a light rail station; 25 percent reduction for residential/multifamily uses, and 15 percent reduction for commercial uses. Light rail stations are located on Central Avenue, adjacent to Park Central, south of Osborn Road and north of Thomas Road. Thus, all of the proposed District Assessment Parcels are located entirely or partially within the 1,320-foot distance from light rail stations.

### **Assessment Considerations**

By statute, the amount of the assessment to be levied upon each participating parcel in the Assessment Area must be based on the benefit received by the parcel from the infrastructure being financed by the District; in this case, the Catalina Garage. The assessment for a parking garage may be viewed as similar to the demand for water supply to a piece of property. In the case of the garage, the demand is for parking spaces. Thus, the starting point for determining assessments in this case is the number of parking spaces allocated to each of the parcels that are participating in the District.

Similar to the water analogy, the assessments could be calculated based on the simple area of each participating parcel on a pro rata basis in square feet or acres. However, unlike a water supply, the parking garage will not be located adjacent to all lands within the District. This proximity issue and others unique to this project are discussed as follows:

Proximity – While the proposed apartment parcel is located adjacent to the parking garage, the other four parcels are located at varying distances from the proposed garage. The farthest extent of one of the parcels is approximately 1,700 feet, in a straight line, from the garage. As the distance of the parcel from the garage increases, visitors to the site will be less likely to utilize the garage and will find other parking options closer to their destination. Thus, the benefit of the garage that each parcel receives decreases with distance from the garage. This issue does not substantially affect the initial assessments, because they are based on the City parking requirements and agreements between the owners. This issue will need to be accounted for in the future modifications of the assessments as the parcels are split and portions sold to others.

Other Parking Options – For the foreseeable future, the existing Park Central parking garage will remain in service as a part of the redevelopment effort. This existing two-level garage is centrally located within the District boundaries, whereas the proposed Catalina Garage is

located at the south end of the site. In addition, plans of the proposed development show some surface parking to be located along drive aisles and in front of buildings throughout the site. Thus, visitors to the northern portions of the redeveloped Park Central site will have the option of using the existing garage or surface parking that is closer to their destination than the Catalina Garage.

The surface parking option does not affect the benefit received by the current parcels, because the surface parking will be spread out uniformly throughout the Park Central site. The option represented by the existing parking garage will reduce the benefit that the Catalina garage represents for the more remote portions of the District parcels. This reduced benefit does not apply to the initial assessments for the same reason provided above, but will need to be accounted for when future parcels are split from the current parcels and sold to others, which will occur in the assessment modification process.

Public Benefit – The proposed Catalina Garage will be open to the public subject to certain reservations of parking spaces for District and Non-District parcel uses, such as the proposed apartments and the Dignity building. However, with public access to the garage, there is a benefit to members of the public in general who may wish to park in the Catalina garage even though their destination is not located within the District boundaries. The public benefit in this case is considered to be minor due to the large number of parking options provided by the surrounding land uses.

Hampton Inn Parking Spaces - Hampton Inn is an existing motel located immediately west of the Catalina Garage site. When the Hampton Inn was developed, the owner of the future Catalina Garage site granted a non-exclusive parking easement for 16 parking spaces on the Catalina Garage site, which is the current location of the Dignity covered parking. The 16 Hampton Inn spaces lost as a result of the Catalina Garage construction will be replaced in the Catalina Garage as a part of the Phase 2 Parcel allocation.

Dignity Parking Spaces – Dignity owns a parcel of land that is located adjacent to the Park Central site, which is surrounded by the boundaries of the District, but is excluded from the District. The Dignity parcel is located adjacent to the proposed Catalina Garage site. In recognition of existing parking rights for the land on which the garage will be built, Dignity will receive rights to 500 parking spaces within the new garage. These spaces, together with the 16 Hampton Inn spaces, will reduce the number of spaces available for use by the District parcels to 1,485. This impact is offset by a proposed payment by Dignity of \$8 million for those 500 spaces. Thus, the District will finance the remaining cost of the garage and the parcel owners will have rights to 1,485 spaces.

Catalina Garage Parcel – The Catalina Garage parcel, which has been created by the Amended Plat, is currently burdened by the existing parking easement agreements, as discussed previously. Amendments to the prior agreements and the new agreements recognize that the Catalina Garage parcel will no longer be available for surface parking and provide for certain replacement spaces within the Catalina Garage.

## Financing Plan

In addition to the cost to construct the garage as shown in Table 1, costs related to the issuance of the Special Assessment District bonds will be incurred. To offset these costs, funds will be contributed by HPPC, LLC and Dignity (as described above). Table 3 provides the estimated sources and uses of funds for this project. Based on the current cost estimates, the proceeds from the sale of the bonds are estimated to be \$29,654,676. However, because the bond sale has not yet occurred, the preliminary assessments to be calculated in this report will be based on a total estimated bond amount of \$30 million. As the time for the bond closing and levying of the assessments approaches, the final bond amount will be determined and will be used in the Final Assessment Methodology Report to calculate the assessments to be levied.

**Table 3 – Estimated Sources and Uses of Funds**

<b>Sources</b>	<b>Amount</b>
Dignity Funds	\$ 8,000,000.00
Developer Contribution	\$ 490,000.00
Bond Proceeds	<u>\$30,000,000.00</u>
<b>Total</b>	<b>\$38,490,000.00</b>

<b>Uses</b>	<b>Amount</b>
Construction Costs	\$33,466,631.00
Issuance Costs	\$ 1,000,000.00
Debt Service Reserve	\$ 2,323,165.00
Capitalized Interest	\$ 1,698,525.60
Other	<u>1,678.40</u>
<b>Total</b>	<b>\$38,490,000.00</b>

## Assessment Methodology

The Park Central site currently contains 3,139 parking spaces. A total of 405 spaces are located outside the boundaries of the District, but figure into the allocation of parking spaces among the various Park Central users as presented below. The existing two-level parking structure on the Park Central site provides 704 spaces, which are included in the total of 3,139 spaces. Thus, most of the existing parking is surface parking located throughout the site, some of which will remain as the site is redeveloped. Through a 2019 access agreement, replacing an obsolete 2000 agreement, the owners of the Phase 1 Parcel and the Phase 2 Parcel have agreed that the Phase 2 Parcel is entitled to 1,000 parking spaces on the Park Central site, conditionally reduced to 825 spaces as described below. In addition, pursuant to the 1998 Agreement as modified by the 2019 Amendment, Dignity, which is not an owner of land within the District, has rights to 990 unreserved parking spaces in specified areas of the Park Central site, 250 spaces of which are convertible to limited access spaces in the Catalina Garage as described below.

The City of Phoenix requires that commercial projects, such as Park Central, provide adequate parking for the planned uses. These parking requirements are established by utilizing ratios

embodied in the City's zoning code. The existing parking ratios for the Park Central site are shown in the following table.

**Table 4 - Current Parking Ratios**

User	Spaces	Building Area (SF)	Parking Ratio (spaces/1,000 SF)	Zoning Code Ratio
Phase 1 (office/retail)	1,149	270,000	4.2	4.0
Phase 2 (office)	1,000	193,000	5.2	3.5
Dignity (medical)	990*	165,000	6.0	5.0
<b>Total</b>	<b>3,139</b>			

\* 405 of these spaces are located on a parcel outside of the District.

These current Park Central parking ratios can be compared to ratios for other existing projects of a similar nature in the area. Data provided by the City's Economic Development office was examined to find office buildings and medical facilities located in the central Phoenix area. Thirty-five existing office buildings and medical facilities were identified of a size of at least 10,000 square feet and located within a three-mile radius of Park Central site. The average parking ratio for these 35 buildings, weighted based on square footage, is 4.45 parking spaces per 1,000 square feet of building area. Therefore, the parking ratios for the existing uses within the Park Central site not only meet the requirements of the City's zoning code, but also compare well with existing similar uses within the general area.

Upon completion of the Catalina Garage, the total amount of parking spaces within the Park Central site will increase to 4,378 spaces. A total of 762 spaces will be lost when the Catalina Garage is built on a portion of the site and when Assessment Parcel 4 is developed by Creighton University. But, the Catalina Garage will add 2,001 spaces to the site, for a net increase of 1,239 spaces.

The access agreement between the owners of Phase 1 and Phase 2 provides for 175 parking spaces within the existing garage to be transferred from Phase 2 to Phase 1 at the time an outstanding loan is paid off by the owner of Phase 2, which is scheduled to occur on or before October 10, 2020. However, this agreement does not create new parking spaces within the Park Central site and does not affect the size of or allocation of spaces within the Catalina Garage. Table 5 illustrates the effect this transfer will have on the number of spaces allocated to each current user and their respective ratios.

**Table 5 - Current Parking Ratios after October 10, 2020**

User	Spaces	Building Area (SF)	Parking Ratio (spaces/1,000 SF)	Zoning Code Ratio
Phase 1 (office/retail)	1,324	270,000	4.9	4.0
Phase 2 (office)	825	193,000	4.3	3.5
Dignity (medical)	990*	165,000	6.0	5.0
<b>Total</b>	<b>3,139</b>			

\* 405 of these spaces are located on a parcel outside of the District.

Assessment Parcel 1 includes existing buildings with a total floor area of 270,000 square feet, which are being redeveloped for mixed-use tenants. The City parking code requires the total parking to be provided for a mixed-use project to be the sum of the requirements for each use based on the ratios stated in the Code. If the entire 270,000 square feet was developed as office space, the parking ratio would be 3.2 spaces per 1,000 square feet of building. Restaurants and retail uses, per the Code, require higher ratios, i.e. more parking per square foot of building. Because the final mix of uses within the buildings on Assessment Parcel 1 are not known at this time, this analysis will utilize a parking ratio of 4 spaces per 1,000 square feet of building. At that ratio, Assessment Parcel 1 requires 1,032 parking spaces. It qualifies for a 15 percent reduction in required parking based on its proximity to light rail stations. Therefore, the required parking is reduced to 877 spaces. Assessment Parcel 1 will be allocated 457 spaces in the Catalina garage. The 420 additional spaces needed to meet the City's parking requirements exist on the Park Central site in proximity to the Phase 1 parcel.

Assessment Parcel 2 is a remnant of the property previously owned by Park Central Mall, LLC. The 1998 Agreement between Park Central Mall, LLC, as predecessor to HPPCII, LLC, and MHA, now Dignity, granted easements to MHA for 990 parking spaces in three specific locations within the Park Central site:

1. 150 reserved spaces within the existing Park Central parking garage exclusively for MHA use.
2. 399 spaces on the Expansion Lot (originally platted Lot 3) on an unreserved, non-exclusive, first come-first served basis.
3. 441 spaces on the Catalina Parcel (location of the currently planned Catalina Garage) on an unreserved, non-exclusive, first come-first served basis. MHA had the option to replace these spaces with up to 250 spaces for the sole use of MHA during normal business hours. The 250 spaces could be covered and controlled by gates, card readers, etc. MHA apparently took advantage of that provision as evidenced by the covered, controlled access parking lot currently located on the Catalina Garage parcel. The construction of the Catalina Garage will eliminate these 250 spaces.

Another provision of the 1998 Agreement allowed Park Central Mall, LLC, to replace any of the 990 spaces with comparable parking spaces on portions of the Park Central site identified for permanent parking relocations, including the Catalina Garage site. The replacement spaces shall be equivalent with respect to being covered and reserved.

Dignity, its property, and its contribution to the Catalina Garage construction cost are outside of the District. However, construction of the Catalina Garage will eliminate Dignity's 250 spaces described above. Per the 1998 Agreement, the owner of Assessment Parcel 2 is obligated to provide those spaces for Dignity. Therefore, the assessment to be placed on Assessment Parcel 2 represents its owner's obligation to provide 250 spaces within the Catalina Garage for the use of Dignity under the 1998 Agreement and the 2019 Amendment.

Assessment Parcel 3, the Apartments, is required by City Code to provide parking according to the size of the units and the number of bedrooms in each unit. According to Matthew Schildt of

TDC Properties, the current plan for the Apartments provides for 278 units with a breakdown of unit sizes shown in Table 6. Per this plan and the City's parking code, Assessment Parcel 3 is required to have 402 parking spaces.

**Table 6 – Apartments Parking Requirements**

Apartment Units		Unit Size	Parking Ratio	Parking Spaces Required
Number	Type	(Sq. Ft.)	(per unit)	
28	Studio	597	1.0	28
5	Studio	604	1.3	6.5
3	Studio	724	1.3	3.9
45	1 -1	698	1.5	67.5
76	1 -1	756	1.5	114
5	1 -1	698	1.5	7.5
15	1 -1	849	1.5	22.5
11	1 -1	854	1.5	16.5
8	1 -1	856	1.5	12
8	1 -1	756	1.5	12
2	1 -1	865	1.5	3
8	1 -1	1,080	1.5	12
2	1 -1	797	1.5	3
1	1 -1	867	1.5	1.5
1	1 -1	865	1.5	1.5
34	2 - 2	1,051	1.5	51
8	2 - 2	1,436	1.5	12
8	2 - 2	1,364	1.5	12
4	2 - 2	1,062	1.5	6
1	2 - 2	1,087	1.5	1.5
5	2 - 2	1,056	1.5	7.5
<b>278</b>	<b>Total/Avg</b>	<b>834</b>		<b>401.4</b>

Because of its proximity to light rail stations, Assessment Parcel 3 is eligible for a 25 percent reduction in required parking. The required parking for Assessment Parcel 3 then becomes 302 spaces.

Assessment Parcel 3 will have a total of 278 spaces in the Catalina garage which are reserved for the exclusive use of apartment residents. Another 100 spaces in the Catalina garage will be available for the use of the apartment residents and their invitees during non-business hours; i.e. evenings, weekends and holidays. Thus, the sum of these reserved and off-hours spaces in the Catalina garage (378 spaces) meets the City's parking requirements for this apartment project.

However, the absolute reservation of the 278 spaces for Assessment Parcel 3, and the use by Assessment Parcel 3 of another 100 spaces during nights and weekends, represents an

increased benefit to Assessment Parcel 3 and a reduced benefit to the other Assessment Parcels. Therefore, Assessment Parcel 3 should have a higher assessment on a per-space basis.

Assessment Parcel 4 is planned for a Creighton University campus to include a four-year medical school, nursing school, occupational and physical therapy schools, pharmacy school, physician assistant school, and emergency medical services program. According to information provided by representatives of Creighton, the campus will include a 185,000 square foot building in the first phase and a planned student population of about 900, which will be a mixture of on-site students and those whose schedules do not require them to be on campus daily. The student population is currently expected to consist of 260 students attending the campus daily, 312 students whose attendance will vary, and 320 clinical students who are generally off campus.

Through the land purchase agreement, Creighton has been allocated a total of 500 spaces within the Catalina Garage. The parking requirement for this project is based on the City's parking code, but is based on the "Office" category as a worst case scenario. For a building of this size, the code requires 3.5 parking spaces per 1,000 square feet of office space, which is 648 spaces. Proximity of the site to the light rail allows for a 15 percent reduction in required spaces. The resulting number of spaces is 551. This parking requirement is met by the 500 spaces within the Catalina Garage and 60 parking spaces elsewhere, following development of the Creighton parcel.

Assessment Parcel 5 consists of drive aisles and some surface parking. Because of its geometry, this parcel is considered to be undevelopable for uses other than drive aisles and parking. While Parcel 5 has value to the overall Park Central project by providing access, traffic circulation, and parking, it is considered to have no value in support of assessment bonds for the garage. Because this parcel cannot be developed independently of the adjacent parcels, it should not carry a significant assessment. If Parcel 5 had to be foreclosed upon by the District in order to pay off its share of the bond debt, the District would likely not receive enough proceeds from the foreclosure sale to cover the bond debt. Therefore, it is recommended that Parcel 5 be assessed at \$1.00.

Proposed Parking Allocations after October 10, 2020 and with the Catalina Garage in place are shown in Table 7.

**Table 7 - Parking Ratios after October 10, 2020 with Catalina Garage**

User	Current Spaces	Loss/ Reallocation of Current Spaces	Catalina Garage Spaces	Total Spaces	Building Area (SF)	Parking Ratio (spaces/ 1,000 SF)	Zoning Code Ratio
Phase 1 (office/retail)	1,308	-496*	457	1,269	258,000	4.9	4.0
Phase 2 (office)	825	-250	250	825	193,000	4.3	3.5
Dignity (medical)	990	0	0	990	165,000	6.0	5.0
Dignity (addl. uses)	0	0	500	500	N/A	-	-
Apartments	0	0	278	278	N/A	***	***
Creighton	0	0	500	500	185,000	2.7	3.2
Hampton Inn**	16	-16	16	16	N/A	N/A	
<b>Totals</b>	<b>3,139</b>	<b>-762</b>	<b>2,001</b>	<b>4,378</b>			

\* Includes 362 for Catalina Garage site, 45 for Parcel R, and 89 from the Creighton site.

\*\* Hampton Inn (not included in District) is provided with 16 parking spaces in Catalina Garage pursuant to 1998 Easement Agreement with Phase 2 owner.

\*\*\* See Table 6.

The right of Assessment Parcels 1 through 4 to use parking spaces within the Catalina Garage will be secured by an easement placed on the Catalina Garage site to the benefit of each Assessment Parcel. Because the easement creates and secures the benefit for each Assessment Parcel, it is essential that the easements be recorded prior to the assessment liens being recorded against the Assessment Parcels.

**Recommended Assessments**

Through previous and currently drafted agreements and easements, all owners within the Park Central site have adequate parking to allow for development of their parcels as currently planned. While the construction of the Catalina Garage will eliminate some existing surface parking spaces, it will also create 2,001 additional spaces. These new spaces, along with the currently planned allocation of existing surface parking, provide adequate parking for the existing buildings, the Apartments, Dignity, and Creighton University. New uses and buildings on the currently vacant parcels will be required to provide additional parking as needed depending on their uses as they develop.

Based on this analysis and conclusions, it is recommended that the final assessments for the cost of the Catalina Garage be based on the allocation of spaces within the Garage with two exceptions. First, Assessment Parcel 5, as discussed above, will be assessed \$1.00. Second, the assessment for the Apartments parcel is slightly higher than a straight allocation, because the spaces allocated to the Apartments are reserved on a 24/7 basis for the residents and their guests. Also, the Apartments residents will have the use of another 100 parking spaces during nights and weekends.

Regarding the downward adjustment for Assessment Parcel 4 (Creighton), it is appropriate to reduce this assessment for two reasons. First, because Assessment Parcels 1 and 4 have nearly the same number of spaces allocated within the Catalina Garage, their assessments



should be similar. Second, the Creighton campus is not allocated the full number of Catalina Garage spaces needed to serve its site. Creighton needs 551 spaces under the City code, but is allocated only 500 within the Catalina Garage.

Table 8 provides the recommended final assessments.

**Table 8 – Recommended Final Assessments**

<b>Assessment Parcel No.</b>	<b>Assessor Parcel No.</b>	<b>Parcel Owner or Future Owner</b>	<b>Number of Parking Spaces Allocated</b>	<b>Pro Rata Share Based on Spaces</b>	<b>Adjusted Share</b>	<b>Recommended Assessment</b>
1	TBD	HPPC	457	30.77%	31%	\$9,300,000.00
2	TBD	HPPC II	250	16.84%	17%	\$5,100,000.00
3	TBD	Apartments*	278	18.72%	21%	\$6,300,000.00
4	TBD	Creighton*	500	33.67%	31%	\$9,300,000.00
5	TBD	HPPC II	0	0.00%	0%	\$1.00
<b>Totals</b>			<b>1,485</b>	<b>100.00%</b>	<b>100%</b>	<b>\$30,000,001.00</b>

\* These acquisitions are pending and may not have occurred at the time of preparation of this report.

**Assessment Modification Approach**

After the initial assessments are levied and recorded against the participating parcels, portions of Assessment Parcels 1, 2 and 4 may be split off and sold. The Developer has prepared a master plan for these future parcels (Figure 3). When a new parcel is split from the original Assessment Parcel, City staff will be required to process a modification of that assessment. All assessment modifications will be subject to approval by the District Board of Directors.

The proximity issue described above will apply to the future modification process and should be recognized in the modified assessments, in a manner similar to the initial assessments.

Most of the parcels that will be sold in the future are currently vacant, i.e. parking areas. However, the parent parcels (i.e. the HPPC and HPPCII parcels) already have significant existing structures that are in use and will continue to be used in the redevelopment of the site. In the case of Assessment Parcel 4 (Creighton), the Phase 1 portion would be developed as the campus, while the Phase 2 portion would remain vacant. Thus, the value of the land, without buildings, should be the basis for making the pro rata adjustments in the assessment modification process. This approach will allow an equitable modification for splitting vacant parcels from the parent parcels which have comparatively significant values based on the existing buildings. For this example, it is assumed that the value of the land is ten percent of the total value of the parcel. Moreover, it is assumed that any land parcel sold for further development will have no direct easement rights to the Catalina Garage and will need to accommodate its parking requirements separately, the only benefit these future parcels will

receive from the Catalina Garage will be the public use of the Catalina Garage, which is also estimated to be ten percent of the Catalina Garage's use.

Under this approach, the already developed parent parcel, i.e. Assessment Parcel 1 or 2, or Creighton Phase 1, will retain the majority of the original assessment. However, this approach is considered to be equitable, because the parent parcel will enjoy the benefit of the Catalina Garage beginning immediately upon completion of its construction, whereas a vacant parcel will not receive benefit until it is developed, but in the meantime the owner will be making assessment payments. Furthermore, as parcels are sold, the parent parcel will increasingly rely on the Catalina Garage to provide parking for the remainder of the parent parcel. In addition, it is likely that, depending on land use, the parcel that is sold may have to use some of its area for parking to supplement what the Catalina Garage provides or find alternate parking consistent with its intended use.

During future assessment modifications, it will be important to maintain a minimum value-to-lien ratio of 3 to 1, not only for the new parcel, but also for the remaining parent parcel. Evaluating these ratios will require updated appraisals of value for each modification.

Using the plan shown in Figure 3 and relative parcel sizes, Table 9 provides an example of how the future assessment modification calculations could be made.

The proposed adjustments to the assessments are based on a percentage factor considering the distance of each parcel from the Catalina Garage, with closer parcels having a positive adjustment and more distant parcels having a negative adjustment. This approach is based on the relative likelihood that a person will park in the Catalina Garage and walk to a use located on one of the future parcels. The adjustments are not necessarily linear with distance, because longer distances from the Garage will more greatly discourage visitors from using the Garage. The rationale for the adjustments shown in Table 9 is described as follows:

- Parcel M is the farthest from the Catalina Garage and should have the largest reduction at 11 percent.
- Parcel 118-37-031 is equally distant from the Catalina Garage as Parcel M. But, the small size of the parcel, which makes it more difficult to provide additional on-parcel parking, warrants a lesser reduction to 3 percent.
- Parcels I and N receive neutral adjustments of zero percent, because they are more or less in the center of the site and have other parking options.
- Parcels O, B, and K receive similar positive adjustments due to their relatively similar proximity to the Catalina Garage.

When assessment payments are made to the District by the Assessment Parcel owners over time, the remaining assessments will be reduced accordingly. At the time a parcel is split from the parent parcel and sold to a new owner, the remaining assessment on the parent parcel is the number that will be inserted into the spreadsheet to allow a new spread of the assessment to be made. That calculation will preserve the original modification approach, but base the

assessment for the new parcel on the outstanding balance of the assessment remaining at the time the parcel is created.

Table 9 – Example of Future Assessment Modifications Based on Parcel Size and Location (for illustrative purposes only)

Future Assessment Parcels	Original Assessment	Estimated Parcel Size (SF)	Pro Rata	10% Value (Land)	Location Adjustment	Adjusted Share (Land)	Adjusted Allocation (Land)	Overall Allocation	Allocation per SF
Assessment Parcel 1 (remainder)	\$9,300,000	402,888	57.11%	\$531,151	6.0%	63.11%	\$586,951	\$8,956,951	\$22.23
Parcel K		51,584	7.31%	\$68,006	2.5%	9.81%	\$91,256	\$91,256	\$1.77
Parcel M		108,591	15.39%	\$143,162	-11.0%	4.39%	\$40,862	\$40,862	\$0.38
Parcel N		76,331	10.82%	\$100,632	0.0%	10.82%	\$100,632	\$100,632	\$1.32
Parcel O		66,029	9.36%	\$87,050	2.5%	11.86%	\$110,300	\$110,300	\$1.67
<b>Totals</b>		<b>705,423</b>	<b>100.00%</b>	<b>\$930,000</b>	<b>0.0%</b>	<b>100.00%</b>	<b>\$930,000</b>	<b>\$9,300,000</b>	
Assessment Parcel 2 (remainder)	\$5,100,000	224,824	41.34%	\$210,815	5.0%	46.34%	\$236,315	\$4,826,315	\$21.47
118-37-13B		95,603	17.58%	\$89,646	0.0%	17.58%	\$89,646	\$89,646	\$0.94
Parcel B		55,120	10.13%	\$51,685	2.0%	12.13%	\$61,885	\$61,885	\$1.12
Parcel H		87,070	16.01%	\$81,645	-4.0%	12.01%	\$61,245	\$61,245	\$0.70
Parcel I		55,713	10.24%	\$52,242	0.0%	10.24%	\$52,242	\$52,242	\$0.94
118-37-031		25,560	4.70%	\$23,967	-3.0%	1.70%	\$8,667	\$8,667	\$0.34
<b>Totals</b>		<b>543,890</b>	<b>100.00%</b>	<b>\$510,000</b>	<b>0.0%</b>	<b>100.00%</b>	<b>\$510,000</b>	<b>\$5,100,000</b>	
Assessment Parcel 3 (Apartments)	\$6,300,000	75,101		\$630,000					\$8.39
Assessment Parcel 4 (Creighton Phase 1)	\$9,300,000	54,834.5	50.00%	\$465,000	-0.5%	49.50%	\$460,350	\$8,830,350	\$161.04
Creighton Phase 2		54,834.5	50.00%	\$465,000	0.5%	50.50%	\$469,650	\$469,650	\$8.56
<b>Totals</b>		<b>109,669</b>	<b>100.00%</b>	<b>\$930,000</b>	<b>0.0%</b>		<b>\$930,000</b>	<b>\$9,300,000</b>	
<b>Total</b>	<b>\$30,000,000</b>								

\* \* \*

## FIGURES

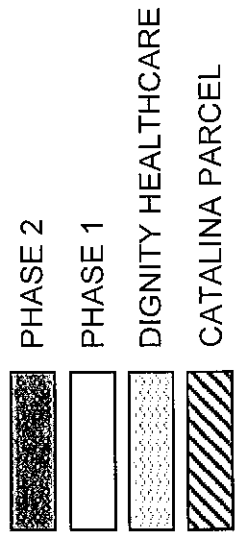
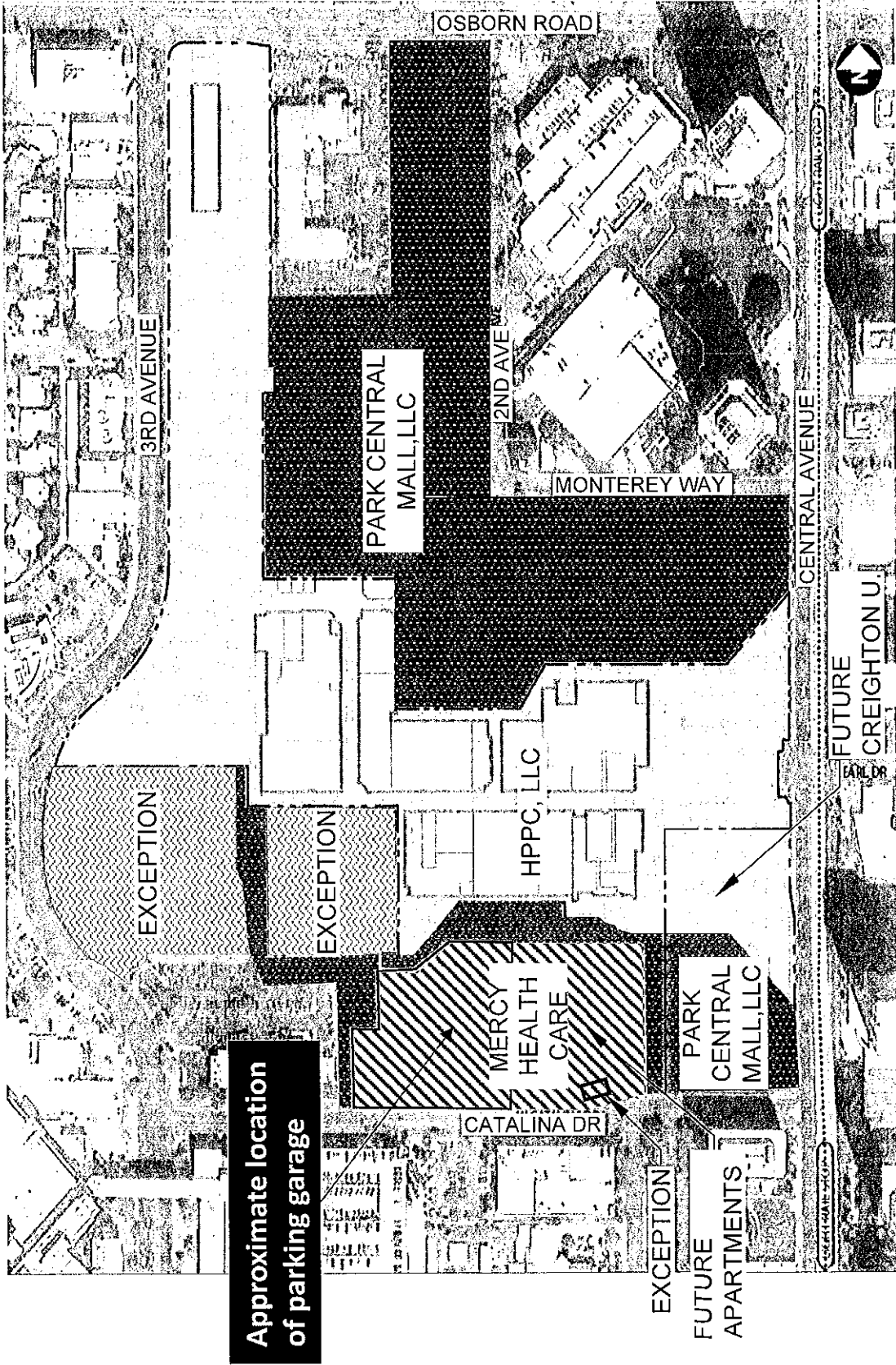


FIGURE 1

PARK CENTRAL COMMUNITY FACILITIES DISTRICT  
INITIAL OWNERSHIP

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LEGEND

- ① ASSESSMENT PARCEL 1
- ② ASSESSMENT PARCEL 2
- ③ ASSESSMENT PARCEL 3
- ④ ASSESSMENT PARCEL 4
- ⑤ ASSESSMENT PARCEL 5
- - - CFD BOUNDARY

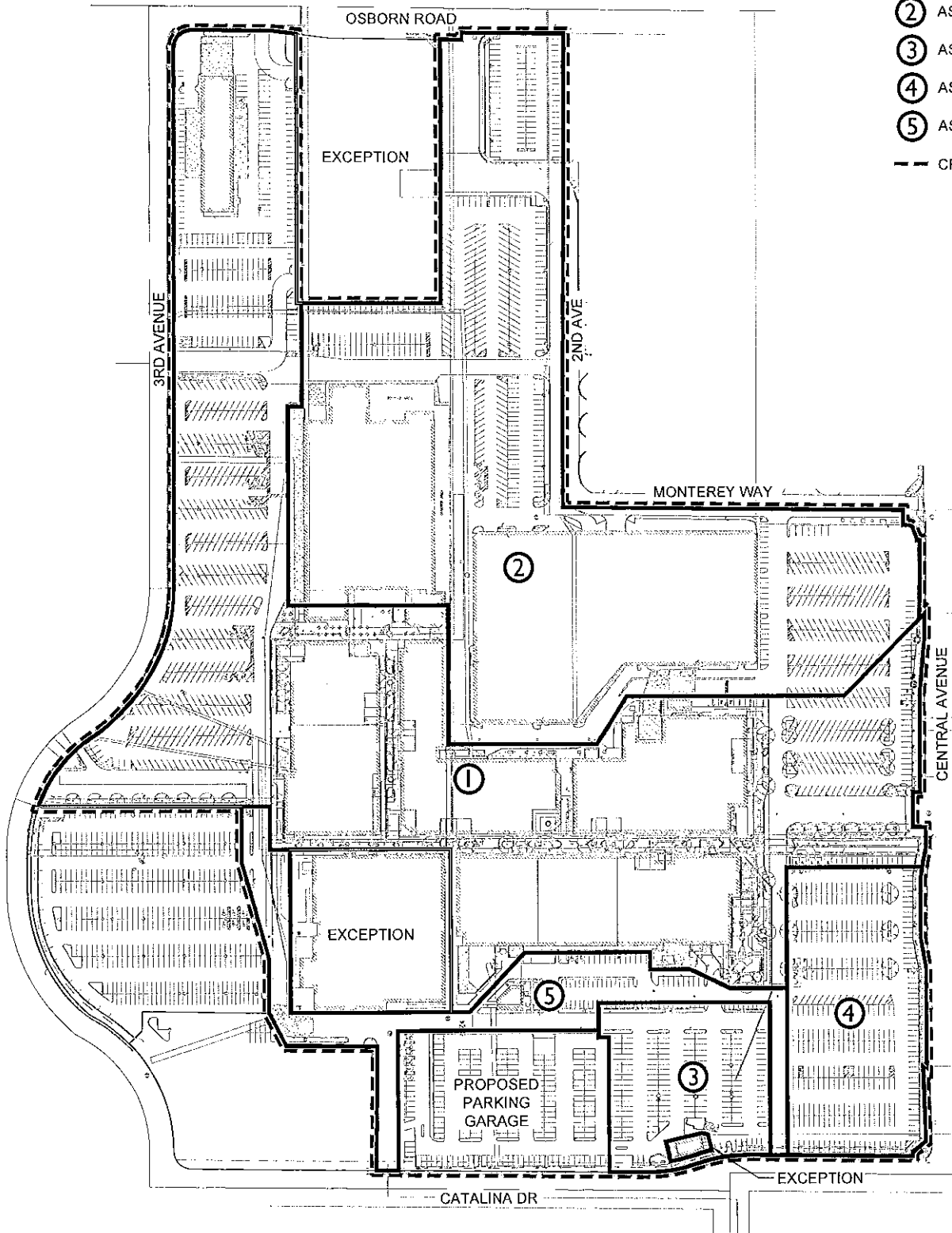


FIGURE 2

PARK CENTRAL COMMUNITY FACILITIES DISTRICT  
ASSESSMENT PARCELS

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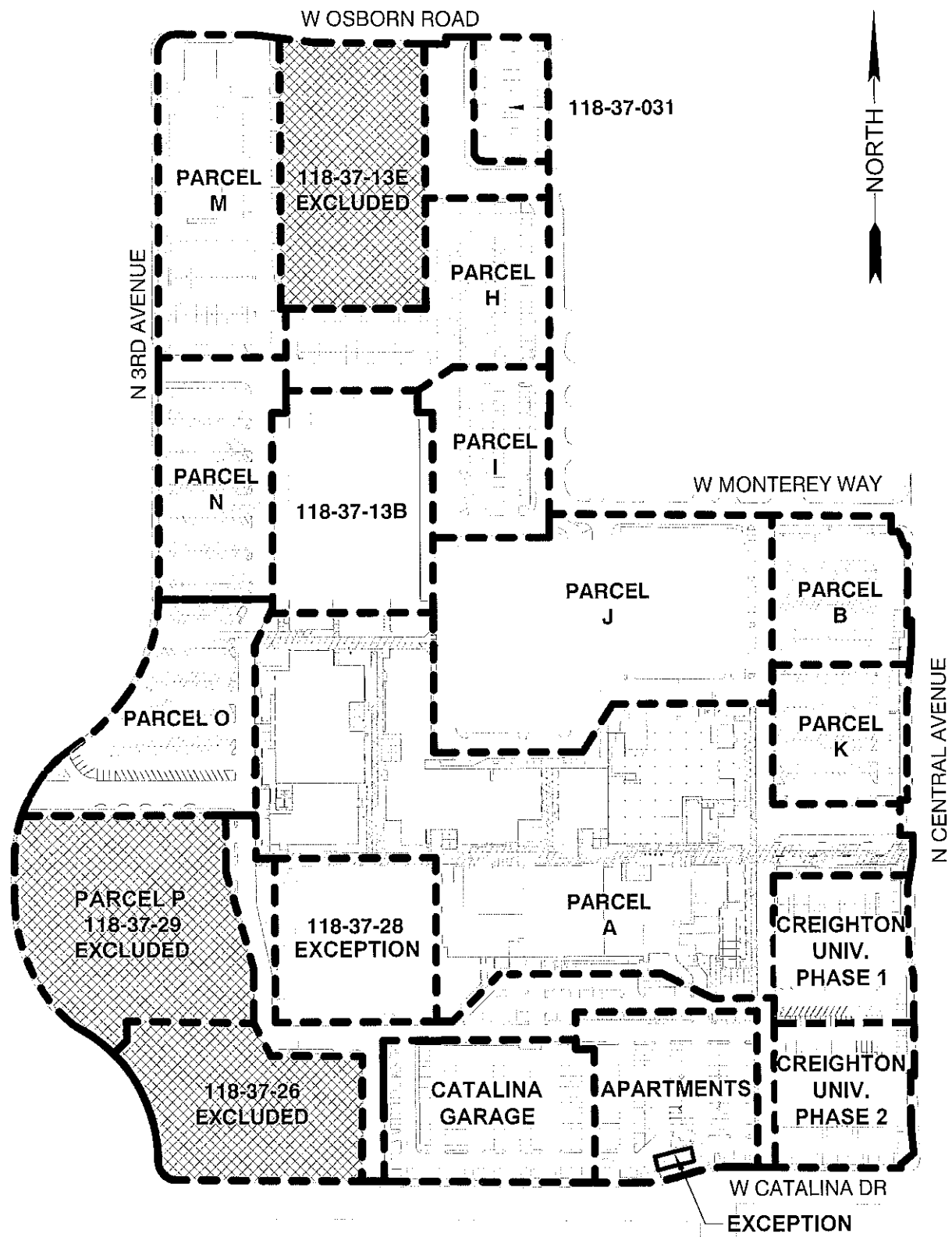


FIGURE 3

PARK CENTRAL COMMUNITY FACILITIES DISTRICT  
FUTURE PARCEL PLAN

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