

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, interest on the Bonds is exempt from Arizona state income taxes. INTEREST ON THE BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$30,000,000

**PARK CENTRAL COMMUNITY FACILITIES DISTRICT
(PHOENIX, ARIZONA)**

SPECIAL ASSESSMENT REVENUE BONDS, TAXABLE SERIES 2019

Dated: Date of Delivery

Due: July 1 as shown on inside front cover page.

The Park Central Community Facilities District Special Assessment Revenue Bonds, Taxable Series 2019 (the "Bonds") are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act") and will be issued pursuant to a resolution of the Board of Directors of Park Central Community Facilities District (the "District"), a community facilities district formed within the boundaries of the City of Phoenix, Arizona (the "City") and an Indenture of Trust and Security Agreement, to be dated as of June 1, 2019* (the "Indenture"), from the District to U.S. Bank National Association (the "Trustee"). Interest will accrue from the date of delivery and be payable on January 1, 2020*, and on each July 1 and January 1 thereafter, until maturity or prior redemption.

The Bonds will be payable solely from and secured by a special, separate fund maintained on behalf of the District (the "Assessment Revenue Fund"), amounts held in a debt service reserve fund with respect to the Bonds (the "Debt Service Reserve Fund") and other amounts held under the Indenture including, to the extent available, the Project Revenues (as defined herein) on deposit in the Debt Service Expense Fund (as defined herein). The Assessment Revenue Fund will contain installments due with respect to a certain special assessment levied and assessed by the Board of Directors of the District (the "Assessment") on certain parcels of land (each, an "Assessed Parcel" and, collectively, the "Assessed Parcels"), within a designated portion of the District (the "Assessment Area"). The Assessment will be levied and assessed in accordance with a method of apportionment based on the benefit received by the Assessed Parcels from the Garage Project (as defined herein) to be constructed with funds that include a portion of the proceeds of the sale of the Bonds. The Assessment will constitute a fixed, first lien on only the respective Assessed Parcel against which it is assessed, subject only to general property taxes and prior special assessments. THERE ARE SUCH GENERAL PROPERTY TAXES ON THE ASSESSED PARCELS (BUT NOT PRIOR SPECIAL ASSESSMENTS) IN THE CASE OF THE BONDS. See "OVERLAPPING AND ADDITIONAL OVERLAPPING INDEBTEDNESS" herein.) The Assessed Parcels are not cross-collateralized or cross-defaulted by the Assessment. The Garage Project itself will not be security in any respect for the Bonds. The lien for the Assessment will not be extinguished as a result of enforcement of the lien for general property taxes. In the case of non-payment, an Assessed Parcel will be offered for sale for the Assessment levied and assessed on such Assessed Parcel and, if sold, the proceeds thereof will be deposited in the Assessment Revenue Fund. The rights and obligations of the District relating to collection and payment of the Assessment, the acceptance by the owners of the Assessed Parcels of the method of assessment and the enforcement of remedies against delinquent amounts of the Assessment may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "SPECIAL RISK FACTORS" herein.

Unpaid portions of the Assessment on an Assessed Parcel constitute fixed liens on that Assessed Parcel and do not constitute a personal indebtedness of the respective owners of such land. None of the District, the City or the Trustee or the Initial Owners or the Subsequent Owners (each as defined herein) have any obligation to cure any delinquency or to purchase the delinquent lien at the assessment sale or to provide funds for such purchase. Thus, the value of the land within the Assessment Area is a critical factor in determining the investment quality of the Bonds. (An executive summary of the appraisal of land values within the Assessment Area is set forth in Appendix D hereto.) See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "SPECIAL RISK FACTORS" herein.

As described herein, the District, the City and the Initial Owners have agreed that Project Revenues, consisting of Parking User Revenues, City Contribution Amounts and Developer Contribution Amounts (each as defined herein) will be transferred periodically to the Trustee for deposit into the Garage Project Revenue Fund (as described herein). The Indenture provides for monthly transfers and distributions of amounts from Garage Project Revenue Fund, including transfers to the Debt Service Expense Fund, and the Debt Service Reserve Fund. The District shall credit Project Revenues then on deposit in the Debt Service Expense Fund towards the amount due from collection of the Assessment pro rata based on the remaining principal amount of the Assessment unpaid for each Assessed Parcel. See "SECURITY AND SOURCES OF PAYMENT OF THE BONDS" herein.

A portion of the proceeds of the Bonds in an amount equal to the Debt Service Reserve Requirement (as defined herein) will be deposited into the Debt Service Reserve Fund and used to pay principal of and interest on the Bonds to the extent Assessment collections and, if available, Project Revenues on deposit in the Debt Service Expense Fund are insufficient for such purpose. The Debt Service Reserve Fund will be replenished solely from subsequent collections, if any, of the delinquent installments or, if available, certain Project Revenues on deposit in the Debt Service Reserve Fund. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein.

The Bonds will be registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), for purposes of the book-entry only system described herein. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. DTC will be responsible for distributing the principal and interest payments to the DTC Participants (defined herein) which will, in turn, be responsible for distribution of such amounts to the beneficial owners of the Bonds (the "Beneficial Owners"). As they will be in book-entry-only form, purchasers will not receive definitive certificates with respect to the Bonds. Beneficial ownership interests in the Bonds may be purchased through the facilities of DTC in amounts of \$5,000 of principal due on a specific maturity date and in \$1,000 increments in excess thereof. So long as any purchaser is the Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or a dealer which is, or acts through, a DTC Participant to receive payment of principal of and interest on such Bond. See Appendix G – "BOOK-ENTRY-ONLY SYSTEM."

SEE BOND MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

The Bonds will be subject to optional, special and mandatory redemption by the District prior to maturity as described under "THE BONDS – Redemption Provisions" herein.*

PLEASE BE ADVISED THAT AN INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS SPECULATIVE IN NATURE AS DESCRIBED UNDER "SPECIAL RISK FACTORS" AND UNDER OTHER SECTIONS IN THE OFFICIAL STATEMENT. THIS ISSUE IS NON-RATED AND SHOULD NOT BE DEEMED TO BE INVESTMENT GRADE. THE "SPECIAL RISK FACTORS" SECTION OF THIS OFFICIAL STATEMENT SHOULD BE REVIEWED PRIOR TO MAKING ANY INVESTMENT DECISION IN THE BONDS.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE CITY OF PHOENIX, OR THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE ABOVE-DESCRIBED ASSESSMENT AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE WITHOUT RECOURSE TO THE ASSETS (OTHER THAN THE ASSESSED PARCEL) OR THE CREDIT OF ANY OWNER OF AN ASSESSED PARCEL.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

The Bonds are offered to investors when, as and if issued by the District and subject to the approval of Squire Patton Boggs (US) LLP, Bond Counsel, for the District as to validity. Certain matters will be passed upon for the City and the District by the City Attorney of the City and District Counsel, for the District by Squire Patton Boggs (US) LLP, for the Underwriter identified below by its counsel, Greenberg Traurig, LLP and for the Initial Owners by their counsel, by Quarles & Brady LLP, Lewis Roca Rothgerber Christie LLP and Lotzar Law Firm, P.C. It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of DTC on or about June 27, 2019.

PiperJaffray

* Preliminary, subject to change

\$30,000,000
PARK CENTRAL COMMUNITY FACILITIES DISTRICT
(PHOENIX, ARIZONA)
SPECIAL ASSESSMENT REVENUE BONDS, TAXABLE SERIES 2019

Base CUSIP^{®(1)} No. _____

MATURITY SCHEDULE*

Maturity Date (July 1)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP^{®(1)}</u>
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
	\$ _____	_____ %	Term Bond due July 1, 20__ -- Yield _____ %	CUSIP _____
	\$ _____	_____ %	Term Bond due July 1, 20__ -- Yield _____ %	CUSIP _____

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* Preliminary, subject to change

**PARK CENTRAL COMMUNITY FACILITIES DISTRICT
DISTRICT BOARD**

Kate Gallego, *Chairperson*⁽¹⁾

Jim Waring, <i>Vice Chairperson</i> ⁽¹⁾	Thelda Williams, <i>Member</i> ⁽¹⁾
Debra Stark, <i>Member</i> ⁽¹⁾	Laura Pastor, <i>Member</i> ⁽¹⁾
Michael Nowakowski, <i>Member</i> ⁽¹⁾	Felicita Mendoza, <i>Interim Member</i> ⁽¹⁾⁽²⁾
Vania Guevara, <i>Interim Member</i> ⁽¹⁾⁽²⁾	Andrew Conlin, <i>Member</i> ⁽³⁾
Sal DiCiccio, <i>Member</i> ⁽¹⁾	Steve Gervais, <i>Member</i> ⁽³⁾

DISTRICT ADMINISTRATIVE STAFF

Ed Zuercher
District Manager

Denise Olson
District Treasurer

Cris Meyer
District Counsel

Denise Archibald
District Clerk

SPECIAL SERVICES

FINANCIAL ADVISOR
Stifel, Nicolaus & Company, Incorporated

BOND COUNSEL
Squire Patton Boggs (US) LLP
Phoenix, Arizona

TRUSTEE
U.S. Bank National Association
Phoenix, Arizona

APPRAISER
Harding & Associates
Scottsdale, Arizona

DISTRICT ENGINEER
EPS Group, Inc.
Avondale, Arizona

PARKING CONSULTANT
Kimley-Horn and Associates, Inc.
Phoenix, Arizona

¹ Pursuant to the Act, *ex officio*, as Member of the City's Mayor and Council.

² The City's Mayor and Council appointed the interim members to fill the positions of councilmembers who resigned in 2018 to run for mayor. An election to fill the two council seats for the remainder of the terms was held on March 12, 2019, resulting in a run-off election to be held on May 21, 2019.

³ Pursuant to the Act, as Member designated by major District landowner and appointed by the City's Mayor and Council.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, should be considered in its entirety, and no one subject should be considered less important than another by reason of location in the text. Brief descriptions of the Bonds, the Bond Resolution, the Indenture, the security for the Bonds, the District, the Initial Owners and the Garage Project (as such terms are defined herein) and other information are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Bond Resolution, the Indenture and any documents are qualified in their entirety by reference to such documents, copies which may be obtained from Stifel, Nicolaus & Company, Incorporated (the “*Financial Advisor*”), 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016, or from Piper Jaffray & Co. (the “*Underwriter*”), at 2525 East Camelback Road, Suite 950, Phoenix, Arizona 85016.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “*forward looking statements*” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District, the Financial Advisor or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The District will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in Appendix E – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

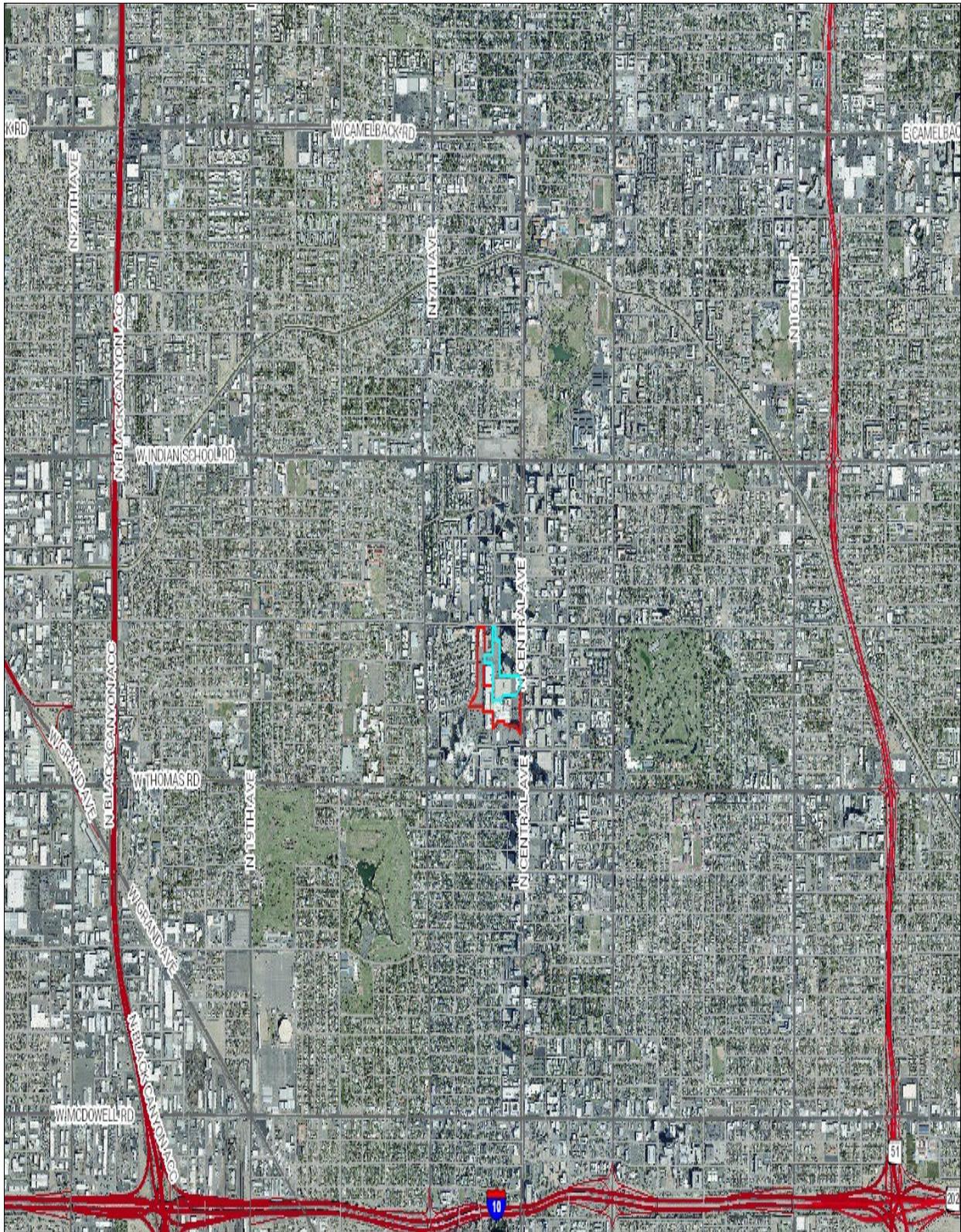
A wide variety of information, including financial information, concerning the District is available from publications and websites of the District and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

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LOCATION OF PARK CENTRAL COMMUNITY FACILITIES DISTRICT



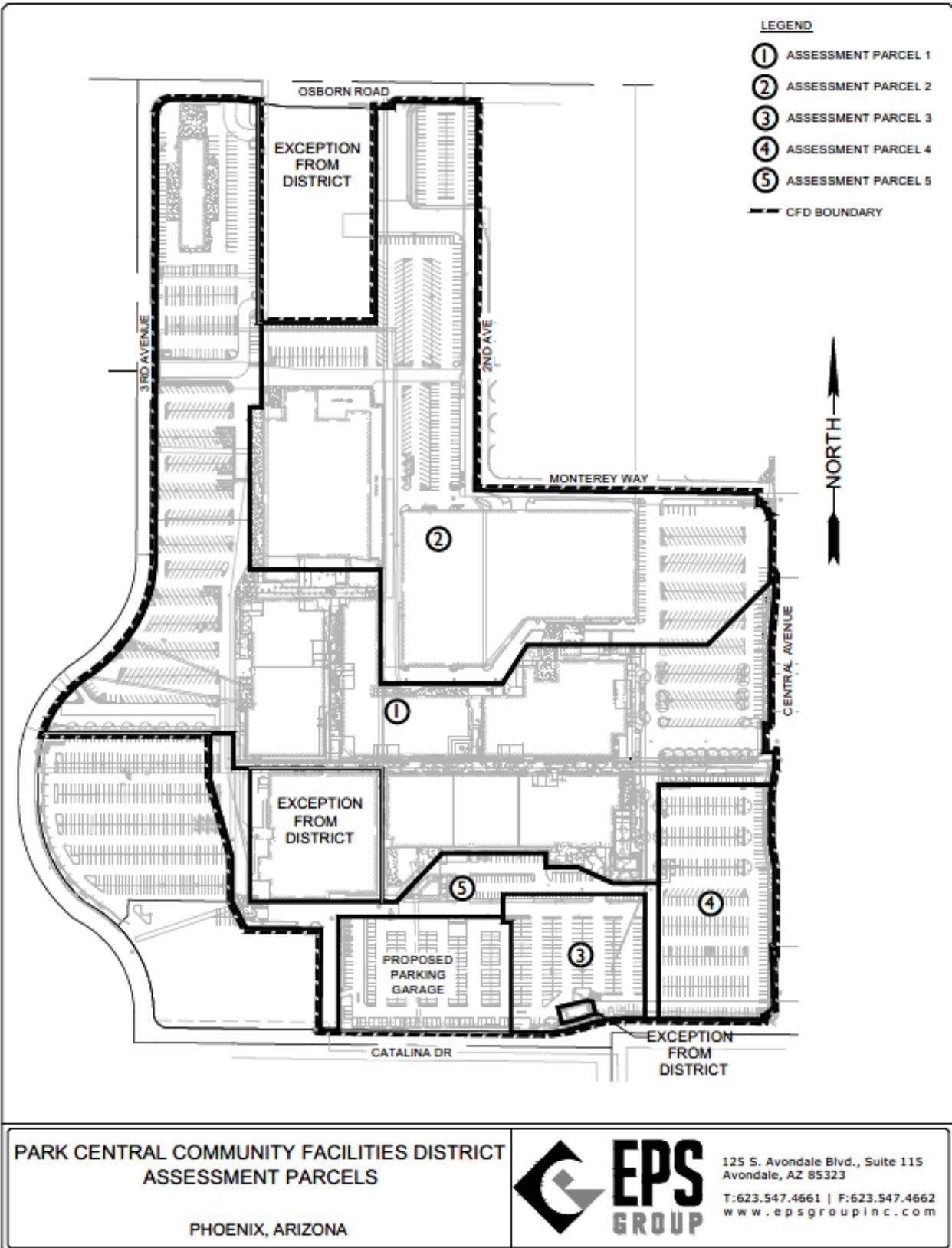
AERIAL OVERVIEW OF THE DISTRICT RELATIVE TO DOWNTOWN PHOENIX



AERIAL OVERVIEW OF THE DISTRICT IN CONTEXT OF THE SURROUNDING AREA



MAP OF ASSESSED PARCELS/ASSESSMENT AREA



OFFICIAL STATEMENT

\$30,000,000

**PARK CENTRAL COMMUNITY FACILITIES DISTRICT
(PHOENIX, ARIZONA)
SPECIAL ASSESSMENT REVENUE BONDS, TAXABLE SERIES 2019**

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto (this “*Official Statement*”), provides certain information concerning the issuance of Park Central Community Facilities District Special Assessment Revenue Bonds, Taxable Series 2019 (the “*Bonds*”) in the aggregate principal amount of \$30,000,000. Certain capitalized terms not defined in the text of this Official Statement are defined in Appendix F - “EXCERPTS OF THE INDENTURE” herein. Copies of any of the documents referenced herein (including the herein-described Appraisal and Parking Feasibility Study) are available upon request to Stifel, Nicolaus & Company, Incorporated (the “*Financial Advisor*”), at 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016, or Piper Jaffray & Co. (the “*Underwriter*”), at 2525 East Camelback Road, Suite 950, Phoenix, Arizona 85016.

The Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “*Act*”) was enacted to provide a method of financing certain “*public infrastructure purposes*” (as such term is defined in the Act) in the State of Arizona (the “*State*” or “*Arizona*”). Except as otherwise provided in the Act, a community facilities district is considered to be a municipal corporation and political subdivision of the State, separate and apart from the political subdivision that forms it. The governing board of a community facilities district may issue bonds for a community facilities district and levy special assessments upon property within such district to repay such indebtedness.

FORMATION AND PURPOSES OF THE DISTRICT

Pursuant to the Act, the Mayor and Council of the City of Phoenix, Arizona (the “*City*”), formed Park Central Community Facilities District (the “*District*”) on August 29, 2018, in order to provide public infrastructure within the boundaries of the District for development of a multi-use residential, commercial and retail project known as “*Park Central*.” See the maps, location map and aerial views on page (v) through (vii) with respect to location of the District. The District is governed by a Board of Directors (the “*Board*”) consisting of the members of the Mayor and Council of the City, serving *ex officio*, plus two members designated by the largest landowner within the District and appointed by the Mayor and Council of the City.

The District is issuing the Bonds pursuant to the hereafter-described Indenture to finance a portion of the costs of constructing the Garage Project (as defined herein) that benefits approximately 36 acres of real property within the boundaries of the District designated as the “*Assessment Area*,” which is all the property in the District except for the site of the Garage Project (the “*Garage Project Site*”). The Garage Project Site will be owned by the District during the term of the Bonds. After the Bonds have been retired, ownership will be transferred to the City.

A District Development, Financing Participation, Waiver and Intergovernmental Agreement (Park Central Community Facilities District), dated as of April 15, 2019 (the “*Development Agreement*”), providing for the construction of the Garage Project has been entered into among the City, the District, HPPC, LLC, an Arizona limited liability company (“*HPPC, LLC*” or the “*Assessment Area Developer*”) and HPPC II, LLC, an Arizona limited liability company and an affiliate of HPPC, LLC (“*HPPC II, LLC*”). HPPC, LLC and HPPC II, LLC constituted all owners of real property within the District, and therefore the Assessment Area, at the time of execution and delivery of the Development Agreement (together, the “*Initial Owners*”). Purchasers of land in the Assessment Area from the Initial Owners are defined as the “*Subsequent Owners*” and such term includes those who purchase such land from prior Subsequent Owners.

Since the formation of the District, the property within the District has been divided into six parcels of unimproved and partially improved land. The Assessment Area comprises five of the six parcels, but not the Garage Project Site, the sixth parcel. See the map at (viii). Assessed Parcels No. 2, 3 and 5 are currently owned by HPPC II, LLC;

Assessed Parcel No. 1 by HPPC, LLC and Assessed Parcel No. 4 by Creighton University (“*Creighton*”). Creighton is a Subsequent Owner. Property owned by the Initial Owners and the Subsequent Owners (collectively, the “*Assessment Area Property Owners*”) will change from time to time.

The payment of principal of and interest on the Bonds (“*Debt Service*”) will be secured by a special, separate fund maintained by the District (the “*Assessment Revenue Fund*”), amounts held in a debt service reserve fund with respect to the Bonds (the “*Debt Service Reserve Fund*”) and other amounts held under the Indenture including, to the extent available, the Project Revenues on deposit in the Debt Service Expense Fund. Neither the Garage Project Site nor the Garage Project will be security in any respect for the Bonds.

The Assessment Revenue Fund will contain installments due with respect to a certain special assessment levied and assessed by the Board (the “*Assessment*”) on the parcels of land in the Assessment Area (each, an “*Assessed Parcel*” and, collectively, the “*Assessed Parcels*”). See “SECURITY AND SOURCES OF PAYMENT OF THE BONDS – The Assessment” herein for more information about the Assessment and the timing and collection of such installments.

Project Revenues are comprised of: Parking User Revenues, City Contribution Amounts and Developer Contribution Amounts. “*Parking User Revenues*” includes revenues from hourly and daily-rate users of the Garage Project (including tenants, visitors, and users associated with special events) and payments from holders of the Parking Easements (as defined herein), “*City Contribution Amounts*” consist of payments pursuant to the Development Agreement of certain City transaction privilege taxes related to the Assessment Area, and “*Developer Contribution Amounts*” consist of amounts paid by the Assessment Area Developer and calculated to cover certain shortfalls in Parking User Revenues and to be paid by the Assessment Area Developer only pursuant to the Development Agreement. All of such amounts will be transferred periodically for deposit into the Garage Project Revenue Fund pursuant to the Development Agreement. There will be monthly transfers and distributions of amounts in the Garage Project Revenue Fund, including transfers to the Debt Service Expense Fund and the Debt Service Reserve Fund. See “SECURITY AND SOURCES OF PAYMENT OF THE BONDS – Project Revenues” herein for more information.

The District shall credit Project Revenues then on deposit in the Debt Service Expense Fund towards the amount due from collection of the Assessment pro rata based on the remaining principal amount of the Assessment unpaid for each Assessed Parcel. The Trustee is not a party or third-party beneficiary of the Development Agreement or any of the Parking Easements and has no right or duty to enforce any party’s obligations under the Development Agreement or any of the Parking Easements, including obligations requiring the transfer of Project Revenues to the Garage Project Revenue Fund. The District will covenant to pursue its rights under the Development Agreement and the Parking Easements to receive Parking User Revenues and to transfer them to the Trustee, but will have only limited financial resources to pursue such rights.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT OBLIGATIONS OF THE CITY. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM AMOUNTS COLLECTED PURSUANT TO THE ASSESSMENT WITHOUT RECOURSE TO THE ASSETS (OTHER THAN THE ASSESSED PARCELS) OR THE CREDIT OF THE INITIAL OWNERS OR THE SUBSEQUENT OWNERS AND FROM CERTAIN OTHER SOURCES, NONE OF THE DISTRICT, THE CITY, THE INITIAL OWNERS, THE SUBSEQUENT OWNERS OR THE TRUSTEE HAVE ANY OBLIGATION TO CURE ANY DELINQUENCY OR TO PURCHASE THE DELINQUENT PROPERTY AT THE ASSESSMENT SALE OR TO PROVIDE FUNDS FOR SUCH PURCHASE.

PARK CENTRAL

The information contained in this section relates to and has been obtained from the Assessment Area Developer and none of the District, the Financial Advisor, the Underwriter or their agents or counsel assume any responsibility for the accuracy or completeness thereof. Such information is relevant to an informed evaluation and analysis of the Bonds, the District and the Assessment Area. No assurance can be given that all information is complete or that the proposed payments or costs will occur as described herein.

The District was established for the economic development of an underutilized midtown area of the City. The District entered into the Development Agreement to facilitate upgrades to the property now called Park Central, but formerly known as Park Central Mall. Park Central Mall was created in the 1950s and was the first shopping mall in the City. At the time, it was considered on the northern edge of the City. In later years, the site was competing with new enclosed shopping malls and by the late 1980s most of the major retailers had moved out of the space. The site went into foreclosure and was purchased by a joint venture in 2017 with the plans to redevelop it. In October 2017 a portion of Park Central Mall was purchased by HPPC, LLC, including Assessed Parcel No. 1. In October 2018 HPPC II, LLC purchased a separate portion of Park Central Mall, including Assessed Parcel Nos. 2, 3, 4 and 5. See, THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL” herein.

The redevelopment area within the District is projected by the Assessment Area Developer to consist of a mixture of uses, including the integration of a medical campus with a nearby medical hospital, and will include housing, offices, hotel, retail and related amenities. See “THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL” herein for additional information. The Garage Project will be used to provide parking for residents and visitors to Park Central and for public parking for events located in the midtown area.

THE GARAGE PROJECT

The information contained in this section relates to and has been obtained from the Assessment Area Developer and none of the District, the Financial Advisor, the Underwriter or their agents or counsel assume any responsibility for the accuracy or completeness thereof. Such information is relevant to an informed evaluation and analysis of the Bonds, the District and the Assessment Area. No assurance can be given that all information is complete or that the proposed payments or costs will occur as described herein.

The Garage Project will be a ten-story parking structure with a capacity of 2,001 parking spaces located on the Garage Project Site, which is in the south end of the District (the “*Garage Project*”). The Garage Project Site is approximately 1.9 acres and will be owned, together with related licenses and easements, by the District. See the map on page (viii) for the location of the Garage Project in relation to the Assessment Area.

Under the Development Agreement, Plaza Del Rio Management Corp dba Plaza Companies, an Arizona corporation (the “*Development Manager*”), was appointed to act as the development manager for the purposes of managing the acquisition, construction, development and equipping of the Garage Project, subject to the terms of a separate Development Management Agreement (the “*Development Management Agreement*”) between the Development Manager and the District. The Development Agreement requires the Development Management Agreement to be executed when the Garage Project Site is conveyed to the District. The Development Manager will be paid \$1,287,645 by the District. See “PLAN OF FINANCE FOR THE GARAGE PROJECT” herein

An affiliate of the Development Manager is an investor in the Assessment Area Developer and HPPC II, LLC. See, “THE ASSESSMENT AREA DEVELOPER” herein.

The Garage Project has been designed by GLHN Architects & Engineers, Inc. with steel and pre-cast concrete materials. After a public procurement process, Kitchell Contractors, Inc. of Arizona (“*Kitchell*”) was selected as the general contractor. HPPC II, LLC and Kitchell entered into a standard form of agreement where the basis of payment is the cost of the work plus a fee with a Guaranteed Maximum Price dated February 28, 2019 (the “*Construction Contract*”). Construction of the Garage Project is anticipated to commence in July 2019.

Concurrently with delivery of the Bonds, the Construction Contract will be assigned by HPPC II, LLC to the District pursuant to an Assignment and Assumption Agreement. The guaranteed maximum price under the Construction Contract is \$29,982,254.00 and the Initial Owners have indicated that substantial completion of the Garage Project is expected to occur by June 30, 2020. In accordance with the Act and Title 34, Arizona Revised Statutes, Kitchell is required to provide payment and performance bonds with a multiple obligee rider, naming HPPC II, LLC, the District, and the City as beneficiaries. The Construction Contract also requires Kitchell to pay liquidated damages equal to the sum of the per diem interest payment cost owed by the District to Bondholders, plus an amount equal to all "out-of-pocket expenses" the District may incur in connection with any amounts the District must borrow to satisfy the payment obligations under the Bonds during any period of delay in completion of the Garage Project, except for delays caused by force majeure. See “PLAN OF FINANCE FOR THE GARAGE PROJECT” herein.

The Development Agreement requires the District to enter into a Garage Asset Management Agreement (the “*Garage Asset Management Agreement*”). The initial Garage Asset Manager for the Garage Project will be the Assessment Area Developer (in such capacity, the “*Garage Asset Manager*”). The Assessment Area Developer is a single purpose entity focused on development and operation of property in the Assessment Area. The Assessment Area Developer’s investors and management include affiliates of two Arizona commercial real estate firms, Plaza Companies and Holualoa Companies. Plaza Companies and Holualoa Companies collectively have experience managing parking structures associated with their current commercial real estate asset management portfolios aggregating to approximately 4,300 spaces. See, “THE ASSESSMENT AREA DEVELOPER” herein.

The Garage Project will operate on an automated entrance and exit basis with pre-assigned scanning cards for users eligible because of the Parking Easements and automated payment kiosks to receive credit card, debit card or cash payments for other public users. The Garage Operator (as defined herein) will be required to collect and distribute weekly all revenues derived from hourly and daily users to the Trustee for deposit into the Garage Project Account as provided in the Indenture. The Garage Project is expected to be used both by paid public parking customers and also by users, residents or customers of various Assessment Area Property Owners located in the Assessment Area or near the Garage Project pursuant to the Parking Easements. The terms of the Parking Easements are perpetual. See “MANAGEMENT AND OPERATION OF THE GARAGE PROJECT” herein.

THE BONDS

Authorization

The Bonds are being issued pursuant to a resolution adopted by the Board on May 1, 2019 (the “*Bond Resolution*”), and the Indenture of Trust and Security Agreement, to be dated as of June 1, 2019* (the “*Indenture*”), from the District to U.S. Bank National Association, as trustee (the “*Trustee*”). See Appendix F - “EXCERPTS OF THE INDENTURE”. The Bonds will be payable from the payments of, and secured solely by, the Assessment, monies on deposit in the Debt Service Reserve Fund and certain other amounts held under the Indenture including, to the extent available, Project Revenues on deposit in the Debt Service Expense Fund, subject to the provisions of the Indenture. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

Pursuant to a resolution of the Board adopted on May 1, 2019 (the “*Resolution of Intention*”), the Board (i) resolved its intent with respect to and ordered the Garage Project, (ii) determined that the Bonds should be issued to represent the costs and expenses thereof to be paid from proceeds of the Bonds, (iii) declared the Garage Project to be of more than local or ordinary public benefit and that the costs and expenses thereof be assessed within the Assessment Area, and (iv) provided that the Garage Project be provided under the provisions of the Act and the Development Agreement, the area to be assessed and the Bonds to be issued being more fully described in the Development Agreement and the Resolution of Intention (collectively, the “*Resolution of Intention Documents*”) to which reference is hereby made for such description. Pursuant to the Development Agreement, the Initial Owners have waived or otherwise agreed to the satisfaction of, among other things, any publication, posting, protest or objection right or obligation or hearing right or obligation with respect to the Resolution of Intention Documents.

In addition to approving issuance of the Bonds pursuant to the Bond Resolution, the Board approved the Diagram and the Method of Assessment and adopted and ordered the levy of the Assessment. Thereafter, the District Superintendent of Streets (the “*Street Superintendent*”) 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*”). The Warrant and the Assessment were returned by the Street Superintendent and the District Treasurer as prescribed by law. A certified list of unpaid amounts with respect to the Assessment will be filed with the District Clerk by the District Treasurer.

General

The Bonds will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York (“*DTC*”), for purposes of the book-entry only system described in Appendix G – “BOOK-ENTRY-ONLY SYSTEM” herein. Beneficial ownership interests with respect to the Bonds may be purchased in amounts of \$5,000 of principal due on a specified maturity date or in \$1,000 increments in excess thereof. The stated maturities,

the principal amounts thereof maturing thereon and the rates of interest the Bonds so maturing will bear, are indicated on the inside front cover page of this Official Statement.

The Bonds will be dated as of the date of delivery and will bear interest from and including the date of delivery or from and including the most recent interest payment date to which interest has been paid or duly provided for, payable on each January 1 and July 1, commencing January 1, 2020* (each an “*Interest Payment Date*”).

Redemption Provisions*

Special Optional Redemption from Excess Proceeds. The Bonds will be subject to redemption, at the option of the District, in whole or in part on any Interest Payment Date if, and to the extent after the completion of the Garage Project, but in no event later than July 1, 2021*, amounts are transferred from the District Construction Account of the Garage Project Fund to the Redemption Account of the Debt Service Expense Fund plus any amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement as a result of such transfer and which are transferred to the Redemption Account of the Debt Service Expense Fund pursuant to the terms of the Indenture, upon payment of the redemption price equal to the principal amount of the Bonds so called for redemption, plus interest accrued to the date fixed for redemption, but without premium.

Special Mandatory Redemption from Assessment Prepayments. The Bonds will also be subject to mandatory redemption in whole on any date or in part on any Interest Payment Date, from, and only from, funds received by the District which are prepayments with respect to the Assessment and are deposited in the Redemption Account plus amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement as a result of prepayment and which are transferred to the Redemption Account of the Debt Service Expense Fund pursuant to the terms of the Indenture, upon payment of the redemption price equal to the principal amount of the Bonds so called for redemption, plus interest accrued to the date fixed for redemption, but without premium.

Special Mandatory Redemption in Whole. The Bonds will be subject to mandatory redemption, in whole on any date selected by the District upon a determination by the District that amounts in the Debt Service Expense Fund, the Debt Service Reserve Fund and the Excess Funds Long-Term Reserve Fund combined held under the Indenture are sufficient to pay the redemption price on all outstanding Bonds and to discharge the Indenture as provided therein, upon payment of the redemption price equal to the principal amount of the Bonds, plus interest accrued to the date fixed for redemption, but without premium.

Optional Redemption. The Bonds maturing before or on July 1, 20__, will not be subject to optional redemption prior to their stated maturity dates. The Bonds maturing on or after July 1, 20__, will be subject to optional redemption prior to their stated maturity dates, at the option of the District, in whole on any date or in part on any Interest Payment Date from maturities selected by the District on or after July 1, 20__, by the payment of a redemption price equal to the principal amount of each Bond called for redemption, plus interest accrued to the date fixed for redemption but without premium.

Mandatory Redemption. The Bonds maturing on July 1 of the following years (the “*Term Bonds*”) will be subject to mandatory redemption and will be redeemed on July 1 of the respective years set forth below and in the principal amounts set forth below, by payment of a redemption price of the principal amount of such Bonds called for redemption plus the interest accrued to the date fixed for redemption, but without premium, as follows:

* Preliminary, subject to change

Term Bond maturing July 1, 20__
Redemption Date
(July 1) Principal Amount

Term Bond maturing July 1, 20__
Redemption Date
(July 1) Principal Amount

Whenever Term Bonds are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the District to the Trustee for cancellation, the principal amount of the Term Bonds so retired shall satisfy and be credited on a pro-rata basis against the remaining mandatory redemption requirements for such Term Bonds.

Notice of Redemption. Notice of redemption will be given by the Trustee in the name and at the expense of the District, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to DTC. The Trustee and DTC will provide procedures for partial redemption consistent with the rules of DTC. See Appendix G – “BOOK-ENTRY-ONLY SYSTEM” herein.

Effect of Redemption. If on the date of redemption of the Bonds sufficient monies for payment of the redemption price and accrued interest are held under the Indenture, interest on the Bonds to be redeemed will cease to accrue and such Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the monies held for such Bonds under the Indenture.

ESTIMATED DEBT SERVICE*

The table below sets forth the estimated annual debt service on the Bonds based upon the maturity schedule and interest rates set forth herein.

TABLE 1

Schedule of Estimated Annual Debt Service Requirements (a)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (b)</u>	<u>Total Debt Service</u>
2019/20		\$ 1,702,500.97	\$ 1,702,500.97
2020/21	\$ 670,000.00	1,652,022.50	2,322,022.50
2021/22	700,000.00	1,622,710.00	2,322,710.00
2022/23	730,000.00	1,592,085.00	2,322,085.00
2023/24	760,000.00	1,560,147.50	2,320,147.50
2024/25	795,000.00	1,526,897.50	2,321,897.50
2025/26	835,000.00	1,487,942.50	2,322,942.50
2026/27	875,000.00	1,447,027.50	2,322,027.50
2028/28	915,000.00	1,404,152.50	2,319,152.50
2028/29	960,000.00	1,359,317.50	2,319,317.50
2029/30	1,010,000.00	1,312,277.50	2,322,277.50
2030/31	1,065,000.00	1,257,737.50	2,322,737.50
2031/32	1,120,000.00	1,200,227.50	2,320,227.50
2032/33	1,180,000.00	1,139,747.50	2,319,747.50
2033/34	1,245,000.00	1,076,027.50	2,321,027.50
2034/35	1,310,000.00	1,008,797.50	2,318,797.50
2035/36	1,385,000.00	932,817.50	2,317,817.50
2036/37	1,470,000.00	852,487.50	2,322,487.50
2037/38	1,550,000.00	767,227.50	2,317,227.50
2038/39	1,640,000.00	677,327.50	2,317,327.50
2039/40	1,740,000.00	582,207.50	2,322,207.50
2040/41	1,840,000.00	478,677.50	2,318,677.50
2041/42	1,950,000.00	369,197.50	2,319,197.50
2042/43	2,065,000.00	253,172.50	2,318,172.50
<u>2043/44</u>	<u>2,190,000.00</u>	<u>130,305.00</u>	<u>2,320,305.00</u>
Total	\$30,000,000.00	\$27,393,038.47	\$57,393,038.47

(a) Prepared by the Financial Advisor. Preliminary, subject to change.

(b) Bonds proceeds will fund interest on the Bonds through July 1, 2020*. The first interest payment on the Bonds will be due on January 1, 2020*. Thereafter, interest payments will be made semiannually on each July 1 and January 1 until maturity or prior redemption.

* Preliminary, subject to change

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

The Assessment

General. As described hereinabove under “FORMATION AND PURPOSES OF THE DISTRICT,” the Board may levy assessments (such as the Assessment) for the costs of any public infrastructure purpose (such as construction of the Garage Project) on any land in the District based on the benefit determined by the Board to be received by such land. Prior to the issuance of special assessment lien bonds, the District may enter into a written agreement (such as the Development Agreement) with landowners’ agreeing to assessments and the manner in which assessments are to be allocated if the land is to be divided into more than one parcel.

The District may issue and sell special assessment lien bonds (such as the Bonds) payable from amounts collected from such assessment and from amounts available from time to time in any reserve fund established for those bonds. Such assessment will be a first lien on the property assessed, subject only to general property taxes (which do exist in the case of the Bonds) and prior special assessments (of which there are none in the case of the Bonds). The District will levy the Assessment in an amount sufficient to pay Debt Service on all Outstanding Bonds and will take or cause to be taken all actions required by law to collect and enforce the payment thereof.

Pursuant to the Bond Resolution, the principal amounts payable pursuant to the Assessment will be paid in annual installments on June 1, in each year preceding July 1 on which the Bonds become due at maturity or mandatory redemption. The number of installments in which the Assessment is payable will correspond to the number of years in which there are Bonds to be paid. Such amounts will bear interest from the date the Assessment is levied at the same rates as those specified for the Bonds. The interest amounts payable pursuant to the Assessment will be payable on June 1 and December 1 of each year, immediately before the interest becomes due on the Bonds on July 1 and January 1, respectively. The District will bill each Assessment Area Property Owner at the address of the owner of each Assessed Parcel on or prior to each April 1 and each October 1 for principal and interest amounts due on each June 1 and each December 1 with respect to the Assessment, reflecting as a credit amounts then on deposit in the Interest Account and the Principal Account of the Debt Service Expense Fund from Project Revenues and available for such purpose. Payments will be remitted to the Trustee and pursuant to the Indenture deposited into the Assessment Revenue Fund and immediately transferred to the Debt Service Expense Fund. The District has elected to administer the billing and collection of amounts due with respect to the Assessment instead of contracting with the County Treasurer’s office to oversee that process.

The Assessment constitutes a fixed, first lien on the respective Assessed Parcel against which it is assessed, subject only to general property taxes and prior special assessments (of which there are none in the case of the Bonds). For a description of the existing general property taxes (which do exist in the case of the Bonds) imposed on land in the District, see “OVERLAPPING AND ADDITIONAL OVERLAPPING INDEBTEDNESS” herein. The Assessed Parcels are not cross-collateralized or cross-defaulted by the Assessment. Neither the Garage Project Site nor the Garage Project itself will be security in any respect for the Bonds. The lien for the Assessment will not be extinguished as a result of enforcement of the lien for general property taxes. The Initial Owners have agreed to the Assessment in the Development Agreement. The rights and obligations of the District relating to collection and payment of the Assessment and the enforcement of remedies against delinquent amounts of the Assessment may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors’ rights and may be subject to judicial discretion in accordance with general principles of equity. In addition, the collection or amount of the Assessment for the payment of the Bonds may be subject to reduction or prevented to the extent that the construction of the Garage Project is not completed or if the Assessment Area Property Owners do not actually receive the benefits of the Garage Project. See “SPECIAL RISK FACTORS – Construction of the Garage Project; Consequences of Failure to Complete; Construction Risk for the Assessment” herein. **The Assessment is not and will not be a personal obligation of the Assessment Area Property Owners. An Assessment Area Property Owner’s liability with respect to the payment of the Assessment is limited solely to such Assessment Area Property Owner’s interest in the corresponding Assessed Parcel.**

Generally, in the event of nonpayment of any installment with respect to the assessment, the procedures for sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes apply, as nearly as practicable, *except that none of the District, the City, the Assessment Area Property Owners, or the Trustee is required to advance or otherwise provide amounts to pay the Assessment or to purchase the delinquent land at the*

sale even if there is no other purchaser. Generally, these procedures include but are not limited to, declaring the entire unpaid balance of the Assessment with respect to any related Assessed Parcel to be in default and causing the lien with respect to the Assessment on such delinquent Assessed Parcel to be sold. See “*Foreclosure Process*” below.

The willingness and ability of any Assessment Area Property Owner to make payments with respect to the Assessment corresponding to their Assessed Parcel is largely dependent upon the market value of the applicable Assessed Parcel and the financial capacity and resources of the Assessment Area Property Owner. These, in turn, may in some instances be dependent in part upon the successful development and salability of the applicable Assessed Parcel and many other factors. An Assessment Area Property Owner may at any time sell all or any part of any Assessed Parcel owned by such Assessment Area Property Owner. Investors should carefully review “THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL” and “SPECIAL RISK FACTORS” herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT OBLIGATIONS OF THE CITY. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM AMOUNTS COLLECTED PURSUANT TO THE ASSESSMENT WITHOUT RECOURSE TO THE ASSETS (OTHER THAN THE ASSESSED PARCEL) OR THE CREDIT OF THE ASSESSMENT AREA DEVELOPER OR ANY OTHER ASSESSMENT AREA PROPERTY OWNER AND FROM CERTAIN OTHER SOURCES, NONE OF THE DISTRICT, THE CITY, THE ASSESSMENT AREA PROPERTY OWNERS OR THE TRUSTEE HAVE ANY OBLIGATION TO CURE ANY DELINQUENCY OR TO PURCHASE THE DELINQUENT PROPERTY AT THE ASSESSMENT SALE OR TO PROVIDE FUNDS FOR SUCH PURCHASE.

Apportionment. EPS Group, Inc., Avondale, Arizona (the “*District Engineer*”) has prepared the method by which the Assessment will be allocated among the Assessed Parcels based on the benefit to be received by the Assessed Parcels from the Garage Project. The allocation is as follows:

TABLE 2

THE ASSESSMENT

Assessed Parcel No.	Current Assessment Area Property Owner of Assessed Parcel	Current Expected Use	Parcel Size (Platted Acres)	Portion of Assessment Per Assessed Parcel*
1	HPPC, LLC	Office, Retail, Mixed Use	16.132	\$9,300,000
2	HPPC II, LLC	Office	12.510	5,100,000
3	HPPC II, LLC	Apartments	1.634	6,300,000
4	Creighton	Educational	2.505	9,300,000
5 (a)	HPPC II, LLC	N.A.	1.974	1

(a) Consists of drive aisles and some surface parking. This parcel is considered to be undevelopable for other uses.

The District Engineer also developed an assessment reallocation approach for use as parts of Assessed Parcel Nos. 1 and 2 are subdivided and sold and if Creighton decided to subdivide its Assessed Parcel No. 4 and retain the northern portion (currently referred to as “*Creighton Phase 1*”) and sell the southern portion (currently referred to as “*Creighton Phase 2*.”) See “THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL –Assessed Parcel No. 4” herein. The assessment modification approach is based upon multiple factors. First, most of the parcels to be sold in the future are currently vacant whereas the parent parcels already have significant existing structures that are in use and will continue to be used in the redevelopment of the site. Thus the value of the land without buildings (assumed to be ten percent of the total value of the parcel) should be the basis for making pro rata adjustments in the

* Preliminary, subject to change

assessment modification process, allowing an equitable modification for splitting vacant parcels from the parent parcels which have comparatively significant values based upon the existing buildings. Second, it is assumed that no parcel sold for future development will be given any direct parking easement rights to the Garage Project and will need to accommodate its parking requirements elsewhere, having only public use of the Garage Project. Third, the already developed parent parcels (Assessed Parcel Nos. 1 and 2 and Creighton Phase 1) will retain the majority of the Assessment because those parcels will enjoy the benefit of parking easement access to the Garage Project. Fourth, that it is important to maintain a minimum value-to-lien ratio of at least 3 to 1 for both the parcel and the parent parcel, using updated appraisals for each modification. Finally, weighting should be given to the distance of each parcel from the Garage Project, as that will affect the likelihood of people walking from a new parcel to use the Garage Project.

Foreclosure Process. The Street Superintendent is required, within twenty (20) days from the date any installment is due on any Assessment, to begin publication of the list of the amounts due with respect to such Assessment on which any installment is delinquent. The Street Superintendent also is required to append to and publish with the list a notice that unless each delinquent installment, together with the penalty and costs thereon, is paid, the whole amount of such Assessment will be declared due by the Street Superintendent, and the property upon which the amounts due with respect to the Assessment are a lien will be sold at public auction at a time and place to be specified in the notice. The list of delinquent amounts due with respect to the Assessment is required to be published and circulated in the District for a period of ten (10) days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated. If published in a daily newspaper, such publication is required to be made in two issues of the paper, and eight days shall intervene between the first and last publication. Before the date fixed for the sale or the date to which the sale has been postponed, the Street Superintendent is required to obtain a record search that shows the names and addresses of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the Assessment is delinquent. At least ten days before the sale date or the date to which the sale has been postponed, the Street Superintendent is required to mail notice of the sale to the Assessment Area Property Owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the Street Superintendent has mailed such notice. The time of sale shall not be less than five days nor more than 10 days after the last publication, and the place of sale shall be in or in front of the office of the Street Superintendent, or in front of the usual place of meeting of the Board.

To comply with certain notice requirements, it may be necessary to postpone or continue such sales from time to time until such requirements are satisfied.

On the day fixed for the sale, the representative of the District will, at 10:00 a.m., or at a time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire amounts due with respect to the Assessment including the delinquent installments, and the person who will take the least quantity of land and then and there pay the amounts due with respect to the Assessment and penalty and costs due, including 50 cents to the representative of the District for a certificate of sale, will become the purchaser.

None of the District, the City, the Assessment Area Property Owners or the Trustee is required to purchase delinquent land at any sale whether or not there is any other purchaser.

Appraisal Values. Harding & Associates (the “Appraiser”) prepared an appraisal report with respect to the Assessed Parcels dated April 29, 2019 (the “Appraisal”). The Appraisal sets forth estimates of value for the Assessed Parcels as of April 17, 2019, and the resulting value-to-lien ratio for each Assessed Parcel is set forth in TABLE 3 herein. The Appraisal sets forth the assumptions and limiting conditions with respect to each value and the related methodology. Bondholders should carefully review Appendix D - “EXECUTIVE SUMMARY OF APPRAISAL” herein. See “THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL” herein for a discussion about the current state of each Assessed Parcel.

THE FULL TEXT OF THE APPRAISAL IS AVAILABLE FROM THE FINANCIAL ADVISOR OR THE UNDERWRITER AND SHOULD BE REVIEWED IN ITS ENTIRETY. The Appraisal was prepared by the Appraiser at the request of the District for the purpose of determining, subject to the limitations, terms and conditions thereof, the “market value” of the Assessed Parcels as security for the Assessment as of the valuation date of April 17, 2019.

The Appraisal provides an “*as proposed*” market value of the Assessed Parcels. The “*as proposed*” value premise, as used in the Appraisal, is defined as “*an estimate*” of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared except the assumption that the Garage Project is constructed and that the remaining tenant improvement construction and the remaining few details of the renovation project that will be required to reach market occupancy is completed in a professional workmanlike manner of similar quality to that which is evident to date.

The sales comparison approach and the income capitalization approach were utilized to value the Assessed Parcels. Given the age and ongoing changes to the condition of the building improvements, the cost approach was determined to be unreliable.

“*Market Value*” is defined in the Appraisal as the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in an open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adopted and for which it was capable. The sale of a property such as each of the Assessed Parcels, sold “*as proposed*”, would on average require an exposure time of 6 to 9 months, if adequately marketed at prices at or near the opinions of value presented in the Appraisal.

As indicated in TABLE 3 herein, some of the Assessed Parcels have an overall “*as proposed*” market value to assessment lien ratio of approximately 1 to 1 as of the valuation date of the Appraisal. See “**SPECIAL RISK FACTORS - Failure or Inability to Complete Proposed Development**” and “**- Completion of the Garage Project; Consequences of Failure to Complete; Construction Risk for the Assessment**” herein.

The Appraisal assumes the existence of no real property encumbrances other than those represented by the Parking Easements. All of the Assessed Parcels were treated for purposes of the Appraisal as having utilities available and good access. This is a subjective valuation and the status of, particularly, the availability of utilities with regard to the Assessed Parcels, is discussed further herein. See “**SPECIAL RISK FACTORS**” particularly “**- Failure or Inability to Complete Proposed Development,**” and “**- Completion of the Garage Project; Consequences of Failure to Complete; Construction Risk for the Assessment**” herein.

There can be no assurance that the values described in the Executive Summary of Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the values determined in the Appraisal are related in any way to future value or the value as of the date of any default under the Bonds. See “SPECIAL RISK FACTORS - Appraised Value” herein.

Full Cash Values. The estimated “full cash value” for tax year 2019, as determined by the Assessor of the County (the “*County Assessor*”), for the Assessed Parcels is much less than the total of the values shown in the Appraisal. Estimated “full cash value” is the total market value as determined by the County Assessor; in determining full cash value of the Assessed Parcels, the property was valued as “*commercial*” by the Assessor. See “**OVERLAPPING AND ADDITIONAL OVERLAPPING INDEBTEDNESS – Introduction**” herein for an explanation of this value.

Value to Lien Ratios Based on Appraised Values:

TABLE 3
VALUE TO LIEN RATIOS

Parcel Number	Current Assessment Area Property Owner of Assessed Parcel	Current Expected Use	Portion of Assessment Per Assessed Parcel	Estimated Appraised Value –As Proposed (a)	Estimated Appraised Value (Per Assessed Parcel) to Assessment Lien (a)
1	HPPC, LLC	Office, Retail, Mixed Use	\$ 9,300,000	\$ 54,000,000	5.8:1
2	HPPC II, LLC	Office	5,100,000	29,000,000	5.7:1
3 (b)	HPPC II, LLC	Apartments	6,300,000	7,050,000	1.1:1
4	Creighton	Educational	9,300,000	10,040,000	1.1:1
5 (c)	HPPC II, LLC	N.A.	1	N.A.	N.A.

(a) See SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – “Appraised Value” and, particularly, Appendix D - “EXECUTIVE SUMMARY OF APPRAISAL.”

(b) Represents a parcel under contract to be sold to the Apartment Developer. The Assessment Area Developer expects the transaction to close in the third quarter of calendar year 2019, following issuance of the Bonds and the commencement of construction of the Garage Project. For additional information regarding Assessed Parcel No. 3, see “THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL” herein.

(c) Consists of drive aisles and some surface parking. This parcel is considered to be undevelopable for other uses.

Credit of Project Revenues Towards Assessment Collections Due. As discussed in greater detail herein, the District expects to collect Project Revenues (as defined herein) and credit such Project Revenues towards the amount due for collection from the Assessment pro rata based on the remaining principal amount of the Assessment unpaid for each Assessed Parcel to the extent that Project Revenues are then on deposit in the Debt Service Expense Fund as described herein and available for such purpose. To the extent that such credit will be less than the full amount needed to pay Debt Service on any Debt Service payment date, the remaining amounts due will result in a balance due on the next payment due with respect to the Assessment and as described above. Amounts collected from the Assessment will be immediately paid to the Trustee and deposited into the Assessment Revenue Fund established by the Indenture and immediately transferred to the Debt Service Expense Fund.

Project Revenues

The information contained in this section relates to and has been obtained from the Assessment Area Developer and none of the District, the Financial Advisor, the Underwriter or their agents or counsel assume any responsibility for the accuracy or completeness thereof. Such information is relevant to an informed evaluation and analysis of the Bonds, the District and the Assessment Area. No assurance can be given that all information is complete or that the proposed payments or costs will occur as described herein.

The Development Agreement requires that the Garage Operator shall transfer revenues from all parking revenue that it receives from hourly and daily rate users of the Garage Project to the Trustee on a weekly basis for deposit into the Parking User Revenue Account of the Garage Project Fund. The Development Agreement also requires the District to transfer the payments it receives from the holders of the Parking Easements monthly to the Trustee for deposit into the Parking User Revenue Account (or, to the extent the easement holders make payments to the Initial Owners, the Initial Owners shall transfer the funds to the Trustee for deposit into the Parking User Revenue Account). All of the foregoing are the “Project User Revenues”. Additionally, the Development Agreement requires that the City shall pay certain amounts derived from certain City transaction privilege taxes generated within the District (“City Contribution

Amounts”) to the Trustee for deposit into the City Contribution Account and that the Assessment Area Developer, only under certain circumstances, shall pay amounts (“*Developer Contribution Amounts*”) to the Trustee for deposit into the Parking User Revenue Account as described below. *None of the contractual obligations of the Garage Operator, the City or the Initial Owners to make such payments constitutes a pledge or security for the payment of principal of or interest on the Bonds, and the Trustee has no right or duty to pursue remedies against the Garage Operator or any party to the Development Agreement for failure to perform its obligations thereunder, including the payment of Project Revenues. Moreover, no Project Revenues received by the Trustee will be pledged as security for payment of the Bonds except to the extent that such Project Revenues are deposited into the Debt Service Expense Fund or the Debt Service Reserve Fund established under the Indenture. Under the Indenture, the Trustee is directed to disburse, at the direction of the District, certain amounts of Project Revenues to pay costs of operating, maintaining and making capital improvement to the Garage Project, to pay expenses of the District, and reimbursing certain advances made by the Garage Asset Manager or the Assessment Area Developer. As a result, not all Project Revenues received by the Trustee will be retained under the Indenture. See “Sources and Uses of Indentured Funds” below.*

Parking User Revenues. Hourly and daily public parking rates for use of the Garage Project are expected to be comparable to other parking garage options in the vicinity. The Garage Operator will be required in the Garage Operating Agreement (as defined herein) to remit hourly and daily parking revenues to the Trustee weekly. The Garage Project is subject to several easement agreements for use of the Garage Project (together the “*Parking Easements*”). The Parking Easements contain a use charge that require that all parking fees be remitted to the District for deposit into the Parking User Revenue Account on the first day of each month. The Development Agreement requires, and the Garage Operating Agreement, when executed, will require that the Garage Operator transfer all Parking User Revenues to the Trustee weekly for deposit into the Parking User Revenue Account. See Appendix A – “PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCIAL FORECAST” herein.

The Trustee is not a party or third party beneficiary of the Development Agreement, the Garage Operating Agreement or any of the Parking Easements and has no right or duty to enforce any parties’ obligations under the Development Agreement, the Garage Operating Agreement or any of the Parking Easements, including obligations requiring the transfer of revenues from the Garage Project Revenue Fund by the holders of the Parking Easements or by the Garage Operator. In the Indenture, the District will covenant to pursue its rights under the Development Agreement, the Garage Operating Agreement and the Parking Easements to receive revenues from the Garage Project and to transfer them to the Trustee, but will have only limited financial resources to pursue such rights.

Dignity Parking Easement – Dignity Health, a California nonprofit public benefit corporation (“*Dignity*”), had various parking rights including on the Garage Project Site which were necessary for redevelopment of Park Central. To accomplish redevelopment of Park Central, the Initial Owners granted perpetual parking rights to Dignity relating to the Garage Project Site. Under the Dignity Parking Easement, in exchange for Dignity receiving use of 500 new parking spaces in the Garage Project plus 250 replacement parking spaces in the Garage Project to replace Dignity’s current parking rights on the Garage Project Site that are being displaced by construction of the Garage Project, Dignity will transfer to the Trustee at or prior to delivery of the Bonds (a) \$8,000,000 (the “*Dignity Contribution*”) for deposit into the Dignity Construction Account Fund, intended to equal the estimated construction cost of 500 spaces at \$16,000 per parking space in the Garage Project and (b) \$1,509,421 for deposit into the Initial Owners’ Construction Account, which represents an amount the parties agreed is Dignity’s share of the cost of the Garage Project Site being donated to the District by HPPC II, LLC (the “*Initial Owners’ Contribution*”). See “PLAN OF FINANCE FOR THE GARAGE PROJECT” herein.

Dignity will receive use of 750 new and replacement parking spaces in the Garage Project. Initially, fifteen of the spaces will be reserved and the remainder unreserved, on a first come, first served basis. Dignity will not pay a use charge for 500 of the new parking spaces but will pay monthly to the District a percentage of the maintenance expenses of the Garage Project (500 divided by the total number of parking spaces in the Garage Project (2001)). Dignity will not pay a use charge for 250 of the parking spaces until July 1, 2025, but thereafter will pay monthly to the District a use charge for the 250 spaces equal to 80% of the then-prevailing market rate for comparable parking facilities. There is no provision in the Dignity Parking Easement for late payment penalties, escalated parking rates, suspension of use privileges or termination of the easement upon failure of or default by Dignity to perform any of its obligations with respect to the Garage Project. Under the Dignity Parking Easement, Dignity’s obligation to pay extends beyond the term of the Bonds. See Appendix A – “PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCIAL FORECAST” herein.

HPPC, LLC Parking Easement (Assessed Parcel No. 1; expected uses: office, retail, mixed use) – Assessed Parcel No. 1 will receive use of 457 parking spaces in the Garage Project, nine of them reserved spaces and the remainder unreserved on a first come, first served basis. For the first five years following opening of the Garage Project, HPPC, LLC is obligated to pay to the District \$50 per space per month (aggregate \$22,850 monthly), and thereafter an amount per parking space equal to the then-prevailing monthly rate being charged to private parties for use of similar spaces in the Garage Project, adjusted annually. There are provisions in the HPPC, LLC Parking Easement for late payments, escalated parking rates and suspension of use privileges, and obtaining a lien on HPPC, LLC’s property, upon failure of or default by HPPC, LLC to perform its obligations with respect to the Garage Project, but no provision for terminating the HPPC, LLC Parking Easement by the District. Under certain circumstances, HPPC, LLC may exercise self-help remedies relating to maintenance or emergency access to the Garage Project and withhold the costs of such remedies from parking use payments owed to the District. Under the HPPC, LLC Parking Easement, HPPC, LLC’s obligation to pay extends beyond the term of the Bonds. See Appendix A – “PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCIAL FORECAST” herein.

HPPC, LLC is given the right under the HPPC, LLC Parking Easement to convey or ground lease less than all of Assessed Parcel No. 1 and to enter into a sub-parcel agreement(s) allocating between itself and its grantee/ground lessee the rights and obligations under the HPPC, LLC Parking Easement or releasing any portion of Assessed Parcel No. 1, except for the non-releasable portion of Assessed Parcel No. 1 legally described and depicted in the HPPC, LLC Parking Easement (essentially being that portion of Assessed Parcel No. 1 which is currently improved with buildings thereon), from all rights and obligations under the HPPC, LLC Parking Easement; provided that no such sub-parcel agreement may increase the total number of parking spaces, including reserved parking spaces, benefitting Assessed Parcel No. 1 under the HPPC, LLC Parking Easement or release HPPC, LLC or any owner of the non-releasable portion of Assessed Parcel No. 1 from the obligation to pay the parking fees for all of the unreserved and reserved spaces or from the lien rights described above. In the event of any such permitted release, all non-releasable portions of Assessed Parcel No. 1 will remain jointly and severally liable for parking fees under the HPPC, LLC Parking Easement and subject to the lien rights described above for nonperformance by HPPC, LLC. See “THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL – Assessed Parcel No. 1 Renovation” for additional information regarding the current and planned development for Assessed Parcel No. 1.

HPPC II, LLC (Assessed Parcel No. 2; expected use: office) – Assessed Parcel No. 2 will receive use of 250 parking spaces in the Garage Project, in fulfillment of HPPC II LLC’s obligation to provide Dignity with 250 replacement parking spaces to replace Dignity’s current parking rights on the Garage Project Site that are being displaced by construction of the Garage Project. Accordingly, Assessed Parcel No. 2 will have no contractual parking rights to the Garage Project. See “THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL – Assessed Parcel No. 2 Renovation Plans” herein for additional information regarding the current and planned development for Assessed Parcel No. 2.

Apartment Developer’s Parking Easement (Assessed Parcel No. 3; expected use: Apartments residential) -- The planned Apartment Project is expected to be constructed adjacent to the Garage Project with access from multiple floors. To provide the Apartment Developer with parking to meet its parking requirements under City zoning rules, the Apartment Developer will receive 278 reserved parking spaces spread among all floors in the Garage Project. In addition, the Apartment Developer will also receive use of 100 additional unreserved spaces for use by tenants, contractors or guests for use between 5:30 p.m. and 8:00 a.m. on all days other than Saturdays, Sundays or national holidays, and at any time on Saturdays, Sundays or national holidays. For the first five years following operation of the Garage Project, the Apartment Developer is obligated to pay to the District \$50 per space per month (aggregate \$13,900 monthly), and thereafter through the twenty-fifth (25th) year following operation of the Garage Project, \$60 per space per month (aggregate \$16,680 monthly). After the twenty-fifth (25th) year of operation of the Garage Project, the District may increase the parking rate, adjusted annually, to the lesser of (a) an amount per parking space equal to 80% of the then-prevailing monthly rate being charged to private parties for use of similar spaces in the Garage Project or (b) the increase in the Consumer Price Index for the preceding twenty-year period. There are provisions in the Apartment Developer’s Parking Easement for late payments, escalated parking rates and suspension of use privileges, and obtaining a lien on the Apartment Developer’s property, upon failure of or default by the Apartment Developer to perform its obligations with respect to the Garage Project, but no provision for terminating Apartment Developer’s Parking Easement by the District. Under certain circumstances, the Apartment Developer may exercise self-help remedies relating to maintenance or emergency access to the Garage Project and withhold the costs of such remedies from parking use payments owed to the District. Under Apartment Developer’s Parking Easement, the Apartment

Developer's obligation to pay extends beyond the term of the Bonds. See Appendix A – "PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCIAL FORECAST" herein.

In the event that Assessed Parcel No. 3 is subdivided into two or more sub-parcels, all sub-parcels remain jointly and severally liable for parking fees under the Apartment Developer's Parking Easement and subject to the lien rights described above for non-performance by the Apartment Developer. If Assessed Parcel No. 3 is subdivided into a condominium, the developer of the condominium has the right to pass liability of payment of parking fees to the condominium association and the District will be obligated to accept payment thereof from the condominium association. See "THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL" herein for additional information regarding the planned development for Assessed Parcel No. 3.

Creighton Parking Easement (Assessed Parcel No. 4; expected use: educational) -- In order to provide Creighton with parking to meet their parking requirements under City zoning rules, Creighton will receive 500 parking spaces in the Garage Project, up to 30 of them reserved spaces and the remainder unreserved on a first come, first served basis. For the first five years following operation of the Garage Project, Creighton is obligated to pay to the District \$50 per space per month (aggregate \$25,000 monthly), and thereafter \$60 per space per month (aggregate \$30,000 monthly). If the Creighton facility in the Assessment Area ceases operations for its intended use for more than thirty (30) continuous days (except if such cessation is caused by casualty, condemnation or planned renovation causing the Creighton Facility to temporarily shut down for a period not to exceed 180 days), the District may increase the per space parking fee to an amount equal to the then-prevailing monthly rate being charged to private parties for use of similar spaces in the Garage Project, adjusted annually. There are provisions in the Creighton Parking Easement for late payments, escalated parking rates and suspension of use privileges, and obtaining a lien on Creighton's property, upon failure of or default by Creighton to perform its obligations with respect to the Garage Project, but no provision for terminating Creighton Parking Easement by the District. Under certain circumstances, Creighton may exercise self-help remedies relating to maintenance or emergency access to the Garage Project and withhold the costs of such remedies from parking use payments owed to the District. Under the Creighton Parking Easement, Creighton's obligation to pay extends beyond the term of the Bonds. See Appendix A – "PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCIAL FORECAST" herein.

Creighton is given the right under the Creighton Parking Easement to convey or ground lease less than all of Assessed Parcel No. 4 and to enter into a sub-parcel agreement allocating between itself and its grantee/ground lessee the rights and obligations under the Creighton Parking Easement or releasing any portion of Assessed Parcel No. 4, except for Creighton Phase 1, from all rights and obligations under the Creighton Parking Easement; provided that no such sub-parcel agreement may increase the total number of parking spaces, including reserved parking spaces, benefitting Assessed Parcel No. 4 under the Creighton Parking Easement or release Creighton Phase 1 or any owner of Creighton Phase 1 from the obligation to pay the parking fees for all of the unreserved and reserved spaces or from the lien rights described above. In the event of any such permitted release, all non-releasable portions of Assessed Parcel No. 4 will remain jointly and severally liable for parking fees under the Creighton Parking Easement and subject to the lien rights described above for nonperformance by Creighton. See "THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL" herein for more information about the Creighton's two-phase development of Assessed Parcel No. 4).

Hampton Inn Easement Agreement -- The operator of a hotel located outside the boundaries of the District but adjacent to the Garage Project Site obtained a parking easement from a predecessor landowner to HPPC II, LLC for sixteen spaces located on what is the Garage Project Site. Those parking spaces will be lost due to construction of the Garage Project. There are no use payments required under this easement. The easement permits the sixteen spaces to be relocated to a location which would not materially adversely affect the hotel. To accommodate this easement, the sixteen spaces will be relocated to the ground floor of the Garage Project after completion of the Garage Project. The easement holder will continue to use the parking spaces without payment of any use charges.

City Contribution Amounts. The Development Agreement requires that the City pay certain transaction privilege taxes generated within the District on a monthly basis to the Trustee for deposit into the City Contribution Account of the Garage Project Revenue Fund. The City Contribution Amounts means:

(a) For Fiscal Years 2019/20 through 2024/25: an amount equal to 100% of the City transaction privilege tax (up to 2.3%) (5.3% on the hotel sales tax) generated from and received by the City from the land owned by HPPC II, LLC on the date of execution and delivery of the Development Agreement (including without limitation the Garage Project Site) and from the ground up (new) development on land owned by the Assessment Area Developer on the date of execution and delivery of the Development Agreement, other than development on such land described in clause (c) below;

(b) For Fiscal Years 2025/26 through 2043/44 and thereafter: an amount equal to 50% of the City transaction privilege tax (up to 2.3%) (5.3% on the hotel sales tax) generated from and received by the City from land owned by HPPC II, LLC on the date of execution and delivery of the Development Agreement (including without limitation the Garage Project Site) and from the ground up (new) development on land owned by the Assessment Area Developer on the date of execution and delivery of the Development Agreement, other than development on such land described in clause (c) below; and

(c) Commencing on date described below, 50% of the City transaction privilege tax (up to 2.3%) (5.3% on the hotel sales tax) generated from and received by the City with respect to structures on land owned by the Assessment Area Developer that existed as of August 29, 2018, commencing after the final Reimbursement Payment, as defined in the Development Agreement, of amounts owed by the City under a separate agreement between the City and HPPC, LLC, has been made (such final Reimbursement Payment is currently estimated to be made prior to the commencement of Fiscal Year 2028/29), and continuing for the remaining term of the Bonds.

Developer Contribution Amounts. The Development Agreement requires that the Developer Contribution Amount be calculated within fifteen (15) business days following the end of each applicable Fiscal Year and that the Assessment Area Developer transfer the Developer Contribution Amount to the Trustee for deposit into the Parking User Revenue Account of the Garage Project Revenue Fund. If Parking User Revenues are less than the amounts set forth in (a), (b) or (c) below for the prior Fiscal Year, then the Developer Contribution is equal to the shortfall:

- (a) Beginning with Fiscal Year 2020/21 through Fiscal Year 2023/24: \$720,000 per year;
- (b) For Fiscal Years 2024/25 and through Fiscal Year 2025/26: \$792,000 per year; and
- (c) For Fiscal Year 2026/27 and thereafter while the Bonds remain outstanding: \$942,000 per year.

Prior to or during any Fiscal Year, the Assessment Area Developer may, in its sole discretion, elect to fund all or any portion of the Developer Contribution Amounts in advance, subject to annual reconciliation and reimbursement as provided in the Development Agreement. The Financial Forecast appearing in Appendix of this Official Statement assumes that no Developer Contribution Amounts will be required in any year.

Financial Forecast. **Appendix A of this Official Statement contains a “PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCIAL FORECAST” containing certain projected Project Revenues, collections from the Assessment, expenses and fund balances during the term of the Bonds. The information, projections and assumptions underlying such information and projections contained in Appendix A has been obtained from the Assessment Area Developer except as attributed therein to other sources. None of the District, the Financial Advisor, the Underwriter or their agents or counsel have investigated the sources for, or the basis for or the validity of the assumptions underlying, any such information or projections and none assume any responsibility for the accuracy or completeness thereof. The information included under the heading “SPECIAL RISK FACTORS” as it relates to the information contained under this heading and in Appendix A is hereby incorporated into Appendix A by this reference.**

The information in Appendix A contains certain “forward-looking” statements of the type described in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although the Assessment Area Developer believes that the assumptions upon which the forward-looking statements contained in this Official Statement are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. All phases of the operations of the District, including the Garage Project, involve risks and uncertainties, many of which are outside of the control of

the City, the District or the Assessment Area Developer and any one of which, or a combination of which, could materially affect the results with respect to the construction, completion operation or financial performance of the Garage Project or the sources of funds or performance of obligations under agreements necessary to produce Project Revenues at the levels projected. Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions; the need or demand for, or cost of, parking facilities; the speed and quality of redevelopment of land within the District and the Assessment Area; competitive conditions within the City; lower-than-projected public usage of the Garage Project; unanticipated expenses; changes in government regulation; future claims for accidents against the District or the Garage Asset Manager and the extent of insurance coverage for such claims; and other risks discussed in this Official Statement. See "SPECIAL RISK FACTORS" Below.

Except as described therein, the Assessment Area Developer's projections have not been independently verified by any party other than the Assessment Area Developer. Except for the District's engagement of Kimley-Horn and Associates, Inc., the "Parking Consultant" for a Parking Feasibility Study to ensure the projected Parking User Revenues and operation and maintenance related to the Garage Project were reasonable in the Financial Forecast, no feasibility studies have been conducted with respect to future development within the Assessment Area or the construction, operation or financial performance of the Garage Project pertinent to the Bonds, including the production of transaction privilege taxes that are the basis of City Contribution Amounts. None of the District, the Financial Advisor or the Underwriter has independently verified the Assessment Area Developer's projections and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct.

The full Parking Feasibility Study may be obtained from the Financial Advisor at 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016, or from the Underwriter at 2525 East Camelback Road, Suite 950, Phoenix, Arizona 85016.

Sources For And Uses Of Indenture Funds

As described above under "Project Revenues," the Development Agreement requires, among other things, that for so long as any Bonds remain outstanding the Garage Operator shall transfer revenue from hourly and daily rate users of the Garage Project to the Trustee for deposit into the Parking User Revenue Account of the Garage Project Revenue Fund, the holders of the Parking Easements shall transfer their required payments to the District for transfer to the Trustee for deposit into the Parking User Revenue Account, the City shall transfer amounts derived from City transaction privilege taxes generated within the District to the Trustee for deposit into the City Contribution Account of the Garage Project Revenue Fund and the Assessment Area Developer, under certain circumstances, shall pay Developer Contribution Amounts to the Trustee for deposit into the Parking User Revenue Account of the Garage Project Revenue Fund, as described below. *None of the contractual obligations of the Garage Operator, the City or the Assessment Area Developer to make such payments constitutes a pledge or security for the payment of principal of or interest on the Bonds and the Trustee has no right or duty to pursue remedies against any party to the Development Agreement for failure to perform its obligations thereunder, including the payment of Project Revenues. Moreover, no Project Revenues received by the Trustee will be pledged as security for payment of the Bonds except to the extent that such Project Revenues are deposited into the Debt Service Expense Fund or the Debt Service Reserve Fund established under the Indenture. Under the Indenture, the Trustee is directed to disburse, at the direction of the District, certain amounts of Project Revenues to pay costs of operating, maintaining and making capital improvement to the Garage Project, to pay expenses of the District, and reimbursing certain advances made by the Garage Asset Manager or the Assessment Area Developer. As a result, not all Project Revenues received by the Trustee will be retained under the Indenture.*

Parking Garage Revenue Fund and Accounts Therein. In the Indenture, there will be established the Garage Project Revenue Fund containing the following Accounts: (i) Parking User Revenue Account; and (ii) City Contribution Account. The Trustee will be directed to apply amounts in the Garage Project Revenue Fund on the 15th day of each month, as follows:

(a) First, to the Interest Account, an amount equal to one-fifth (1/5) of amount of interest to be paid on the Bonds on the next Interest Payment Date unless and until funds are on deposit in an amount sufficient to make sure payment. If monies transferred are not available to make a deposit when required, such deficiency must be made

remedied on the next succeeding deposit date. Money in the Interest Account must be used to pay interest on the Bonds as it becomes due.

(b) Second, to the Principal Account (in each Bond year ending on a date on which Bonds mature or are subject to mandatory sinking fund redemption), an amount equal to one-tenth (1/10) of amount of respective principal amounts at maturity plus one-tenth (1/10) of the amount of any mandatory sinking fund redemption requirement on the Bonds that will mature or become due on the last day of such Bond Year unless and until funds are on deposit in an amount sufficient to make such payment. If monies transferred are not available to make a deposit when required, such deficiency must be made remedied on the next succeeding deposit date. Money in the Principal Account must be used to retire Bonds by payment at their maturity or upon mandatory sinking fund retirement date, as it becomes due.

(c) Third, to the Debt Service Reserve Requirement in an amount to restore the amount therein to contain the Debt Service Reserve Fund Requirement. Money in the Debt Service Reserve Fund must be transferred to the Principal Account and the Interest Account to the extent that, following transfers of all amounts from the Excess Funds Long-Term Reserve Fund, amounts contained therein are not sufficient to pay debt service on the Bonds.

(d) Fourth, to the O&M Expense Fund in an amount directed by the Authorized District Representative, for payment of O&M Expenses in accordance with the annual District Budget.

(e) Fifth, to the District Expense Fund in an amount directed by the Authorized District Representative (as defined herein), for payment of District Expenses in accordance with the annual District Budget.

(f) Sixth, for deposit to the Replacement Reserve Fund, commencing in July 15, 2025, in an amount equal to \$50,000.00 during each Fiscal Year. Money in the Replacement Reserve Fund shall be used only to make capital replacements, repairs and other capital expenses.

(g) Seventh, to the Garage Asset Manager Expense Fund in an amount directed by the Authorized District Representative, to reimburse the Garage Asset Manager for additional O&M Expenses advanced by the Garage Asset Manager as provided in the Development Agreement;

(h) Eighth, to Assessment Area Developer Expense Fund in an amount directed by the Authorized District Representative, to reimburse the Assessment Area Developer for amounts advanced by the Assessment Area Developer as provided in the Development Agreement; and

(i) Ninth, the balance for deposit to the Excess Funds Long-Term Reserve Fund as a reserve to be used for any lawful purpose of the District, but amounts therein must be transferred to the Principal Account and the Interest Account to the extent that amounts contained therein are not sufficient to pay debt service on the Bonds. In addition, the District may from time to time cause other legally available funds to be deposited into the Excess Funds Long-Term Reserve Fund.

Pursuant to the Indenture, transfers and disbursements from the Garage Project Revenue Fund each month shall be made first from amounts in the Parking User Revenue Account, second from amounts in the City Contribution Account; except that any distributions to pay for capital replacements, repairs or other capital expenses shall be made first from the Replacement Reserve Fund.

Relationship of Project Revenues to Assessment Collections. As noted previously in this Official Statement, the District expects to credit towards the amount due for collection from the Assessment pro rata based on the remaining principal amount of the Assessment unpaid for each Assessed Parcel to the extent that Project Revenues are then on deposit in the Debt Service Expense Fund as described above and available for such purpose. To the extent that such credit will be less than the full amount needed to pay Debt Service on any Debt Service payment date, the remaining amount due will result in a balance due on the next payment date with respect to the Assessment, the principal amounts payable pursuant to the Assessment will be paid in annual installments on June 1, in each year preceding July 1 on which the Bonds become due at maturity or mandatory redemption and the interest amounts payable pursuant to the Assessment will be payable on June 1 and December 1 of each year, immediately before the interest becomes due on

the Bonds on July 1 and January 1, respectively. The District will bill each Assessed Area Property Owner at the address of the owner of each Assessed Parcel on or prior to each April 1 and each October 1 for principal and interest amounts due on each June 1 and each December 1 with respect to the Assessment. Payments will be remitted to the Trustee and pursuant to the Indenture deposited into the Assessment Revenue Fund and immediately transferred to the Debt Service Expense Fund.

Debt Service Expense Fund. The amounts available because of the Assessment (calculated after being reduced by any amounts available in the Debt Service Expense Fund for, and whether in the form of, regularly payable installments with respect thereto, prepayments thereof, proceeds of the sale of Assessed Parcels related to delinquent installments thereof, Project Revenues or otherwise) will be collected and applied, and pledged pursuant to the Indenture, to pay Debt Service when due and as such will be paid to the Trustee and deposited in the Principal Account, the Interest Account, the Redemption Account (unless necessary for the purpose described in the Indenture required to be deposited to the Debt Service Reserve Fund), and applied, in each case as described in the Indenture. Such amounts when collected constitute funds to pay Debt Service and will be kept separately from other funds of the District by depositing them in the accounts and amounts provided in the Indenture.

*As described above, the District, the City, the Assessment Area Developer and HPPC II, LLC have agreed in the Development Agreement that Project Revenues consisting of Parking User Revenues, consisting of the revenues from hourly and daily-rate users of the Garage Project and payments from holders of the Parking Easements; City Contribution Amounts, consisting of certain City transaction privilege taxes related to the Assessment Area and Developer Contribution Amounts calculated to cover certain shortfalls in projected Parking User Revenues will be transferred periodically to the Trustee for deposit into the Garage Project Revenue Fund established under the Indenture. The Indenture provides for monthly transfers and distributions of amounts in the Garage Project Revenue Fund, including transfers to the Debt Service Expense Fund and the Debt Service Reserve Fund. **The District expects to credit towards the amount due for collection from the Assessment on each Debt Service payment date to the extent that Project Revenues are then on deposit in the Debt Service Expense Fund and available for such purpose. The Trustee is not a party or third-party beneficiary of the Development Agreement, the Garage Operating Agreement or any of the Parking Easements and has no right or duty to enforce any parties' obligations under the Development Agreement, the Garage Operating Agreement or any of the Parking Easements, including obligations requiring the transfer of Project Revenues to the Garage Project Revenue Fund. In the Indenture the District will covenant to pursue its rights under the Development Agreement and the Parking Easements to receive Parking User Revenues and to transfer it to the Trustee, but will have only limited financial resources to pursue such rights. See "SPECIAL RISK FACTORS – Risk Factors Related to the Development Agreement; Lack of Remedies of Trustee"** herein.*

Debt Service Reserve Fund. \$2,322,943* of the proceeds of the sale of the Bonds, representing maximum annual Debt Service on the Bonds (the "*Debt Service Reserve Requirement*"), will be deposited to the credit of the Debt Service Reserve Fund. The money deposited to the Debt Service Reserve Fund, together with all investment income therefrom, will be held in trust by the Trustee and applied solely as provided in the Indenture to pay Debt Service on the Bonds.

On, or, if either day is not a Business Day, before June 15 and December 15 of each year, the Trustee will, to the extent there are sufficient amounts in the Debt Service Reserve Fund, transfer from the Debt Service Reserve Fund to the Principal Account and the Interest Account, as applicable, the deficiency, if any, between the amount in the Principal Account and the Interest Account, as applicable, on such date and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

With respect to any redemption of the Bonds, the Trustee will examine the Debt Service Reserve Fund in relation to the Debt Service Reserve Fund Requirement to determine if the redemption of Bonds allows the Debt Service Reserve Fund Requirement to be reduced and will transfer the amount of any such excess over the Debt Service Reserve Fund Requirement from the Debt Service Reserve Fund to the Redemption Account to be applied to such redemption.

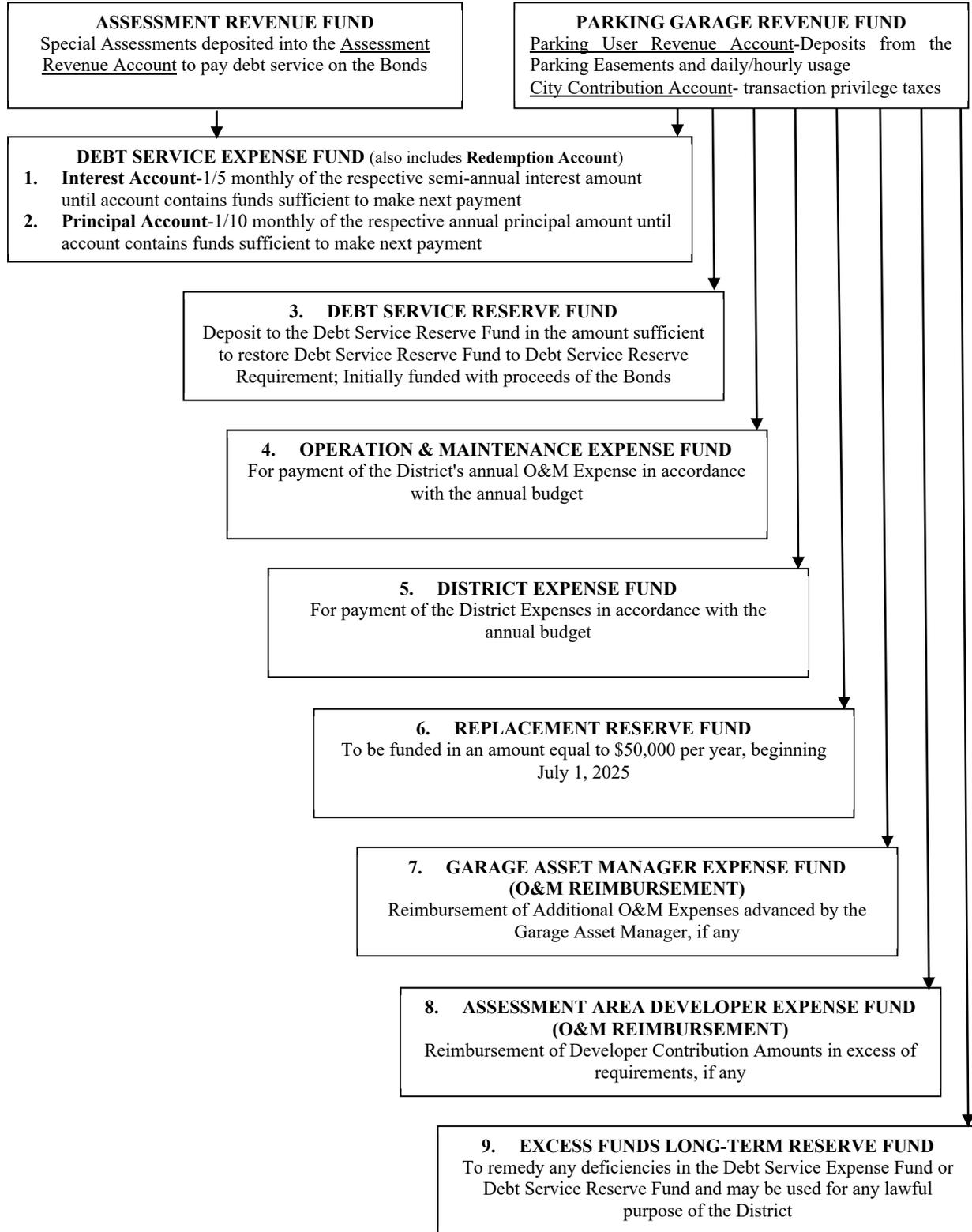
On July 15 of each year, the Trustee will examine the Debt Service Reserve Fund in relation to the Debt Service Reserve Fund Requirement to determine if any amounts which constitute investment earnings on the amounts in the

* Preliminary, subject to change

Debt Service Reserve Fund allow the amount on deposit in the Debt Service Reserve Fund to be reduced to a level equal to the Debt Service Reserve Fund Requirement and will transfer the amount of any excess over the Debt Service Reserve Fund Requirement from the Debt Service Reserve Fund to the District Construction Account of the Garage Construction Fund to finance the construction of the Garage Project until such construction is complete and thereafter to the Interest Account to be applied to pay interest on the Bonds.

If, after a withdrawal from the Debt Service Reserve Fund for any reason, the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the District will reimburse the Debt Service Reserve Fund to the extent of proceeds from any assessment sale of any Assessed Parcel due to a failure to pay an installment of the Assessment or, to the extent available, from Project Revenues held by the Trustee, as described in the Indenture.

APPLICATION OF PARK CENTRAL CFD REVENUES
Summary of Flow of Funds Under the Indenture



PLAN OF FINANCE FOR THE GARAGE PROJECT

The information contained in this section relates to and has been obtained from the Assessment Area Developer and none of the District, the Financial Advisor, the Underwriter or their agents or counsel assume any responsibility for the accuracy or completeness thereof. Such information is relevant to an informed evaluation and analysis of the Bonds, the District and the Assessment Area. No assurance can be given that all information is complete or that the proposed construction or costs will occur as described herein.

The total construction budget (including soft costs and contingencies) for construction of the Garage Project, based upon the Construction Contract, is \$33,466,631*, as shown in more detail below. The Construction Contract provides for the construction of the Garage Project in accordance with the plans and specifications at a guaranteed maximum price of \$29,982,254, subject to change orders agreed to with the District Engineer. See “THE GARAGE PROJECT” herein for more information on the Construction Contract.

The budget for construction of the Garage Project is as follows:

Budgeted Garage Costs

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

The following sources of funds will be used to pay the cost of the Garage Project: (a) \$24,973,631* (the “*District Contribution*”) from the District from the proceeds of the sale of the Bonds, to be deposited by the Trustee on the date of issuance of the Bonds into the District Construction Account; (b) \$8,000,000 as the Dignity Contribution described above under “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Project Revenues – Parking User Revenues – Dignity Parking Easement for deposit into the Dignity Construction Account; and (c) \$493,000* as part of the Initial Owners’ Contribution described above under SECURITY FOR ANY SOURCES OF PAYMENT OF THE BONDS – Project Revenues – Parking User Revenues – Dignity Parking Easement for deposit into the Initial Owners’ Construction Account. An additional deposit of approximately \$1,016,421* is to be deposited by the Initial Owners with the Trustee to be held as an additional contingency in the Initial Owners’ Construction Account (the “*Additional Contingency*”). *Monies on deposit in the Dignity Construction Account and the Initial Owners’ Construction Account in excess of amounts needed for completion of the Garage Project are not part of the Trust Estate and are not pledged to the payment of Debt Service on the Bonds, but are to be released by the Trustee to Dignity or to HPPC, LLC, as applicable, upon completion of the Garage Project. Any remaining amounts in the District Construction Account will be transferred to the Interest Account of the Debt Service Expense Fund for use by the District for payment of interest on the Bonds or to the Redemption Account of the Debt Service Expense Fund for special optional redemption of Bonds as described under “THE BONDS – Redemption Provisions – Special Optional Redemption from Excess Proceeds.”*

The Indenture requires that each Advance from the Garage Construction Fund to pay construction costs, after being approved by the Development Manager and the District Engineer, be made to the extent possible pro rata from the District Construction Account and the Dignity Construction Account in amounts equal to the “*District’s Proportionate Share*” and “*Dignity’s Proportionate Share.*” Dignity’s Proportionate Share will be a ratio, the numerator of which shall be 500 (i.e., the number of spaces in the Garage Project to which Dignity will be entitled) and the denominator of which shall be the total number of spaces in the Garage Project, as reflected on the Plans and Specifications (2,001). The District’s Proportionate Share will be a ratio, the numerator which shall be the total number of spaces in the

* Preliminary, subject to change

Garage Project, as reflected on the Plans and Specifications (2,001) less 500, and the denominator of which shall be the total number of spaces in the Garage Project, as reflected on the Plans and Specifications. In no event is the Trustee permitted to advance funds from either account in excess of the “Dignity Cap” (\$8,000,000) or the “District Cap” (the amount of Bond proceeds initially deposited therein). The Indenture requires that the Trustee is to draw from the Initial Owners’ Construction Account to fund any budgeted shortfalls of amounts in the Garage Construction Fund and to cover any cost overruns on the Garage Project. In addition, the Development Agreement provides that no funds will be advanced for payment of Project Costs if the District Engineer determines, in its professional opinion, the remaining funds in the Garage Construction Fund will be insufficient to complete the Garage Project in accordance with the Plans and Specifications, taking into account the Dignity Cap and the District Cap. In such event, the District Engineer is required to notify HPPC, LLC and HPPC II, LLC and such landowners have an unsecured joint and several obligation to promptly deposit the amount of the shortfall into the Initial Owners’ Construction Account.

The Indenture requires that within thirty (30) days following the end of each calendar quarter prior to the completion of the Garage Project, beginning with the calendar quarter ending September 30, 2019, the District is to file with the Trustee quarterly construction status reports of the District Engineer regarding the Garage Project.

SOURCES AND USES OF FUNDS

Sources of Funds *

Principal Amount*	\$30,000,000
Dignity Contribution	8,000,000
Initial Owners’ Contribution (a)	493,000
Total Sources of Funds*	\$38,493,000

Uses of Funds *

Deposit to District Construction Account	\$24,973,631
Deposit to Dignity Construction Account	8,000,000
Deposit to Initial Owners’ Construction Account (a)	493,000
Deposit to Debt Service Expense Fund (b)	1,702,501
Deposit to Debt Service Reserve Fund	2,322,943
Payment of Costs of Issuance (c)	1,000,925
Total Uses of Funds	\$38,493,000

(a) *Represents the portion of the \$1,509,421* to be transferred by Dignity to the Trustee, on behalf of the Initial Owners, and held in the Initial Owners’ Account of the Garage Construction Fund, which is currently projected to be needed toward the costs of construction of the Garage Project. The remaining amount will be held in the Initial Owners’ Construction Account as an additional contingency as provided in the Indenture and the Development Agreement. Any amount remaining in such Account following completion of the construction will be paid to the Initial Owners. See “PLAN OF FINANCE FOR THE GARAGE PROJECT” herein for additional information.*

(b) *Represents capitalized interest on the Bonds to July 1, 2020.**

(c) *Includes compensation and costs of the Underwriter with respect to the Bonds.*

*Preliminary, subject to change

MANAGEMENT AND OPERATION OF GARAGE PROJECT

Garage Asset Manager

The Development Agreement provides that promptly upon issuance of the Bonds, the District will enter into the Garage Asset Management Agreement with the Assessment Area Developer, which will serve as the initial Garage Asset Manager of the Garage Project. The Assessment Area Developer is a single purpose entity focused on development and operation of property in the Assessment Area. The Assessment Area Developer's investors and management include affiliates of two Arizona commercial real estate firms, Plaza Companies and Holualoa Companies. Plaza Companies and Holualoa Companies collectively have experience managing parking structures associated with their current commercial real estate asset management portfolios aggregating to approximately 4,300 spaces. See, "THE ASSESSMENT AREA DEVELOPER" and "SPECIAL RISK FACTORS" herein.

The Development Agreement requires that the Garage Asset Management Agreement will contain provisions for the Garage Asset Manager to provide various services, including the following: (i) manage the Garage Project for a market rate fee reasonably approved by the City and the District, with the express right to oversell parking rights consistent with industry practices; (ii) make available to the District its full judgment, experience, and advice with respect to the policies to be pursued for operation of the Garage Project; (iii) in consultation with the District, use diligent efforts to determine if any hazardous substance or waste is being stored, used or discharged by any party in the Garage Project and upon becoming aware of any storage, dumping, use or leakage of any such hazardous substance or waste on or near the Garage Project, immediately notify the District; (iv) use reasonable efforts to see that all bills for charges incurred in connection with the services are paid on a timely basis; (v) use reasonable efforts to maximize any and all revenue generated from the Garage Project; (vi) ensure that Parking User Revenues are paid to the Trustee in compliance with the Development Agreement and the Indenture; (vii) ensure that the Garage Project is operated in accordance with Parking Easements; (viii) assist the hereinafter-described Garage Operator in any collection issues it may encounter for all parking fees and other charges that may become due from any tenant or others for use of the Garage Project; (ix) review any maintenance and/or repairs that are deemed necessary and make recommendations accordingly to the District; and (x) consult with the District with regard to any security program for the Garage Project in order to protect the assets of the District and vehicles within the Garage Project.

Garage Operator

Prior to completion of construction of the Garage Project, the Development Agreement requires the Garage Asset Manager to retain a parking garage operator (the "Garage Operator") in accordance with any applicable public procurement laws and having appropriate experience comparable to that required by the City to operate its parking facilities, to run the day-to-day operations of the Garage Project, pursuant to a Parking Garage Operating Agreement (the "Garage Operating Agreement"), in a form reasonably acceptable to the City and the District. The Garage Asset Manager and the Garage Operator may resign or be removed as provided in the Garage Management Agreement or Garage Operating Agreement, as applicable. The initial term of the Garage Asset Management Agreement is expected to be for the term of the Bonds, subject to termination by the District. The District will be responsible for maintaining liability, property damage and business interruption insurance on the Garage Project in accordance with established industry standards and will pay premiums therefor as a District Expense.

THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL

The information contained in this section relates to and has been obtained from the Assessment Area Developer and none of the District, the Financial Advisor, the Underwriter or their agents or counsel assume any responsibility for the accuracy or completeness thereof. Such information is relevant to an informed evaluation and analysis of the Bonds, the District and the Assessment Area. No assurance can be given that all information is complete or that the proposed redevelopment will occur as described herein. Although the Assessment Area Developer and its affiliate HPPC II, LLC currently own all of the Assessed Parcels except for the Assessed Parcel purchased by Creighton in April 2019 (identified as Assessed Parcel No. 4), the Assessment Area Developer and HPPC II, LLC intend to sell all or any portion of such owners' Assessed Parcels to commercial entities. If such sales occur, then the ownership of the land within the Assessment Area will change and the effect of such change cannot be determined. No assurance can be given that the Assessment Area Developer or HPPC II, LLC or following any such sales, that any of the Assessment Area Property Owners will continue development or

redevelopment of the Assessed Parcels, that development or redevelopment of the Assessed Parcels will be completed, or that it will be completed in a timely manner. Since the ownership of the Assessed Parcels is subject to change, the development plans outlined below may not be continued by the subsequent Assessment Area Property Owner if an Assessed Parcel is sold; however development by any subsequent Assessment Area Property Owner will be subject to the development policies and requirements of the City and subject to the Development Agreement. The amounts due with respect to the Assessments are not personal obligations of the Assessment Area Developer, HPPC II, LLC or any subsequent Assessment Area Property Owners; the Bonds are secured solely by the Assessments, amounts held in the Debt Service Reserve Fund with respect to the Bonds and other amounts held under the Indenture, including, to the extent available, certain Project Revenues on deposit in the Debt Service Expense Fund. The information included under the heading “SPECIAL RISK FACTORS” as it relates to the information contained under this heading is hereby incorporated under this heading by this reference. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” and “SPECIAL RISK FACTORS” herein.

General

The Assessment Area consists of approximately 36 acres within the District and the Assessed Parcels comprise substantially all of the land within the Assessment Area but excludes the site for the Garage Project. The Assessed Parcels are comprised of five separately platted parcels as shown in the map on page (viii).

Environmental Status. Several Phase I environmental reports have been obtained by the Initial Owners relating to the Park Central Site. None of the environmental assessments identified any material Recognized Environmental Conditions.

Zoning. The Park Central site is zoned C-2/HR/TOD-1 (Intermediate Commercial/High Rise/Transit Oriented Development Overlay 1) with height and density waivers through a series of rezoning actions. In 2009, the City approved modifications to the stipulations of the zoning approvals for Park Central, allowing for a wide range of uses. The 2009 zoning case’s stipulations require Phoenix Hearing Officer and City Council approval for future ground-up development, including separate approvals for building elevation, landscaping and shading and open space.

On February 20, 2019 final zoning approval was granted by from the Phoenix City Council for the Creighton University Medical School on Assessed Parcel No. 4, the Garage Project, and a planned 278-unit apartment development adjacent to the Garage Project on Assessed Parcel No. 3.

The Initial Owners have made application to the City of Phoenix to transition zoning for the project to the Walkable Urban Code (WUCode), with final City Council approval expected in June 2019. The process for obtaining the WUCode designation involved hearings before the Encanto Village Planning Committee (completed April 8, 2019), the City of Phoenix Planning Commission (completed May 2, 2019), and the Phoenix City Council (scheduled for June 5, 2019). Transitioning to the WUCode will have little or no impact on the approved uses and development stipulations for open space, elevation and landscaping approval, except that the approvals going forward would be obtained from City staff without the need to go through the Phoenix Hearing Officer and the City Council approval process. This should streamline the process of obtaining entitlements for future development projects contemplated for the Park Central Site.

Assessed Parcel No. 1

Office, Retail and Additional Land for Future Development. Assessed Parcel No. 1 is approximately 16.132 platted acres as shown in the map on page (viii). In October 2017, HPPC, LLC purchased Assessed Parcel No. 1, consisting of seven buildings aggregating to approximately 265,000 rentable square feet of office, retail and mixed-use space. Assessed Parcel No. 1’s current and future uses include retail and office. Most of the recent redevelopment work has occurred on Assessed Parcel No. 1. Parcel 1 has an appraised value is \$54,000,000 and is allocated \$9,300,000 of the Assessment; which equates to an Appraised Value to Assessment Ratio of 5.8 to 1. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Assessment – TABLE 2 and TABLE 3.”

Assessed Parcel No. 1 is subject to a deed of trust securing loans from Western Alliance Bank, which is subordinate to the Assessment lien by operation of law. The first such loan is in the maximum amount of \$34,380,000. This loan,

when fully funded, will pay the hard and soft costs of the redevelopment of Assessed Parcel No. 1, certain deferred maintenance expenses, tenant improvement expenses, leasing commissions and financing costs and includes an interest reserve. The unpaid principal balance of this loan is approximately \$17,208,528 (as of May 10, 2019).

A second loan from Western Alliance Bank in the amount of approximately \$1,500,850 (as of May 10, 2019) is secured by both a deed of trust, which is subordinate to the Assessment lien by operation of law, and by a collateral assignment of the rights to receive payments from the City under a Development Agreement (City Contract No. 148204-0), between HPPC, LLC and the City, dated July 27, 2018 (the “2018 Development Agreement”). This loan was made to cover a portion of the costs of constructing certain improvements to the common area of the Assessed Parcel No. 1 redevelopment as contemplated by the 2018 Development Agreement.

Assessed Parcel No. 1 Renovation. In February 2019, the Assessment Area Developer completed a renovation of Assessed Parcel No. 1 converting the property to a mixed-use creative office campus in a gray shell condition at a cost of approximately \$14,800,000, excluding tenant improvements. The renovation included adding a steel and aluminum shade structure and related accent structure, replacing the dated exterior façade with a midcentury modern exterior, providing outdoor tenant patios, installing a linear urban park that serves as a pedestrian connection from Central Avenue through the property to Third Avenue, adding amenities such as a splash pad, a fire pit and an outdoor performing arts venue, upgrading the restaurant patio areas and replacing the property signage with a new sign package.

Assessed Parcel No. 1 has fifteen tenants with executed leases that in the aggregate use approximately 100,000 square feet of the approximately 265,000 rentable square feet of office and retail space. The renovation has brought in new tenants to Assessed Parcel No. 1, including a local sports bar chain (approximately 6,500 square foot retail space), an IT consulting firm (approximately 8,300 square foot office space), an educational use (approximately 8,000 square foot office space), and a technology company (approximately 5,000 square foot office space).

As part of the redevelopment of Park Central, the Assessment Area Developer has expressed an intention to further subdivide and sell portions of Assessed Parcel No. 1. See “SECURITY FOR AND SOURCE PAYMENT OF THE BONDS – The Assessment” herein.

Assessed Parcel No. 2

Office and Additional Land for Future Development. Assessed Parcel No. 2 is approximately 12.510 platted acres as shown in the map on page (viii). In October 2018, HPPC II, LLC purchased Assessed Parcel No. 2, consisting of a three-level office building (two-story office building with a basement) aggregating to approximately 193,000 rentable square feet of office space, along with a 704-space two-level parking garage. Assessed Parcel No. 2’s current and future use is for commercial offices. Assessed Parcel No. 2 has an appraised value is \$29,000,000 and is allocated \$5,100,000 of the Assessment; which equates to an Appraised Value to Assessment Ratio of 5.7 to 1. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Assessment – TABLE 2 and TABLE 3.”

Assessed Parcels Nos. 2, 3, and 5 and the Garage Project Site are subject to a deed of trust securing a seller carry-back acquisition loan in the original principal amount of \$18,000,000, which is subordinate to the Assessment lien by operation of law. The current principal balance of this loan is approximately \$14,684,440 (as of May 10, 2019). Assessed Parcel No. 2’s debt (\$14,684,440) to appraised value (\$29,000,000) is 50.64%.

The deed of trust contains provisions that will allow for the release of the Garage Project Site from the lien of this deed of trust upon the closing of the sale or transfer of such parcel for \$2,434,770, which will occur concurrently with the delivery of the Bonds. The Assessment Area Developer will pay the \$2,434,770 release price for the Garage Project Site to the beneficiary of the deed of trust at or prior to the issuance of the Bonds.

Assessed Parcel No. 2 Renovation Plans. In January 2019, HPPC II, LLC commenced a renovation of Assessment No. Parcel 2 at a budgeted cost of approximately \$3,500,000, excluding tenant improvements. Renovations include refreshing the exterior of the office building and parking structure with new paint, landscaping and signage and by adding an expanded window line for the second story of the office building. The unoccupied space will be brought to a gray shell condition. Renovation is expected to be completed by September 2019.

Assessed Parcel No. 2 has two tenants with executed leases that in the aggregate use approximately 90,000 square feet of the approximately 193,000 rentable square feet of office space.

As part of the redevelopment of Park Central, HPPC II, LLC has expressed an intention to further subdivide and sell portions of Assessed Parcel No. 2. See “SECURITY FOR AND SOURCE PAYMENT OF THE BONDS – The Assessment” herein.

Assessed Parcel No. 3

Expected Apartments Use. Assessed Parcel No. 3 is approximately 1.634 platted acres as shown in the map on page (viii). Assessed Parcel No. 3 is owned by HPPC II, LLC. Assessed Parcel No. 3 is currently used for surface parking and its anticipated use is for apartments. Assessed Parcel No. 3 has an appraised value is \$7,050,000 and is allocated \$6,300,000 of the Assessment; which equates to an Appraised Value to Assessment Ratio of 1.1 to 1. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Assessment – TABLE 2 and TABLE 3.”

See “Assessed Parcel No. 2 -- *Office and Additional Land for Future Development*” above for a description of a deed of trust currently encumbering Assessed Parcel Nos. 2, 3 and 5 and the Garage Project Site.

Assessed Parcel No. 3 Renovation Plans. HPPC II, LLC has Assessed Parcel No. 3 under a contract for sale to Din/Cal 4, Inc., a Texas corporation, an affiliate of The Dinerstein Companies, Houston Texas (the “Apartment Developer”), for development of a 278-unit rental apartment facility on an approximately 71,178 square foot site adjacent to the Garage Project Site. The Apartment Developer has estimated its total development costs to be \$65,400,000. The Apartment Developer’s earnest money has become non-refundable. Under the sale contract the only remaining contingencies to closing relate to the delivery of marketable title and the commencement of construction on the Garage Project. HPPC II, LLC expects that the sale will close in the third quarter of calendar year 2019, following issuance of the Bonds and commencement of construction on the Garage Project. See Appendix A – “PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCIAL FORECAST” herein.

Assessed Parcel No. 4

Expected Educational Use. Assessed Parcel No. 4 is approximately 2.505 platted acres as shown in the map on page (viii). Assessed Parcel No. 4 is owned by Creighton. Assessed Parcel No. 4 is currently used for surface parking and its anticipated use is for a medical school. Assessed Parcel No. 4 has an appraised value is \$10,040,000 and is allocated \$9,300,000 of the Assessment; which equates to an Appraised Value to Assessment Ratio of 1.1 to 1. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Assessment – TABLE 2 and TABLE 3” herein.

Assessed Parcel No. 4 Development Plans. On April 16, 2019 Assessed Parcel No. 4 was sold to Creighton. Creighton has announced the planned construction of a seven-story, 185,000 square foot first phase of its Medical School and Health Sciences Center with medical, nursing, physical therapy, pharmacy, and other health sciences schools (Creighton Phase 1). Creighton has estimated its total development cost to be \$99,000,000. Construction on Creighton Phase 1 is anticipated to start in calendar year 2019.

Creighton’s Phase 2 is in the long-term planning phase of development. See Appendix A – “PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCIAL FORECAST” herein.

Assessed Parcel No. 5

Driveways, Sidewalks and Other Transitory Spaces. Assessed Parcel No. 5 is approximately 1.974 platted acres as shown in the map on page (viii). Assessed Parcel No. 5 is owned by HPPC II, LLC and consists of driveways, sidewalks and other transitory space and is not expected to be developed by the owner. Assessed Parcel No. 5 does not have a current appraised value and Assessed Parcel No. 5 is only allocated \$1 of the Assessment. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Assessment – TABLE 2.”

The following Table 4 is intended to summarize the information provided by the Assessment Area Developer under this heading, "THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL." The information contained in Table 4 is estimated and none of the Assessment Area Developer, the District, the Financial Advisor, the Underwriter or their agents or counsel can guarantee the completion or precise timing of all the anticipated development; or that additional development may be included.

TABLE 4
PROJECTED VALUE TO LIEN RATIOS

Parcel Number	Current Assessment Area Property Owner of Assessed Parcel	Current Expected Use	Portion of Assessment Per Assessed Parcel	Estimated Appraised Value	Appraised Value to Assessment Lien	Projected Future Value ^(a)	Projected Future Value to Assessment Lien ^(b)	Estimated Max Annual per Parcel Assessment
1	HPPC, LLC	Mixed Use, Office, Retail	\$9,300,000	\$54,000,000	5.8:1	\$54,000,000	5.8:1	\$719,200
2	HPPC II, LLC	Office	5,100,000	29,000,000	5.7:1	32,500,000	6.4:1	394,400
3	HPPC II, LLC	Apartments	6,300,000	7,050,000	1.1:1	65,400,000	10.4:1	487,200
4	Creighton	Educational	9,300,000	10,040,000	1.1:1	99,000,000	10.6:1	719,200
5	HPPC II, LLC	N/A	\$1	N/A	N/A	N/A	N/A	N/A
			<u>\$30,000,001</u>			<u>\$250,900,000</u>		<u>\$2,320,000</u>

(a) Projected Future Value for each Assessed Parcel is based on the following:

Parcel 1 – Estimated Appraised Value.

Parcel 2 – Estimated Appraised Value plus \$3,500,000 in planned renovation improvements described under "THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL – Assessed Parcel No. 2" above.

Parcel 3 – Total development costs of \$65,400,000 as described under "THE ASSESSMENT AREA AND REVELOPMENT OF PARK CENTRAL – Assessed Parcel No. 3" above.

Parcel 4 – Total development costs of \$99,000,000 as described under "THE ASSESSMENT AREA AND REDEVELPMENT OF PARK CENTRAL – Assessed Parcel No. 4" above.

(b) Does not reflect any other liens on the Assessed Parcels; Please refer to the foregoing discussion in "THE ASSESSMENT AREA AND REDVELOPMENT OF PARK CENTRAL" regarding loans currently outstanding or that could be outstanding in the future depending on development activity that could occur within the Assessment Area.

THE ASSESSMENT AREA DEVELOPER

The information contained in this section relates to and has been obtained from the Assessment Area Developer and none of the District, the Financial Advisor, the Underwriter or their agents or counsel assume any responsibility for the accuracy or completeness thereof. The information included under the heading "SPECIAL RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference. See "SPECIAL RISK FACTORS" herein.

HPPC, LLC is an Arizona limited liability company, which is wholly owned by HPPC Holding, LLC, an Arizona limited liability company ("Holding"). The sole manager of both HPPC, LLC and Holding is HPPC Sponsor, LLC, an Arizona limited liability company (the "Sole Manager"). The Sole Manager is owned by affiliates of two Arizona commercial real estate firms, Plaza Companies and Holualoa Companies. An affiliate of Holualoa Companies is the manager of Sole Manager, and an affiliate of Plaza Companies has certain major decision rights with respect to the Sole Manager.

In 1985 Holualoa Companies was founded with its first office in Kona, Hawaii. In 1992, Holualoa Companies added its Tucson, Arizona office. Since then, it has established offices in Phoenix, Los Angeles, and Paris. Holualoa invests globally in office, retail, industrial, multifamily, hotel and mixed-use properties and has acquired more than \$2.5 billion of assets. Holualoa Companies acquires and repositions underperforming real estate assets for sale upon

stabilization. Currently, the Holualoa Companies directly or indirectly has over 6,000,000 square feet of commercial real estate under asset management.

Plaza Companies is a real estate firm engaged in the management, leasing and development of real estate projects in Arizona. Plaza Companies has acquired, developed, and managed medical offices, senior housing communities and biotech centers. Plaza Companies owns, provides leasing services or manages more than 10,000,000 square feet, through partnerships and relationships with physicians, hospitals, financial institutions, REITs and private equity investors.

Under the Development Agreement, Plaza Del Rio Management Corp dba Plaza Companies was appointed to act as the Development Manager for the purposes of managing the acquisition, construction, development and equipping of the Garage Project, subject to the terms of the Development Management Agreement. The Development Agreement requires the Development Management Agreement to be executed when the Garage Project Site is conveyed to the District. The Development Manager will be paid \$1,287,645 by the District. See “PLAN OF FINANCE FOR THE GARAGE PROJECT” herein.

Based on the appraised values, HPPC, LLC and HPPC II, LLC each have equity in the property included in the Assessment Area. HPPC, LLC and HPPC II, LLC do not have substantial assets, other than the property within the Assessment Area and its associated revenue. See, “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Assessment,” “THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL” and “SPECIAL RISK FACTORS” herein.

In connection with the issuance of the Bonds, the Assessment Area Developer intends to pay \$2,434,770 for the release of the existing debt from the Garage Project Site and will then donate the Garage Project Site to the District.

HPPC, LLC and HPPC II, LLC are affiliated limited liability companies with common management control and some overlapping investors. HPPC, LLC and HPPC II, LLC are commonly marketing the leasing and sale of interests of real estate within the Assessment Area.

HPPC, LLC and HPPC II, LLC are contributing \$493,000* into the Initial Owners Construction Account to pay a portion of the costs associated with the construction of the Garage Project. Additionally, HPPC, LLC and HPPC II, LLC are contributing \$1,016,421* into the Initial Owners Construction Account as an additional contingency to pay a portion of the costs associated with the construction of the Garage Project. The Indenture requires that the Trustee is to draw from the Initial Owners’ Construction Account to fund any budgeted shortfalls of amounts in the Garage Construction Fund and to cover any cost overruns on the Garage Project. In addition, the Development Agreement provides that no funds will be advanced for payment of Project Costs if the District Engineer determines, in its professional opinion, the remaining funds in the Garage Construction Fund will be insufficient to complete the Garage Project in accordance with the plans and specifications, taking into account the Dignity Cap and the District Cap. In such event, the District Engineer is required to notify HPPC, LLC and HPPC II, LLC and such landowners have an unsecured joint and several obligation to promptly deposit the amount of the shortfall into the Initial Owners’ Construction Account. See, “PLAN OF FINANCE FOR THE GARAGE PROJECT” and “SOURCES AND USES OF FUNDS”.

The Development Agreement requires the Assessment Area Developer to fund Parking User Revenues shortfalls in amount ranging from up to \$720,000 in Fiscal Year 2020/21 to \$942,000 from Fiscal Year 2026/27 while the Bonds remain outstanding. The Financial Forecast appearing in Appendix A of this Official Statement assumes that no Developer Contribution Amounts will be required in any year. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Project Revenues – *Developer Contributions*” and Appendix A – “PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCIAL FORECAST” and “SPECIAL RISK FACTORS - Developer Contribution is Unsecured” herein.

* Preliminary, subject to change

OVERLAPPING AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Introduction

The District has no control over the amount of additional indebtedness or other amounts payable from taxes or assessments on all or a portion of the property within the District or the Assessment Area which may be issued or levied in the future by other governmental entities or political subdivisions, including but not limited to the City, Maricopa County, Arizona (the “*County*”), Maricopa County Community College District, the Maricopa County Special Health Care District, school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District or such area. To the extent such indebtedness is payable from general property taxes or taxes are levied for other purposes, such taxes will have a lien on the property within the District paramount and superior to the lien of the Assessment. Under current law, any special assessment lien securing indebtedness issued after the Bonds by any such entity would be subordinate and subject to the lien of the Assessment. See “*No Debt of the District*” in this section. Currently, there are no prior special assessment liens in the Assessment Area. **SEE ALSO, “SPECIAL RISK FACTORS - Overlapping Indebtedness and Taxes” herein. FOR A DISCUSSION ABOUT THE IMPACT OF SUCH LIENS, EVEN IF SUCH LIENS ARE SUBORDINATE LIENS.**

For tax purposes in Arizona, real property is either valued by the assessors of the counties or the Arizona Department of Revenue. Property valued by the Arizona Department of Revenue is referred to as “*centrally valued*” property and is generally owned by large mine and utility entities. Property valued by the assessors of the counties is referred to as “*locally assessed*” property and generally encompasses residential, agricultural and traditional commercial and industrial property.

While locally assessed property in the State has two different values, “*limited property value*” and “*full cash value,*” only the limited property value is used as the basis for taxation. The full cash value is maintained and used as the benchmark for determining the taxable value. For tax year 2015 and subsequent tax years, the limited property value of real property and improvements, including mobile homes, used for all *ad valorem* property tax purposes (both primary and secondary as hereinafter described) is limited by the Arizona Constitution to the lesser of the full cash value of the property or an amount five percent greater than the limited property value of the property determined for the prior year. Such limitation on increase in value does not apply to certain types of property set forth in the Arizona Constitution and the Arizona Revised Statutes. For centrally valued property and personal property (except mobile homes), the full cash value of the property is used as the basis for taxation.

Prior to tax year 2015, the value of real property and improvements, including mobile homes, used for primary *ad valorem* property tax purposes was limited property value and for secondary *ad valorem* tax purposes was full cash value. Limited property value for property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use increased by the greater of either 10% of the prior year’s limited property value or 25% of the difference between the prior year’s limited property value and the current year’s full cash value. Increases in full cash value were not limited.

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are primary taxes. These taxes are levied against the net limited assessed valuation of the property (taxable value multiplied by the appropriate assessment ratio).

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the prior year’s levy plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts. Primary taxes on residential property only are constitutionally limited to 1% of the limited value of such property.

Taxes levied for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are also levied against the net limited assessed valuation of the property as described above. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness or special district assessments.

All taxes become a lien upon the property assessed (they are not a personal obligation of the Assessment Area Property Owner), attaching on the first day of January of each tax year. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale as hereinafter described. An *ad valorem* property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the County Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the County Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the County Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The County Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept 16 percent per annum or less, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale.

Existing Overlapping, Superior, General Obligation Bonded Indebtedness and Taxes

Overlapping, general obligation, bonded indebtedness and tax levies for other purposes with respect to land in the District, the lien for which is paramount and superior to that of the Bonds is shown in TABLE 5 including a breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net assessed valuation and combined tax rate per \$100 assessed valuation. The applicable percentage of each jurisdiction's assessed valuation which lies within the District was derived from information obtained from the County Assessor. See "**SPECIAL RISK FACTORS - Direct and Overlapping Indebtedness and Taxes**" herein.

TABLE 5

Overlapping Jurisdiction	2018/19 Net Limited Assessed Property Value	Net General Obligation Outstanding Bonded Debt (a)	Approximate Percent	Proportion Applicable to the District Based on 2018/19 Net Limited Assessed Property Value	2018/19 Combined Primary and Secondary Tax Rates per \$100 Net Limited Assessed Property Value
				Net Amount	
State of Arizona	\$ 62,328,439,592	None	0.01%	None	None
Maricopa County (b)	40,423,232,423	None	0.02	None	\$1.8750
Maricopa County Community College District	40,423,232,423	\$380,740,000	0.02	\$76,148	1.3754
Maricopa County Fire District Assistance Tax	40,423,232,423	None	0.02	None	0.0107
Maricopa County Special Health Care District	40,423,232,423	497,125,000	0.02	99,425	0.2941
Maricopa County Library District	40,423,232,423	None	0.02	None	0.0556
Maricopa County Flood Control District (c)	37,003,666,851	None	0.02	None	0.1792
Central Arizona Water Conservation District (d)	40,423,232,423	None	0.02	None	0.1400
City of Phoenix	12,399,776,105	1,149,785,000	0.07	804,850	2.1404
Phoenix Union High School District No. 210	4,965,898,777	384,290,000	0.17	653,293	5.2045
Osborn Elementary School District No. 8	462,642,693	59,210,000	1.82	1,077,622	4.2779
Total Net Direct and Overlapping General Obligation Bonded Debt and Tax Rate				<u>\$2,711,338</u>	<u>\$15.5528</u>

(a) *Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County improvement districts, as the obligations of these districts are presently being paid from special assessments against property within the various improvement districts.*

Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

Also does not include the obligation of the Central Arizona Water Conservation District (“CAWCD”) to the United States Department of the Interior (the “Department of the Interior”), for repayment of certain capital costs for construction of the Central Arizona Project (“CAP”), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD’s obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the

water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per \$100 of net assessed full cash value, of which 14 cents is being levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (b) Includes the "State Equalization Assistance Property Tax" which is levied by the County and has been set at \$0.4741 per \$100 net assessed limited property value or net assessed full cash value, as applicable, for Fiscal Year 2018/19. Such amount is adjusted annually pursuant to Section 41-1276, Arizona Revised Statutes.
- (c) The assessed value of the Maricopa County Flood Control District does not include the personal property assessed valuation of the County.
- (d) Value shown covers only the County portion of such district. (See footnote (a).)

Source: The various entities, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association, *the Property Tax Abstract*, Arizona Department of Revenue and the Assessor of the County.

No Debt of the District

No additional bonds secured by the Assessment securing the Bonds can be issued. The District retains the right to issue, in accordance with the procedures set forth in the Act, District bonds payable from other special assessments, *ad valorem* property taxes or revenues. The District currently has no authorization to issue general obligation bonds payable from *ad valorem* property taxes but could have in the future if approved by District voters for such purpose. Bonds payable from *ad valorem* property taxes would have a lien senior to the lien of the Assessments. To the extent that a subsequent special assessment is levied by the District against any of the Assessed Parcels, such subsequent special assessment would be junior to the lien of the Assessment.

The total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged may not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District.

Additional Overlapping General Obligation Bonded Indebtedness

The District has no control over the amount of additional indebtedness payable from *ad valorem* taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the City, the County, Maricopa County Community College District, the Maricopa County Special Health Care District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See "SPECIAL RISK FACTORS - Overlapping Indebtedness and Taxes" herein.

TABLE 6

REMAINING AUTHORIZATIONS

<i>Overlapping Jurisdiction</i>	<i>General Obligation Bonds Authorized but Unissued</i>
<i>Maricopa County Special Health Care District</i>	<i>\$304,000,000</i>
<i>City of Phoenix</i>	<i>152,355,000</i>
<i>Phoenix Union High School District No. 210</i>	<i>149,000,000*</i>
<i>Osborn Elementary School District No. 8</i>	<i>3,000,000</i>

SPECIAL RISK FACTORS

The information contained in this section relates to and has been obtained from the Assessment Area Developer and none of the District, the Financial Advisor, the Underwriter or their agents or counsel assume any responsibility for the accuracy or completeness thereof. Such information is relevant to an informed evaluation and analysis of the Bonds, the District and the Assessment Area. No assurance can be given that all information is complete or that the proposed payments or costs will occur as described herein.

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION.

This discussion of risk factors is not, and is not intended to be, exhaustive, and such risk factors are not necessarily presented in the order of their magnitude.

General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences

Investments in developing real estate such as undeveloped areas in the District are generally considered to be speculative in nature and to involve a high degree of risk. The Assessment Area Developer and its affiliate HPPC II, LLC currently own approximately 87% of the land in the District based upon parcel size. Owners of land in the District will be subject to the risks generally incident to real estate investments and development including those described herein below. In addition, the Assessment Area Developer is the only party currently undertaking construction improvements in the District, although the Assessment Area Developer has advised that Creighton and the Apartment Developer have indicated an intention to begin construction soon after commencement of construction of the Garage Project. See “THE ASSESSMENT AREA AND REDEVELOPMENT OF PARK CENTRAL” herein.

Construction on parcels within the District may be affected by changes in the income tax treatment of real property ownership (including certain recently adopted limits on the deductibility of interest on loans); changes in national, regional and local market and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of buildings to be built in Park Central, which may render the sale of such buildings difficult or unattractive; acts or war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws;

* The governing board of Phoenix Union High School District has adopted a resolution authorizing the issuance of \$50,000,000 principal amount of School Improvement Bonds, which the district intends to issue prior to the end of Fiscal Year 2018/19.

moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the owners of such land. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the development must come from the City, over which the District has no control.)

Decreased absorption rates associated with future slowdowns could adversely affect land values and reduce the ability or desire of the Assessment Area Property Owners to pay *ad valorem* property taxes and assessments. In that event, there could be a default in the payment of principal of and interest on the Bonds.

THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF OWNER OF THE ASSESSED LOTS AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENT WHEN DUE. AS NOTED IN TABLE 3, OWNERSHIP OF THE ASSESSED PARCELS IS CURRENTLY CONCENTRATED IN THE ASSESSMENT AREA DEVELOPER AND ITS AFFILIATE HPPC II, LLC. ANY OR ALL OF THE FOREGOING FACTORS COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENT ON ANY ONE OR ALL OF THE ASSESSED PARCELS THEY OWN AND COULD GREATLY REDUCE THE VALUE OF THE ASSESSED PARCELS IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. IN THAT EVENT, THERE COULD BE A DEFAULT IN THE PAYMENT OF THE BONDS.

The Assessment Area is partially developed and, if any or all of the foregoing occurs, the undeveloped portion could continue as such. Unimproved land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of the Assessment. An inability to develop the remaining land within such area will likely reduce the potential future diversity of ownership of the Assessed Parcels.

Development, including the sale and development of the Assessed Parcels, requires obtaining a variety of governmental approvals and permits. Such approvals and permits are necessary to initiate construction and to allow the sale and occupancy of buildings and to satisfy conditions included in the approvals and permits. There can be no assurance that all or any of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial consequences to the present owner of the Assessed Parcels.

Competition From Other Developments

The development business, particularly with respect to the redevelopment of multi-use locations such as those within the District, is highly competitive in the County. The business of providing new and re-use space in the District may face competition from a number of competitors in the City and other developments throughout the surrounding area, many of which offer or intend to offer improved and unimproved parcels to a similar target market.

Concentration of Ownership; Subsequent Transfers

The Assessment Area Developer and its affiliate HPPC II, LLC currently own approximately 87% of the taxable property within in the Assessment Area based upon parcel size. There can be no assurance that the Assessment Area Property Owners will have the financial capability to continue and complete development of Park Central. No representative of the District, the Financial Advisor, the Underwriter or the City or their agents or counsel has reviewed the financial resources or development capabilities of the Assessment Area Developer or HPPC II, LLC to develop its property or sell it to others for development, or the capability of the Assessment Area Developer or HPPC II, LLC to pay ad valorem property taxes or the Assessment as they come due. No assurances can be given that Assessment Area Property Owners will have the necessary financial resources to pay ad valorem property taxes or amounts due with respect to special assessments (like the Assessment) as they come due.

HPPC, LLC and HPPC II, LLC Do Not Have Audited Financial Statements

The City reviewed HPPC, LLC's and HPPC II, LLC's financial statements in connection with the Application to form the District. Updated versions of HPPC, LLC's and HPPC II, LLC's financial statements have not been reviewed by the District subsequently. HPPC, LLC's and HPPC II, LLC's financial statements are unaudited.

Relationships Among Parties

There are overlapping business interests among the Assessment Area Manager, the Development Manager, the Garage Asset Manager, and HPPC II, LLC. These overlapping interests may adversely affect the cost, timing or priorities in the construction and operation of the Garage Project. A high degree of cooperation is required among the related parties. Failure or inability to cooperate could also affect adversely development of the land in the District. See "THE GARAGE PROJECT", "MANAGEMENT AND OPERATION OF GARAGE PROJECT", "THE ASSESSMENT AREA DEVELOPER" herein.

Developer Contribution Amounts are Unsecured

HPPC, LLC's obligation to pay the Developer Contribution Amount is limited to covenants in the Development Agreement. There is no collateral securing the HPPC, LLC's obligation to pay the Developer Contribution Amount. If HPPC, LLC fails to meet the obligation to pay the Developer Contribution Amount, then there may be a revenue shortfall requiring the payment of the Assessment or increased payments on the Assessment. The District's sole remedy in the event of a breach of HPPC, LLC's obligation to pay the Developer Contribution Amount is to pursue litigation. Failure or inability to pay the Developer Contribution Amount could also affect adversely development of the land in the District. See "THE GARAGE PROJECT", "MANAGEMENT AND OPERATION OF GARAGE PROJECT", "THE ASSESSMENT AREA DEVELOPER" herein.

Failure or Inability to Complete Proposed Development

The continuing development and successful completion of Park Central may be contingent upon construction or acquisition of additional public improvements, such as arterial streets, water distribution facilities, wastewater collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting. If the Assessment Area Property Owners or, as applicable, the City are unable to complete these additional improvements, the ability to sell and develop parcels in Park Central would be affected adversely.

No assurances can be given that any of the developers will be able to obtain on a continuing basis the financing necessary to pay for required development costs. Cash generated from the sale of land within the District is expected to fund a substantial portion of the costs of the development. However, the cost of these additional improvements plus the public and private on-site and off-site improvements would increase the public and private debt for which all or portions of the land in the District are security. See "—OVERLAPPING AND ADDITIONAL OVERLAPPING INDEBTEDNESS" herein.

Park Central may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development of environmental problems with such land. While the Assessment Area Developer has entered into development agreements with the City, addressing, among other things, the vesting of zoning approvals necessary to develop Park Central, development within the District could nevertheless be affected by the failure to extend such agreement, changes in governmental policies and laws, including, but not limited to, governmental policies and laws to restrict or control development. Any such failures to extend the development agreements or changes in laws, etc. could materially affect the cost of development and the pace at which development occurs. (Any approvals needed in the future for the development of Park Central must come from the City, over which the District has no control.) Land development within the District also could be affected by competition from other developments in surrounding areas. A slowdown of the development process and the related absorption rate within Park Central because of any or all of the foregoing could adversely affect land values and impair the developers' ability to finance the costs of development. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF ASSESSMENT AREA PROPERTY OWNERS

TO PAY AD VALOREM PROPERTY TAXES OR AMOUNTS DUE WITH RESPECT TO SPECIAL ASSESSMENTS (LIKE THE ASSESSMENT) AND COULD GREATLY REDUCE THE VALUE OF SUCH PROPERTY IN THE EVENT IT HAS TO BE FORECLOSED UPON.

HPPC, LLC and HPPC II, LLC May Sell Their Interests in the Assessment Area Property

Although the Assessment Area Developer and its affiliate HPPC II, LLC currently own all of the Assessed Parcels except for the Assessed Parcel purchased by Creighton in April 2019 (identified as Assessed Parcel No. 4), the Assessment Area Developer and HPPC II, LLC intend to sell all or any portion of such owners' Assessed Parcels to commercial entities. If such sales occur, the ownership of the land within the Assessment Area will change and the effect of such change cannot be determined. No assurance can be given that the Assessment Area Developer or HPPC II, LLC or following any such sales, that any of the Assessment Area Property Owners will continue development or redevelopment of the Assessed Parcels, that development or redevelopment of the Assessed Parcels will be completed, or that it will be completed in a timely manner. Since the ownership of the Assessed Parcels is subject to change, the development plans outlined below may not be continued by the subsequent Assessment Area Property Owner if an Assessed Parcel is sold, however development by any subsequent Assessment Area Property Owner will be subject to the development policies and requirements of the City and subject to the Development Agreement. The amounts due with respect to the Assessments are not personal obligations of the Assessment Area Developer, HPPC II, LLC or any subsequent Assessment Area Property Owners; the Bonds are secured solely by the Assessments, amounts held in the Debt Service Reserve Fund with respect to the Bonds and other amounts held under the Indenture, including, to the extent available, certain Project Revenues on deposit in the Debt Service Expense Fund. The information included under the heading "SPECIAL RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "SPECIAL RISK FACTORS" herein.

Overlapping Indebtedness and Taxes

The willingness or ability of owners of land in the Assessment Area to pay the Assessment could be affected by the existence of other taxes and assessments imposed upon the property. The District does not intend to levy ad valorem property taxes, but other political subdivisions, such as the State, the County, the City, the local community college and the local special health care district, etc., whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the Assessed Area Property Owners, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING AND ADDITIONAL OVERLAPPING INDEBTEDNESS" herein). The lien created on the property within the District by the levy of additional ad valorem taxes would be superior to the lien for the Assessment.

The imposition of additional liens may reduce the ability or willingness of the landowners to pay the Assessment securing the Bonds as well as, in the case of failure of payment thereof, the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Assessment."

Appraised Value

The Appraisal was prepared for the purpose of providing the opinion of the Appraiser of the "as proposed" market value of the Assessed Parcels with the assumptions stated in the Appraisal. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS –The Assessment -- Appraised Value" herein.

Subject to the limitations, terms and conditions thereof, the Appraisal provides the opinion of the Appraiser of "market value" with the assumptions as described therein and summarized in the Executive Summary of Appraisal. At least two of the Assessed Parcels have an overall "as proposed" market value to assessment lien ratio of approximately 1 to 1 as of the valuation date described in the Appraisal, however, the lot value to assessment lien ratio of each individual lot is different. See "SPECIAL RISK FACTORS - Construction of the Garage Project; Consequences of Failure to Complete; Construction Risk for the Assessment" herein.

There can be no assurance that the values described in the Executive Summary of Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the values determined in the Appraisal are related in any way to future value or the value as of the date of any default under the Bonds. No assurance can be given that should any Assessed Parcel become delinquent due to unpaid amounts with respect to the Assessment and be foreclosed upon and sold for the amount of such delinquency, that any bid would be received or, if a bid is received, that such bid would be sufficient to pay delinquent amounts with respect to the Assessment or would approximate the appraised value.

Non-Payment of Assessments

As discussed below, payments with respect to the Assessment could be insufficient to pay the Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the Bonds if and to the extent that Project Revenues fail to provide sufficient funds, it is necessary that the Assessment be paid in a timely manner. Should amounts with respect to the Assessment not be paid on time, the District has established a Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement to pay debt service on the Bonds to the extent other funds are not available therefor.

Foreclosure proceedings will be instituted against any property with a delinquent Assessment in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Assessment to protect its security interest. See “SECURITY FOR AND SOURCES OF PAYMENTS OF THE BONDS – The Assessment -- Foreclosure Process” herein for provisions which apply if foreclosure is required and which the District is required to follow in the event of delinquency in the payment of amounts due with respect to the Assessment.

If amounts are withdrawn from the Debt Service Reserve Fund to make payments on the Bonds on account of a default in payments with respect to the Assessment, the amount received by the District from the corresponding Assessed Parcel, after the deduction of the expenses of sale, will be paid over and credited to the Debt Service Reserve Fund.

Bankruptcy and Foreclosure Sale Delays

The payment of the Assessment and the ability of the District to foreclose the lien of delinquent, unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessment to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Depletion of Debt Service Reserve Fund

Failure of the owners of the Assessed Parcels to pay the Assessment when due could result in the rapid, total depletion of the Debt Service Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of, and interest on, the Bonds if sufficient amounts are not available in the Debt Service Reserve Fund.

Construction of the Garage Project; Consequences of Failure to Complete; Construction Risk for the Assessment

The Garage Project has not yet been constructed. See “THE GARAGE PROJECT” herein. Other than the Additional Contingency, the District has no other source of funds to contribute to the cost of construction of the Garage Project beyond the amount initially deposited into the District Construction Account. In the event of cost increases or unexpected changes in the construction of the Garage Project, Bondholders and Assessment Area Property Owners

would be required to rely solely on the unsecured obligation of HPPC, LLC and HPPC II, LLC in the Development Agreement to provide additional funding if the Additional Contingency is inadequate. The collection or amount of the Assessment for the payment of the Bonds may be subject to reduction or prevented to the extent that the construction of the Garage Project is not completed or if the Assessed Area does not actually receive the benefits of the Garage Project. The cost and time for completion of all of such improvements is uncertain and may be affected by changes like those described herein. Failure or inability to complete construction of the Garage Project could also adversely affect development of the land in the District.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default under the terms of the Bonds, the Bond Resolution, or the Indenture.

Effect of Development Delays

The schedule for completion of development of any of the Assessed Parcels is uncertain. The cost of construction may be affected by factors beyond the Assessment Area Property Owners' control including strikes, labor shortages, energy shortages, material shortages, inflation, adverse weather conditions, subcontractor defaults, and other unknown contingencies. If cost overruns result in delay of construction, or if other delays are experienced, the Assessment Area Property Owners may be unable to complete timely development within the District.

Environmental Matters

Property in the District will be subject to risks arising out of environmental, archaeological and biological considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values resulting from any contamination on the site or from the proximity of the site to other contaminated areas, or discovery of archaeological artifacts located on the site or in the vicinity of the site; discovery of endangered species of animals, plants or other habitat for endangered species and a determination of the waterways of the United States against dredging or fill. Liability may arise under a variety of federal, state or local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Endangered Species Act and the National Historical Preservation Act. In addition, development may require approvals and actions under the Clean Water Act and the National Environmental Protection Act may limit, delay or change materially the number and type of development on the site.

Amendment of Documents Referenced

The reports, inspections and other documents described in this Official Statement may be modified, updated or amended (as new reports and/or inspections may be obtained), and such modifications may materially and adversely affect the development of the property (e.g., updating of environmental reports).

The development of the property within the District is in the early phases. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, the Assessment Area Developer anticipates that there may be significant changes to the agreements and contracts summarized in this Official Statement to address any such issues. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the District; however, the Assessment Area Developer does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

Risk of Early Redemption

There are a number of circumstances under which all or a portion of the Bonds may be redeemed prior to their stated maturity, including optional redemption, special optional redemption from excess construction proceeds, special

mandatory redemption resulting from Assessment prepayments and mandatory redemption in whole if amounts in the Debt Service Expense Fund, the Debt Service Reserve Fund and the Excess Funds Long-Term Reserve Fund combined are sufficient to pay the redemption price for all outstanding Bonds. See “THE BONDS – Redemption Provisions” herein. In each case the Bonds may be redeemed without the payment of any premiums. Other than redemptions which are limited as to timing or source of funding, Bond redemptions could be funded by the District from any other legally available funds or by the proceeds of a refinancing or refunding transaction.

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Projections, Financial Forecast and Appraisal

Included in this Official Statement are various projections for completion dates for construction of the Garage Project and expected dates of purchase and/or construction on various Assessed Parcels. Under “SECURITY AND SOURCES OF PAYMENT OF THE BONDS” and in Appendix A hereto there are also projections for the timing and amount of Project Revenues, including Parking User Revenues, that may be transferred to the Trustee and ultimately may be deposited into the Debt Service Expense Fund. Appendix D contains the Executive Summary of the Appraisal of the Assessed Parcels. Such projections and the Appraisal are based on assumptions concerning future events and should be viewed with an abundance of caution. Circumstances that may not yet be ascertainable, which the Assessment Area Developer believes to be significant and which the Assessment Area Developer cannot control may also exist. There are usually differences between projections and results because events frequently do not occur as expected, and those differences may be material and adverse. There can be no assurances that the various projections set forth in this Official Statement can be achieved.

Possible Future Actions Affecting City Contribution Amounts

As described herein under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Project Revenues – *City Contribution Amounts*,” certain of the Project Revenues required by the Development Agreement to be deposited with the Trustee are derived from City Contribution Amounts, consisting of certain City transaction privilege taxes generated within the District. From time to time, changes in law may become binding on cities, including the City, which could affect the activities or transactions on which municipal transaction privilege taxes may be imposed and the amount of such taxes. These measures could result from action by the Arizona Legislature, the Municipal Tax Code Commission which oversees the State’s Model City Tax Code, or by initiative petition at the State or City level seeking to place measures on the ballot for voter authorization. None of the District, the City or any other party to the Development Agreement can determine whether any such measures will become law or how they might affect the transaction privilege tax revenues that comprise the City Contribution Amounts.

Risk Factors Related to the Development Agreement; Lack of Remedies for Trustee

As described under “PLAN OF FINANCE FOR THE GARAGE PROJECT” herein, the parties to the Development Agreement are required to pay certain amounts toward the cost of construction of the Garage Project, to transfer Parking User Revenues, City Contribution Amounts and Developer Contribution Amounts to the Trustee for deposit into the Garage Project Revenue Fund and to enter into various agreements, including the Parking Management Agreement, the Parking Operating Agreement and Parking Easements with regard to the operation and financial support of the Garage Project. All of such undertakings represent unsecured obligations of the parties to the Development Agreement. The Trustee is not a party to the Development Agreement or the Parking Easements and neither failure by any party to perform its obligations under the Development Agreement nor failure of any party to the Garage Management Agreement, the Parking Operating Agreement or any Parking Easements to perform its obligations thereunder will constitute an event of default under the Bond Resolution or the Indenture. The Trustee

will have no right or duty to attempt to enforce any provisions of the foregoing agreements or to remedy any defaults thereunder. In addition, the rights and obligations of all parties under such agreements and the enforcement of remedies against delinquent amounts may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity and may be reduced or prevented to the extent that the construction of the Garage Project is not completed.

Garage Project Not Collateral Securing Payment of the Bonds; Only Parking User Revenues on Deposit in Debt Service Expense Fund Secure Payment of the Bonds

The Garage Project will not be pledged as security for payment of the Bonds and neither the Trustee nor Bondholders will have any recourse to the Garage Project upon a failure to pay Debt Service on the Bonds or upon the occurrence of any other event of default under the Indenture. Parking User Revenues paid to or transferred to the Trustee as provided in the Development Agreement and the Parking Operating Agreement are required to be deposited into the Parking User Revenue Account of the Parking Garage Fund for monthly distribution but only such amounts on deposit in the Debt Service Expense Fund are pledged to the payment of Debt Service on the Bonds, and Parking User Revenues may be used for other purposes under the Indenture.

No Right to Terminate Apartment Developer's Parking Easement (Assessed Parcel No. 3)

There are provisions for late payments, escalated parking rates and suspension of use privileges, and obtaining a lien on the Apartment Developer's property, upon a failure of or a default by the Apartment Developer to perform its obligations with respect to the Garage Project, including the making of monthly parking use payments to the District, but the District will have no right to terminate the Apartment Developer's Parking Easement. Under certain circumstances, the Apartment Developer may exercise self-help remedies relating to maintenance or emergency access to the Garage Project and may withhold the costs of such remedies from parking use payments owed to the District

Creighton Parking Easement (Assessed Parcel No. 4); Creighton Vitality Risk

Competition among peer colleges and universities and changing trends in higher education may inhibit the extent to which Creighton will be able to realize student and employee populations and, as a result, parking volumes to meet the assumptions and projections in this Official Statement. Creighton's stature in the education community and its consolidated revenues, expenses, assets and liabilities may be affected by events, developments and conditions relating generally to, among other things, the ability of Creighton (i) to conduct educational and research activities of the types and quality required to maintain its stature, (ii) to generate sufficient revenues, while controlling expenses, to adequately fund the cost of these activities, (iii) to attract faculty, staff and management necessary to conduct these activities, (iv) to attract a student body of commensurate quality, and (v) to build and maintain the facilities necessary to conduct these activities.

In turn, success in these areas depends upon the ability of Creighton and its management to respond to substantial challenges in a rapidly changing environment including, among others, (i) developments in the regional, national and global economies, such as a protracted economic recession; (ii) volatility in the global financial markets, variations in economic growth, changes in monetary policy and taxation, and the adequacy of Creighton's investment management policies and the performance of its investments in the face of such challenges, all of which may substantially reduce amounts distributable for operations and contributed by its donors to support Creighton's operations and capital needs; (iii) competition in the provision of educational opportunities particularly through new educational media and distance learning; (iv) legislation and regulation by governmental authorities, including developments affecting the tax-exempt status of educational institutions such as Creighton; (v) changes in the direction of demographic trends determining the number of college-and post-graduate aged persons in the general population; (vi) the occurrence of national or international calamities; (vii) changes in the competitive appeal and perceived quality of the Creighton's curriculum; and (viii) changes in the demand for post-high school education and for certain degrees. The preservation and growth of Creighton's endowment are affected not only by the factors noted above but by discretionary changes in the annual payout to operations from endowment earnings, transfers of expendable funds and other distributions, all of which are subject to changes in policies and practices made by Creighton's management. The need to maintain or increase liquidity through investment management and debt issuance to pay operating expenses and to pay costs of construction in progress may affect investment and operating results.

A variety of additional risks, uncertainties and other factors may affect the financial strength and stature of Creighton. By its nature, Creighton is an open environment, potentially vulnerable to disruption of operations, injury and damage notwithstanding its security and public safety programs. It is subject to governmental investigations and enforcement action and private suits, and may incur substantial costs of defense, sanctions, penalties and reputational harm for violation of laws applicable to Creighton in its routine operations.

The events, developments and conditions described above are, or may be, of a magnitude such that they could have a material adverse effect on the financial results and conditions of Creighton however effective Creighton's response thereto.

If the Creighton facility in the Assessment Area ceases operations for its intended use for more than thirty (30) continuous days (except if such cessation is caused by casualty, condemnation or planned renovation causing the Creighton facility to temporarily shut down for a period not to exceed 180 days), the District may increase the per space parking fee to an amount equal to the then-prevailing monthly rate being charged to private parties for use of similar spaces in the Garage Project, adjusted annually. There are provisions for late payments, escalated parking rates and suspension of use privileges, and obtaining a lien on Creighton's property, upon failure of or default by Creighton to perform its obligations with respect to the Garage Project, but no provision for terminating the Creighton Parking Easement by the District. Under certain circumstances, Creighton may exercise self-help remedies relating to maintenance or emergency access to the Garage Project and may withhold the costs of such remedies from parking use payments owed to the District.

No Suspension Rights or Right to Terminate Dignity Parking Easement

There is no provision in the Dignity Parking Easement for late payment penalties, escalated parking rates, suspension of use privileges or termination of the easement upon failure of or default by Dignity to perform any of its obligations with respect to the Garage Project, including failures to make parking use payments as to the 250 replacement parking spaces in the Dignity Parking Easement.

No Parking Use Payments or Right to Terminate the Hampton Inn Easement

There are no use payments required under the Hampton Inn Parking Easement. The easement permits the sixteen spaces to be relocated to a location which would not materially adversely affect the hotel. In order to accommodate this easement, the sixteen spaces will be relocated to the ground floor of the Garage Project. The easement holder will continue to use the parking spaces without payment of any use charges.

No Right to Terminate HPPC, LLC's Parking Easement (Assessed Parcel No. 1)

There are provisions for late payments, escalated parking rates and suspension of use privileges, and obtaining a lien on HPPC, LLC's property, upon a failure of or a default by HPPC, LLC to perform its obligations with respect to the Garage Project, including the making of monthly parking use payments to the District, but no provision for terminating the HPPC, LLC Parking Easement by the District. Under certain circumstances, HPPC, LLC may exercise self-help remedies relating to maintenance or emergency access to the Garage Project and may withhold the costs of such remedies from parking use payments owed to the District.

Risks Relating to Parking User Revenues

Operating Risk. As with any parking garage of comparable size and nature, operation of the Garage Project could be affected by many factors, including the breakdown or failure of equipment or processes, the performance of the Garage Project below expected levels of efficiency, inability to raise hourly or daily parking rates, failure to operate at design specification, competition, technological advances decreasing demand for the Garage Project, increases in costs of supplies or services not under contract, extreme weather conditions, changes in law, government exercise of eminent domain power or similar events. The occurrence of such events could significantly reduce Parking User Revenues and/or significantly increase operating expenses and capital expenses. No assurances can be given that there will not be events in the future that would negatively affect the production of Parking User Revenues, operating expenses or

capital expenses. The Parking Easements contain certain provisions for reduction or withholding of contract parking user payments to the District upon cessation of suspension of access or use to the Garage Project.

The Garage Asset Management Agreement and the Parking Operating Agreement may be terminated prior to the final maturity of the Bonds. No assurance can be given that the Garage Asset Manager will provide all of the services required by the Garage Asset Management Agreement or that a replacement or successor Garage Asset Manager, if necessary, could be retained with the requisite experience in operating parking facilities comparable to the Garage Project.

Force Majeure and Adequacy of Insurance; Condemnation. The Garage Project is at risk from force majeure events such as an intervening act of God or public enemy, flooding, or other natural disaster, war, act of terror, sabotage, civil commotion, interference by civil or military authorities, condemnation of property by any governmental authority, explosions, hazardous materials or chemical contamination, fire, subsurface condition, public disorder, strike, labor dispute or other labor protest. While the District is required to obtain and keep in force certain insurance with respect to the Garage Project, no assurance can be made that such insurance coverage will be available in the future at commercially reasonable costs or that the amounts for which the District is insured will cover the cost of replacing the Garage Project in the event of casualty loss.

The Parking Facilities may be at risk of being subject to condemnation as part of eminent domain proceedings by county, state or federal governmental authorities or by any person, firm or corporation acting under such governmental authority. As a result of such condemnation, property within the Garage Project would cease to be part of such Garage Project. While eminent domain proceedings involve an award of just compensation for the loss of the condemned property, there can be no assurance that the amount of compensation received will be sufficient to return the Garage Project to substantially the same value as existed immediately prior to the exercise of the power of eminent domain.

LITIGATION

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection Method of Assessment or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, interest on the Bonds is exempt from Arizona state income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. INTEREST ON THE BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE BONDS.

The following discussion is generally limited to “U.S. owners,” meaning beneficial owners of Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States.

Partnerships holding Bonds, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of an investment in the Bonds (including their status as U.S. owners).

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Payment of Interest

In general, interest paid or accrued on the Bonds, including qualified stated interest on Discount Bonds (as defined below), if any, will be treated as ordinary income to U.S. owners. A U.S. owner using the accrual method of accounting for U.S. federal income tax purposes must include interest paid or accrued on the Bonds in ordinary income as the interest accrues, while a U.S. owner using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received or constructively received by the owner, except as described below under the section entitled “*Original Issue Discount and Original Issue Premium.*”

Original Issue Discount and Original Issue Premium

Certain of the Bonds (“*Discount Bonds*”) may be offered and sold to the public at an original issue discount (“*OID*”). *OID* is the excess of the stated redemption price at maturity (the principal amount) over the “*issue price*” of a Discount Bond, provided that excess equals or exceeds a statutory *de minimis* amount (one-quarter of one percent of the Discount Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, if required by applicable Treasury Regulations, to an earlier call date)). The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, *OID* accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of *OID* that accrues during the time a U.S. owner owns a Discount Bond (i) is interest includable in the U.S. owner’s gross income for federal income tax purposes, and (ii) is added to the U.S. owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of the Discount Bond. The effect of *OID* is to accelerate the recognition of taxable income for a U.S. owner using the cash method of accounting during the term of the Discount Bond.

Certain of the Bonds (“*Premium Bonds*”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). If a U.S. owner purchases a Premium Bond, that owner will be considered to have purchased such Premium Bond with “*amortizable bond premium*” equal in amount to such excess. The U.S. owner may elect (which election shall apply to all securities purchased at a premium by such U.S. owner), in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium Bond using a constant yield to maturity method over the remaining term of the Premium Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Bond pursuant to Section 1016(a)(5) of the Code.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of *OID* or bond premium, the determination for federal income tax purposes of the amount of *OID* or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds, other federal tax consequences in respect of *OID* and bond premium, and the treatment of *OID* and bond premium for purposes of state and local taxes on, or based on, income.

Sale, Exchange, Retirement or Other Taxable Disposition of Bonds

Upon the sale, exchange, retirement or other taxable disposition of a Bond, a U.S. owner will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or other disposition and the owner's adjusted basis in the Bond or applicable portion of the adjusted basis. The owner's adjusted basis generally will equal the cost of the Bond to the owner, increased by any OID includible in the owner's ordinary income for the Bond and reduced by any principal payments on the Bond previously received by the owner (including any other payments on the Bond that are not qualified stated interest payments) and by any amortizable bond premium allowed as a deduction as described above under the section entitled "*Original Issue Discount and Original Issue Premium.*" Any gain or loss recognized upon a sale, exchange, retirement or other disposition of a Bond (excluding amounts attributable to accrued interest or OID) will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. owner's holding period in the Bond exceeds one year. Long-term capital gains of individuals are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on Bonds and the proceeds of the sale of Bonds to non-corporate holders of the Bonds, and "*backup withholding,*" currently at a rate of 24%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of Bonds that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Medicare Tax Affecting U.S. Owners

A U.S. owner that is an individual or estate, or a trust not included in a special class of trusts that is exempt from such tax, is subject to a 3.8% Medicare tax on the lesser of (1) the U.S. owner's "*net investment income*" for the taxable year and (2) the excess of the U.S. owner's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. owner's net investment income generally includes interest income on, and net gains from the disposition of, Bonds, unless such interest income or net gains are derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual, estate, or trust, should consult its tax advisor regarding the applicability of the Medicare tax.

Non-U.S. Owners

Under the Code, interest and OID on any Bond whose beneficial owner is not a U.S. owner is generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their tax advisors regarding the tax consequences of an investment in the Bonds.***

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("*FATCA*") generally imposes a 30% withholding tax on interest payments and proceeds from the sale of interest-bearing obligations for payments made after the relevant effective date to (i) certain foreign financial institutions that fail to certify their FATCA status and (ii) investment funds and non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders and/or United States accountholders are not satisfied.

Under applicable Treasury regulations, the FATCA withholding tax of 30% will generally be imposed, subject to certain exceptions, on payments of (i) interest on Bonds and (ii) gross proceeds from the sale or other disposition of Bonds on or after January 1, 2019, where such payments are made to persons described in the immediately preceding paragraph.

In the case of payments made to a “*foreign financial institution*” (generally including an investment fund), as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a “*FATCA Agreement*”) or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an “*IGA*”), in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity either provides the withholding agent with a certification that it does not have any “*substantial*” U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or identifies its “*substantial*” U.S. owners.

If Bonds are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold the 30% FATCA tax on payments of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding in cases where the withholding described above in “*Non-U.S. Owners*” or “*Information Reporting and Backup Withholding*” also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on Bonds as a result of a failure by an investor (or by an institution through which an investor holds the Bonds) to comply with FATCA, none of the District, any paying agent or any other person would, pursuant to the terms of the Bonds, be required to pay additional amounts with respect to any Bond as a result of the deduction or withholding of such tax. ***Non-U.S. owners should consult their tax advisors regarding the application of FATCA to the ownership and disposition of Bonds.***

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax status of the interest thereon are subject to the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel, a form of which is included herein as Appendix C – “FORM OF LEGAL OPINION OF BOND COUNSEL.” See “TAX MATTERS.” Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds. Certain legal matters will be passed upon for the City and the District by the City Attorney of the City and District Counsel, for the District by Squire Patton Boggs (US) LLP, for the Underwriter by its counsel, Greenberg Traurig, LLP, and for the Assessment Area Developer and HPPC II, LLC by Quarles & Brady LLP, Lewis Roca Rothgerber Christie LLP and Lotzar Law Firm, P.C.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer of guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

NO CREDIT RATING

The District has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds. See “SPECIAL RISK FACTORS - No Credit Rating.”

NO AUDITED FINANCIAL STATEMENTS

Audited financial statements are not, by State law or otherwise, required to be prepared of the activities or funds of the District. The Board does not intend to cause such statements to be prepared on its own accord.

The District will be considered a “*component unit*” of the City for purposes of the City’s comprehensive annual financial report (“*CAFR*”). Although a legally separate entity, the District is, in substance, part of the operations of the City, and the City is considered to be financially accountable for it.

The CAFR will present the City and all its component units as the “*reporting entity*”. Included within the reporting entity are the District and other community facilities districts created by the City. For financial reporting purposes, transactions of all such districts are combined together and blended as if they were part of the operations of the City. The CAFR is publicly available and is also available directly upon request from the District Treasurer.

Should the Board, in the future, cause financial statements that are separately audited to be prepared, the continuing disclosure undertaking of the District described under the heading “*CONTINUING DISCLOSURE*” requires such audited financial statements to be filed with the Municipal Securities Rulemaking Board (the “*MSRB*”) through the Electronic Municipal Market Access system (“*EMMA*”).

UNDERWRITING

The Bonds will be purchased by Piper Jaffray & Co. (the “*Underwriter*”) at an aggregate purchase price of \$ _____, pursuant to a purchase contract (the “*Purchase Contract*”) entered into by and between the District and the Underwriter. If the Bonds are sold to produce the prices or yields shown on the inside front cover page hereof, the Underwriter’s compensation will be \$ _____. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof. The initial offering prices or yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter.

The Underwriter has entered into a distribution agreement (“*Distribution Agreement*”) with Charles Schwab & Co., Inc. (“*CS&Co*”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co will purchase bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any bonds that CS&Co sells.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data not later than February 1 of each year (the “*Annual Financial Information*”), and to provide notices of the occurrence of certain enumerated events (the “*District Notices of Listed Events*”). The Annual Financial Information, the District Notices of Listed Events and any other document or information required to be filed by the District will be filed with the MSRB through EMMA, as described in Appendix E – “*FORM OF CONTINUING DISCLOSURE UNDERTAKING.*” The specific nature of the information to be contained in the Annual Financial Information and the District Notices of Listed Events is also set forth in Appendix E - “*FORM OF CONTINUING DISCLOSURE UNDERTAKING.*” These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “*Rule*”). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District has implemented written procedures to facilitate compliance with its continuing disclosure undertakings in all material respects.

RELATIONSHIP AMONG PARTIES

Squire Patton Boggs (US) LLP, Phoenix, Arizona, Bond Counsel, and Greenberg Traurig, LLP, counsel to the Underwriter, have each acted as bond counsel in other transactions underwritten by the Underwriter and have each acted as underwriter’s counsel to the Underwriter in other transactions. Greenberg Traurig, LLP and Squire Patton Boggs (US) LLP have also acted as bond counsel and/or underwriter’s counsel with respect to bonds issued by the City and other overlapping political subdivisions.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All financial and other information in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District and its accuracy is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

**PARK CENTRAL COMMUNITY FACILITIES
DISTRICT**

By _____
District Treasurer

Park Central Community Facilities District
Financial Forecast

This Appendix A contains certain projected Project Revenues, collections from the Assessment, expenses and fund balances during the term of the Bonds. The information, projections and assumptions underlying such information and projections contained in Appendix A has been obtained from the Assessment Area Developer except as attributed therein to other sources. None of the District, the Financial Advisor, the Underwriter or their agents or counsel have investigated the sources for, or the basis for or the validity of the assumptions underlying, any such information or projections and none assume any responsibility for the accuracy or completeness thereof. The information included under the heading “SPECIAL RISK FACTORS” as it relates to the information contained under this heading and in Appendix A is hereby incorporated into this Appendix A by this reference.

The information in Appendix A contains certain “forward-looking” statements of the type described in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although the Assessment Area Developer believes that the assumptions upon which the forward-looking statements contained in this Official Statement are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. All phases of the operations of the District, including the Garage Project, involve risks and uncertainties, many of which are outside of the control of the City, the District or the Assessment Area Developer and any one of which, or a combination of which, could materially affect the results with respect to the construction, completion operation or financial performance of the Garage Project or the sources of funds or performance of obligations under agreements necessary to produce Project Revenues at the levels projected. Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions; the need or demand for, or cost of, parking facilities; the speed and quality of redevelopment of land within the District and the Assessment Area; competitive conditions within the City; lower-than-projected public usage of the Garage Project ; unanticipated expenses; changes in government regulation; future claims for accidents against the District or the Garage Asset Manager and the extent of insurance coverage for such claims; and other risks discussed in this Official Statement. See “SPECIAL RISK FACTORS” Below.

Except as described therein, the Assessment Area Developer’s projections have not been independently verified by any party other than the Assessment Area Developer. Except for the District’s engagement of Kimley-Horn and Associates, Inc. (the “Parking Consultant”) for a Parking Feasibility Study to ensure the projected Parking User Revenues and operation and maintenance expenses related to the Garage Project were reasonable in the Financial Forecast, no feasibility studies have been conducted with respect to future development within the Assessment Area or the construction, operation or financial performance of the Garage Project pertinent to the Bonds, including the production of transaction privilege taxes (sales tax) that are the basis of City Contribution Amounts. None of the District, the Financial Advisor or the Underwriter has independently verified the Assessment Area Developer’s projections and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct.

The full Parking Feasibility Study may be obtained from Stifel, Nicolaus & Company, Incorporated (the “Financial Advisor”), 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016, or from Piper Jaffray & Co. (the “Underwriter”), at 2525 East Camelback Road, Suite 950, Phoenix, Arizona 85016.



May 13, 2019

Re: Park Central Garage Feasibility Letter

Dear District Manager

Kimley-Horn has analyzed the forecasted revenues and maintenance & operation expenses for the proposed 2,001-space Park Central Garage (Garage) over a 25-year period between fiscal years 2020 and 2044 for the Park Central Community Facilities District (District). This analysis was conducted to determine if there is adequate projected revenue generated by the Garage to cover the operations & maintenance costs and the debt service on the \$30 million Special Assessment Revenue Bonds being issued by the District. The following information was provided by the District to Kimley Horn:

- Easement Agreements between the Property Owner and Tenants,
- Contract Documents between the Owner and Garage Contractor,
- Design drawings of the proposed 2,001 space Garage,
- Steele Indian School Park event data,
- Valley Metro Rail 5-year historical activity,
- Existing and proposed Park Central Mall development plan and tenant info, and
- Parking agreement info per leases for existing Park Central Mall office tenants.

Kimley Horn reviewed the supplied information and performed its own analysis, the "Park Central Parking Garage Feasibility Study" (Study). The Study indicates that the Garage will generate revenue from the contractual fees per the Easement Agreements with tenants (e.g. Creighton Health Sciences, multifamily apartment residents, HPPC office tenants, and Dignity Health employees), monthly/permit parkers (e.g. employees at Park Central), and from visitors to Park Central once the Garage is completed and open in the fiscal year 2021. Based on the 25-year financial analysis of the Garage, it is projected to generate approximately \$1.28 million in 2021 and more than \$2 million in 2044. If Phase II of the Creighton Health Sciences Building is completed there is a projected deficit of parking at Park Central, which will require maximizing the capacity of the Garage and potentially require additional parking to be constructed.

The operation and maintenance expenses, which includes liability and business interruption insurance and capital expense repairs, will be approximately \$486,000 in 2021 and close to \$700,000 in 2044. The District can apply these financial projections to determine the overall financial feasibility of the Garage.

Kimley-Horn cannot guarantee that financial projections contained in this study will be realized, as actual performance will be determined by many factors including: price and demand fluctuations in the market, development timetables and occupancies, managerial decisions made by the Client and/or the project developer, and other political decisions made by local and national government officials. Use of these projections is intended for the Client only and is at the Client's own risk.

Very truly yours,

KIMLEY-HORN AND ASSOCIATES, INC.



Dennis Burns, CAPP
Vice President



David Taxman, P.E.
Project Manager

**City of Phoenix
Park Central Community Facilities District
Financial Forecast**

Fiscal Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenues						
Contractual Parking Revenues (Easements)	\$ -	\$ 741,000	\$ 741,000	\$ 741,000	\$ 741,000	\$ 741,000
Daily & Event Parking Revenues	-	543,000	549,000	554,000	560,000	566,000
Assessment Revenues	-	-	-	-	-	-
City Contribution Amounts	1,800,000	1,574,000	1,303,000	1,118,000	1,471,000	1,804,000
Capitalized Interest (1)	1,703,000	-	-	-	-	-
Interest Earnings on Trusteed Accounts (2)	23,000	32,000	31,000	29,000	29,000	30,000
Gross Revenues	3,526,000	2,890,000	2,624,000	2,442,000	2,801,000	3,141,000
Expenses						
Debt Service Payments (3)	1,703,000	2,322,000	2,323,000	2,322,000	2,320,000	2,322,000
Operations & Maintenance Expenses	-	441,000	448,000	454,000	461,000	424,000
District Expenses	35,000	80,000	81,000	82,000	83,000	84,000
Replacement Reserve Fund	-	-	-	-	-	50,000
Total Expenses	1,738,000	2,843,000	2,852,000	2,858,000	2,864,000	2,880,000
Net Revenue	\$ 1,788,000	\$ 47,000	\$ (228,000)	\$ (416,000)	\$ (63,000)	\$ 261,000
Excess Funds Long-Term Reserve Fund Balance (4)	1,788,000	1,835,000	1,607,000	1,191,000	1,128,000	1,389,000
Replacement Reserve Fund Balance (5)	-	-	-	-	-	50,000
Debt Service Reserve Fund Balance (6)	2,323,000	2,323,000	2,323,000	2,323,000	2,323,000	2,323,000

Notes and Assumptions:

- (1) Capitalized Interest funded from bond proceeds and deposited at closing by the Trustee into the Interest Account of the Debt Service Expense Fund.
- (2) Reflects all interest earnings from the following trusteed funds and accounts: Interest and Principal Accounts of the Debt Service Expense Fund, District Expense Fund, Operations & Maintenance Expense Fund, Debt Service Reserve Fund and Excess Funds Long-Term Reserve Fund.
- (3) Bond interest capitalized through July 1, 2020. The bond interest rates are estimated based on a non-rated taxable financing and are subject to change.
- (4) Figures reflect drawdowns to cover annual net revenue short falls, if any.
- (5) Does not reflect potential capital expenditures or interest earnings.
- (6) Debt Service Reserve funded from bond proceeds, equal to maximum annual debt service.

**City of Phoenix
Park Central Community Facilities District
Financial Forecast**

<u>Fiscal Year</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
Revenues						
Contractual Parking Revenues (Easements)	\$ 1,033,000	\$ 1,033,000	\$ 1,033,000	\$ 1,033,000	\$ 1,033,000	\$ 1,073,000
Daily & Event Parking Revenues	571,000	577,000	583,000	588,000	594,000	600,000
Assessment Revenues	-	-	406,000	160,000	143,000	83,000
City Contribution Amounts	605,000	691,000	703,000	1,110,000	1,133,000	1,156,000
Capitalized Interest (1)	-	-	-	-	-	-
Interest Earnings on Trusteed Accounts (2)	27,000	24,000	21,000	22,000	22,000	23,000
Gross Revenues	2,236,000	2,325,000	2,746,000	2,913,000	2,925,000	2,935,000
Expenses						
Debt Service Payments (3)	2,323,000	2,322,000	2,319,000	2,319,000	2,322,000	2,323,000
Operations & Maintenance Expenses	434,000	441,000	448,000	455,000	463,000	471,000
District Expenses	85,000	86,000	88,000	89,000	90,000	91,000
Replacement Reserve Fund	50,000	50,000	50,000	50,000	50,000	50,000
Total Expenses	2,892,000	2,899,000	2,905,000	2,913,000	2,925,000	2,935,000
Net Revenue	\$ (656,000)	\$ (574,000)	\$ (159,000)	\$ -	\$ -	\$ -
Excess Funds Long-Term Reserve Fund Balance (4)	733,000	159,000	-	-	-	-
Replacement Reserve Fund Balance (5)	100,000	150,000	200,000	250,000	300,000	350,000
Debt Service Reserve Fund Balance (6)	2,323,000	2,323,000	2,323,000	2,323,000	2,323,000	2,323,000

Notes and Assumptions:

- (1) Capitalized interest funded from bond proceeds and deposited at closing by the Trustee into the Interest Account of the Debt Service Expense Fund.
- (2) Reflects all interest earnings from the following trusteed funds and accounts: Interest and Principal Accounts of the Debt Service Expense Fund, District Expense Fund, Operations & Maintenance Expense Fund, Debt Service Reserve Fund and Excess Funds Long-Term Reserve Fund.
- (3) Bond interest capitalized through July 1, 2020. The bond interest rates are estimated based on a non-rated taxable financing and are subject to change.
- (4) Figures reflect drawdowns to cover annual net revenue short falls, if any.
- (5) Does not reflect potential capital expenditures or interest earnings.
- (6) Debt Service Reserve funded from bond proceeds, equal to maximum annual debt service.

**City of Phoenix
Park Central Community Facilities District
Financial Forecast**

<u>Fiscal Year</u>	<u>2031-32</u>	<u>2032-33</u>	<u>2033-34</u>	<u>2034-35</u>	<u>2035-36</u>	<u>2036-37</u>
Revenues						
Contractual Parking Revenues (Easements)	\$ 1,073,000	\$ 1,073,000	\$ 1,073,000	\$ 1,073,000	\$ 1,112,000	\$ 1,112,000
Daily & Event Parking Revenues	606,000	612,000	618,000	625,000	631,000	637,000
Assessment Revenues	59,000	39,000	18,000	-	-	-
City Contribution Amounts	1,179,000	1,203,000	1,228,000	1,253,000	1,279,000	1,306,000
Capitalized Interest (1)	-	-	-	-	-	-
Interest Earnings on Trusteed Accounts (2)	23,000	23,000	23,000	23,000	24,000	24,000
Gross Revenues	2,940,000	2,950,000	2,960,000	2,974,000	3,046,000	3,079,000
Expenses						
Debt Service Payments (3)	2,320,000	2,320,000	2,321,000	2,319,000	2,318,000	2,323,000
Operations & Maintenance Expenses	478,000	486,000	494,000	502,000	510,000	518,000
District Expenses	92,000	94,000	95,000	96,000	97,000	99,000
Replacement Reserve Fund	50,000	50,000	50,000	50,000	50,000	50,000
Total Expenses	2,940,000	2,950,000	2,960,000	2,967,000	2,975,000	2,990,000
Net Revenue	\$ -	\$ -	\$ -	\$ 7,000	\$ 71,000	\$ 89,000
Excess Funds Long-Term Reserve Fund Balance (4)	-	-	-	7,000	78,000	167,000
Replacement Reserve Fund Balance (5)	400,000	450,000	500,000	550,000	600,000	650,000
Debt Service Reserve Fund Balance (6)	2,323,000	2,323,000	2,323,000	2,323,000	2,323,000	2,323,000

Notes and Assumptions:

- (1) Capitalized Interest funded from bond proceeds and deposited at closing by the Trustee into the Interest Account of the Debt Service Expense Fund.
- (2) Reflects all interest earnings from the following trusteed funds and accounts: Interest and Principal Accounts of the Debt Service Expense Fund, District Expense Fund, Operations & Maintenance Expense Fund, Debt Service Reserve Fund and Excess Funds Long-Term Reserve Fund.
- (3) Bond interest capitalized through July 1, 2020. The bond interest rates are estimated based on a non-rated taxable financing and are subject to change.
- (4) Figures reflect drawdowns to cover annual net revenue short falls, if any.
- (5) Does not reflect potential capital expenditures or interest earnings.
- (6) Debt Service Reserve funded from bond proceeds, equal to maximum annual debt service.

**City of Phoenix
Park Central Community Facilities District
Financial Forecast**

Fiscal Year	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44
Revenues							
Contractual Parking Revenues (Easements)	\$ 1,112,000	\$ 1,112,000	\$ 1,112,000	\$ 1,151,000	\$ 1,151,000	\$ 1,151,000	\$ 1,152,000
Daily & Event Parking Revenues	644,000	650,000	657,000	663,000	670,000	676,000	683,000
Assessment Revenues	-	-	-	-	-	-	-
City Contribution Amounts	1,333,000	1,361,000	1,390,000	1,419,000	1,449,000	1,480,000	1,511,000
Capitalized Interest (1)	-	-	-	-	-	-	-
Interest Earnings on Trusteed Accounts (2)	25,000	25,000	26,000	27,000	29,000	30,000	32,000
Gross Revenues	3,114,000	3,148,000	3,185,000	3,260,000	3,299,000	3,337,000	3,378,000
Expenses							
Debt Service Payments (3)	2,317,000	2,317,000	2,322,000	2,319,000	2,319,000	2,318,000	2,320,000
Operations & Maintenance Expenses	527,000	535,000	544,000	553,000	562,000	571,000	580,000
District Expenses	100,000	101,000	102,000	104,000	105,000	106,000	108,000
Replacement Reserve Fund	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Expenses	2,994,000	3,003,000	3,018,000	3,026,000	3,036,000	3,045,000	3,058,000
Net Revenue	\$ 120,000	\$ 145,000	\$ 167,000	\$ 234,000	\$ 263,000	\$ 292,000	\$ 320,000
Excess Funds Long-Term Reserve Fund Balance (4)	287,000	432,000	599,000	833,000	1,096,000	1,388,000	1,708,000
Replacement Reserve Fund Balance (5)	700,000	750,000	800,000	850,000	900,000	950,000	1,000,000
Debt Service Reserve Fund Balance (6)	2,323,000						

Notes and Assumptions:

- (1) Capitalized Interest funded from bond proceeds and deposited at closing by the Trustee into the Interest Account of the Debt Service Expense Fund.
- (2) Reflects all interest earnings from the following trusteed funds and accounts: Interest and Principal Accounts of the Debt Service Expense Fund, District Expense Fund, Operations & Maintenance Expense Fund, Debt Service Reserve Fund and Excess Funds Long-Term Reserve Fund.
- (3) Bond interest capitalized through July 1, 2020. The bond interest rates are estimated based on a non-rated taxable financing and are subject to change.
- (4) Figures reflect drawdowns to cover annual net revenue short falls, if any.
- (5) Does not reflect potential capital expenditures or interest earnings.
- (6) Debt Service Reserve funded from bond proceeds, equal to maximum annual debt service.

1. BASIS OF PRESENTATION

The Park Central Community Facilities District (the “District”) was formed by the City of Phoenix, Arizona (“City”), to provide a vehicle for financing certain public infrastructure necessary for redevelopment of the land within the boundaries of the District. The area within the District is projected by the Assessment Area Developer to consist of a mixture of uses, including the integration of a medical campus with a nearby medical hospital, and will include housing, offices, hotel, retail and related amenities. A key component to the District is a parking garage (the “Garage Project”), which will provide contractual and daily parking, as well as parking for special events held at City parks located in the midtown area. The District derives its authority and responsibility from the resolutions adopted by the District Board. The City’s policy for approving community facilities districts requires a district to demonstrate adequate financial resources for improvements within such district. A general plan demonstrating adequate financial resources (the “General Plan”) for the District was submitted to the City Council by the district applicant and taken into consideration as part of the approval for the formation of the District.

The Park Central Community Facilities District Financial Forecast (the “Financial Forecast”), presented herein as Appendix A, is based on updated information from the original General Plan prepared by HPPC, LLC, (the “Assessment Area Developer”). The District has engaged a parking consultant to develop a forecast for public parking revenues and Garage Project operation and maintenance expenses, and to provide a Parking Feasibility Study; an engineer to complete the Assessment Methodology; and an Appraiser to determine land value of the Assessment Area within the District. The forecasted parking revenues are based solely upon assumptions made by the Assessment Area Developer as to contractual parking revenues and upon assumptions made by the Parking Consultant as to public parking revenues.

The accompanying Financial Forecast presents the expected revenues, expenses, debt service, and changes in fund balance of the District. The forecast is for the period July 1, 2019 through June 30, 2044. The financial information provided herein is in conformity with the terms of the Development Agreement dated as of April 15, 2019 (the “Development Agreement”), among the District, the City, the Assessment Area Developer and HPPC II, LLC. Pursuant to the Indenture, the District agrees to make debt service payments payable on each debt service payment date from amounts collected from assessments, amounts in the Debt Service Reserve Fund and, to the extent available, parking revenues and City Contribution Amounts distributed to and on deposit in the Debt Service Expense Fund and available for such purpose. Revenues of the District net of operation and maintenance expenditures are referred to herein as “Net Revenues”. The Financial Forecast is prepared to correspond to the District’s fiscal year, July 1 to June 30, and is not intended to present results of operations in accordance with generally accepted accounting principles. The assumptions disclosed herein are those that the District believes are significant to the forecast. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

2. PARK CENTRAL COMMUNITY FACILITIES DISTRICT FINANCINGS AND AGREEMENTS

The District has entered into the Development Agreement to make significant upgrades to the property commonly known as Park Central Mall. This redevelopment will include various commercial improvements and related public and private infrastructure improvements, as well as the Garage Project. The Garage Project will be financed by the District through the sale of the Bonds.

All parties have agreed in the Development Agreement that revenues consisting of Parking User Revenues, City Contribution Amounts and Developer Contribution Amounts (the “Project Revenues”), will be transferred periodically to the Trustee for deposit into the Parking Garage Revenue Fund established under the Indenture, with the payment of debt service on the Bonds as first priority.

If Project Revenues are not sufficient to pay annual debt service and other costs, then the District Board will assess the property owners based on the methodology detailed in the Final Assessment Methodology Report for Park Central Community Facilities District. The Bonds are secured solely from the Assessments, without recourse to the assets (other than the assessed parcels), or the credit of the Assessment Area Developer or any other Assessed Area Property Owner.

3. SCOPE OF OPERATIONS AND RELATED FUNDING

Upon issuance of the Bonds, the District will enter into an agreement with a Garage Asset Manager. The Garage Asset Manager shall ensure that Parking User Revenues are submitted to the Trustee in compliance with the Indenture. In addition, the Garage Asset Manager will enter into a parking operating agreement with the Garage Operator who will be responsible for day-to-day operations. The Garage Project is subject to several easement agreements for use of the Garage Project (together the “Parking Easements”). The Parking Easements provide for a lien on property when monthly fees are not paid by the property owners. There is also projected to be hourly and daily parking revenues from public use, including special events.

City staff on behalf of the District, and in collaboration with the Assessment Area Developer and the Garage Asset Manager, will prepare an annual five-year financial forecast that will be presented to the District Board. The forecast will be updated through a coordinated process among the City, the Garage Asset Manager and the Garage Operator.

4. OPERATING REVENUES

Parking User Revenues include Contractual Parking Revenues (Easements) and Daily & Event Public Parking Revenues. The Development Agreement requires a Developer Contribution Amount if Parking User Revenues are less than the amounts set forth in (a), (b) or (c) below for the prior Fiscal Year, then the Developer Contribution is equal to the shortfall:

- (a) Beginning with Fiscal Year 2020-21 through Fiscal Year 2023-24: \$720,000 per year;
- (b) For Fiscal Years 2024-25 and through Fiscal Year 2025-26: \$792,000 per year; and
- (c) For Fiscal Year 2026-27 and thereafter: \$942,000 per year.

Prior to or during any Fiscal Year, the Assessment Area Developer may, in its sole discretion, elect to fund all or any portion of the Developer Contribution Amounts in advance, subject to annual reconciliation and reimbursement as provided in the Development Agreement. The Financial Forecast in this Appendix assumes that no Developer Contribution Amounts will be required in any year.

Contractual Parking Revenues (Easements). The District has entered into several parking easement agreements for use of the Garage Project for a monthly fee. The Parking Easements require all parking fees to be remitted to the District for deposit into the Parking User Revenue Account on the first day of each month.

Parking Easement Agreements. The District entered into parking easement agreements with the following easement holders for the agreed upon number of parking spaces and rate per space. For more information on the easement agreements, see “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Project Revenues.”

Parking Easements				
Easement Holders	Parking Spaces	Fiscal Year	Agreement/Concession	Monthly Revenue
Dignity	500	N/A	No parking fees. Property owner participated in construction cost sharing.	\$0
Dignity	250	2020-21 thru 2024-25	No parking fees. (Years 1-5)	\$0
		2025-26 thru 2029-30	After the 5th year 80% of estimated market rate per space; may be adjusted annually upon written “Adjustment Notice” give to Grantee. The estimated market rate in the 5th year is \$60/space. The market rate is forecasted to increase every five years by \$5/space. \$48/space (80% of \$60, Years 6 -10)	\$12,000
		2030-31 thru 2034-35	\$52/space (80% of \$65, Years 11-15)	\$13,000
		2035-36 thru 2039-40	\$56/space (80% of \$70, Years 16-20)	\$14,000
		2040-41 thru 2043-44	\$60/space (80% of \$75, Years 21-24)	\$15,000
Creighton University	500	2020-21 thru 2024-25	\$50/space (Years 1-5)	\$25,000
		2025-26 thru 2043-44	\$60/space (Years 6-24)	\$30,000
HPPC II (Apartment I)	278	2020-21 thru 2024-25	\$50/space (Years 1-5)	\$13,900
		2025-26 thru 2043-44	\$60/space (Years 6-24) After 24 th Year market rate per space may be adjusted annually upon written “Adjustment Notice” given to Grantee	\$16,680
HPPC (Office Property)	457	2020-21 thru 2024-25	\$50/space (Years 1-5). After the 5 th year the market rate per space may be adjusted annually upon written “Adjustment Notice” given to Grantee. The estimated market rate in the 5 th year is \$60/space. The market rate is forecasted to increase every five years by \$5/space.	\$22,850
		2025-26 thru 2029-30	\$60/space (Years 6- 10)	\$27,420
		2030-31 thru 2034-35	\$65/space (Years 11-15)	\$29,705
		2035-36 thru 2039-40	\$70/space (Years 16-20)	\$31,990
		2040-41 thru 2043-44	\$75/space (Years 21-24)	\$34,275
Hampton Inn	16	N/A	No parking fees.	\$0
Total	2,001			

To calculate the monthly Contractual Parking Revenues (Easements), the monthly rate per space is multiplied by the number of spaces allocated to each property owner. The monthly Contractual Parking Revenues (Easements) are then annualized to determine the yearly revenues for that line item in the Financial Forecast.

Contractual Parking Revenues (Easements)						
Fiscal Year	Dignity Monthly Revenue	Creighton Monthly Revenue	HPPC (Apartment I) Monthly Revenue	HPPC (Office) Monthly Revenue	Total Monthly Revenue	Annual Revenue (Rounded)
2019-20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020-21	-	25,000	13,900	22,850	61,750	741,000
2021-22	-	25,000	13,900	22,850	61,750	741,000
2022-23	-	25,000	13,900	22,850	61,750	741,000
2023-24	-	25,000	13,900	22,850	61,750	741,000
2024-25	-	25,000	13,900	22,850	61,750	741,000
2025-26	12,000	30,000	16,680	27,420	86,100	1,033,000
2026-27	12,000	30,000	16,680	27,420	86,100	1,033,000
2027-28	12,000	30,000	16,680	27,420	86,100	1,033,000
2028-29	12,000	30,000	16,680	27,420	86,100	1,033,000
2029-30	12,000	30,000	16,680	27,420	86,100	1,033,000
2030-31	13,000	30,000	16,680	29,705	89,385	1,073,000
2031-32	13,000	30,000	16,680	29,705	89,385	1,073,000
2032-33	13,000	30,000	16,680	29,705	89,385	1,073,000
2033-34	13,000	30,000	16,680	29,705	89,385	1,073,000
2034-35	13,000	30,000	16,680	29,705	89,385	1,073,000
2035-36	14,000	30,000	16,680	31,990	92,670	1,112,000
2036-37	14,000	30,000	16,680	31,990	92,670	1,112,000
2037-38	14,000	30,000	16,680	31,990	92,670	1,112,000
2038-39	14,000	30,000	16,680	31,990	92,670	1,112,000
2039-40	14,000	30,000	16,680	31,990	92,670	1,112,000
2040-41	15,000	30,000	16,680	34,275	95,955	1,151,000
2041-42	15,000	30,000	16,680	34,275	95,955	1,151,000
2042-43	15,000	30,000	16,680	34,275	95,955	1,151,000
2043-44	15,000	30,000	16,680	34,275	95,955	1,152,000

Daily & Event Public Parking Revenues. The Parking Consultant estimates that the Garage Project have 244 parking spaces available for public use during weekdays, with more spaces available for nights, weekends and special events. Total Daily Transactions are rounded averages over the year. The forecast assumes first year public parking revenues of \$543,400 (based on the tables below) with an annual 1% increase in total revenues.

Weekday Public Parking Revenues				
Weekday Parking	Total Daily Transactions	Rate	Days in Year	Annual Revenue
Up to 1 Hour	233	\$ 2.00	260	\$ 120,900
2 Hours	116	\$ 4.00	260	\$ 120,900
3 Hours	16	\$ 6.00	260	\$ 24,200
4 Hours	12	\$ 8.00	260	\$ 24,200
All Day Max	16	\$ 11.00	260	\$ 44,300
Total Annual Weekday Parking Revenue				\$ 334,500

Weekend Public Parking Revenues				
Weekend Parking	Total Daily Transactions	Rate	Days in Year	Annual Revenue
Up to 1 Hour	372	\$ 2.00	105	\$ 78,100
2 Hours	149	\$ 4.00	105	\$ 62,500
3 Hours	19	\$ 6.00	105	\$ 11,700
4 Hours	12	\$ 8.00	105	\$ 10,400
All Day Max	25	\$ 11.00	105	\$ 28,600
Total Annual Weekend Parking Revenue				\$191,300

Special Event Parking Revenues			
Transactions Per Event	Hourly Rate	Events Per Year	Annual Revenue
390	\$ 5.00	9	\$ 17,600

Assessment Revenues. District Assessment Revenues will be collected for any Debt Service payment date to the extent that amounts held in the Debt Service Expense Fund, along with the Excess Funds Long-Term Reserve Fund Balance, are insufficient to pay annual Debt Service on the Bonds on such date. An Assessment is projected to be necessary beginning in Fiscal Year 2027-28 through Fiscal Year 2033-34.

City Contribution Amounts. The Development Agreement requires the City to transfer each month certain transaction privilege taxes (sales tax) generated within the District. The City Contribution Amount means:

- (a) For Fiscal Years 2019-20 through 2024-25: an amount equal to 100% of the City transaction privilege taxes (sales tax) (up to 2.3%) (5.3% on the hotel sales tax) generated from and received by the City from the land owned by HPPC II, LLC on the date of execution and delivery of the Development Agreement (including without limitation the Garage Project Site) and from the ground up (new) development on land owned by the Assessment Area Developer on the date of execution and delivery of the Development Agreement, other than development on such land described in clause (c) below;
- (b) For Fiscal Years 2025-26 through 2043-44 and thereafter: an amount equal to 50% of the City transaction privilege taxes (sales tax) (up to 2.3%) (5.3% on the hotel sales tax) generated from and received by the City from land owned by HPPC II, LLC on the date of execution and delivery of the Development Agreement

(including without limitation the Garage Project Site) and from the ground up (new) development on land owned by the Assessment Area Developer on the date of execution and delivery of the Development Agreement, other than development on such land described in clause (a) above.

- (c) 50% of transaction privilege taxes (sales tax) revenues from the existing improvements defined as of August 29, 2018 will begin July 1, 2028 allowing minimal impacts to existing City revenues.

The forecasted City Contribution Amounts are based solely upon assumptions made by the Assessment Area Developer as to the size, type and schedule for future development projects within the District using certain transaction privilege taxes (sales tax) rates and the State of Arizona Model City Tax Code, effective January 1, 2019.

Forecasted City Contribution Amounts					
Fiscal Year	Construction & Tenant Improvements	Office, Retail & Garage Space Rentals	Hotel Occupancy Tax	Utility Services Tax	Total City Contribution Amounts
2019-20	\$ 1,678,000	\$ 45,000	\$ -	\$ 77,000	\$ 1,800,000
2020-21	1,346,000	130,000	-	98,000	1,574,000
2021-22	459,000	271,000	367,000	206,000	1,303,000
2022-23	-	320,000	542,000	256,000	1,118,000
2023-24	311,000	348,000	556,000	256,000	1,471,000
2024-25	622,000	357,000	569,000	256,000	1,804,000
2025-26	-	185,000	292,000	128,000	605,000
2026-27	74,000	190,000	299,000	128,000	691,000
2027-28	74,000	194,000	307,000	128,000	703,000
2028-29	74,000	594,000	314,000	128,000	1,110,000
2029-30	74,000	609,000	322,000	128,000	1,133,000
2030-31	74,000	624,000	330,000	128,000	1,156,000
2031-32	74,000	639,000	338,000	128,000	1,179,000
2032-33	74,000	654,000	347,000	128,000	1,203,000
2033-34	74,000	670,000	356,000	128,000	1,228,000
2034-35	74,000	687,000	364,000	128,000	1,253,000
2035-36	74,000	704,000	373,000	128,000	1,279,000
2036-37	74,000	721,000	383,000	128,000	1,306,000
2037-38	74,000	739,000	392,000	128,000	1,333,000
2038-39	74,000	757,000	402,000	128,000	1,361,000
2039-40	74,000	775,000	413,000	128,000	1,390,000
2040-41	74,000	795,000	422,000	128,000	1,419,000
2041-42	74,000	814,000	433,000	128,000	1,449,000
2042-43	74,000	834,000	444,000	128,000	1,480,000
2043-44	74,000	854,000	455,000	128,000	1,511,000
Totals	\$ 5,748,000	\$ 13,510,000	\$ 9,020,000	\$ 3,581,000	\$ 31,859,000

Generally, annual growth is assumed to be 2.5%, except for taxes on utility services which assumes no growth. The transaction privilege taxes (sales tax) revenues are based on the various state statutes and City of Phoenix transaction privilege taxes (sales tax) rates in place on January 1, 2019. The transaction privilege taxes (sales tax) revenues projected in the forecast do not include potential receipts from any other future development at Park Central that may occur. For example, potential future developments are possible on some remaining undeveloped parcels within the District.

The plan of development was submitted to the City through the application process and approved by the City. The Assessment Area Developer's assumptions for development in the District are in the table below.

Transaction Privilege Tax (sales tax) Assumptions				
Development	Project Statistics	Project Status	Expected Construction Start	Expected Construction End
Phase I - office and retail renovations	265,000 sq. ft. 7 buildings	Completed; 15 signed tenants	01/2018	02/2019
Phase II - office renovations	193,000 sq. ft.	Ongoing; 2 signed leases	01/2019	09/2019
Garage Project	2,001 spaces 10 stories	Signed construction Contract	07/2019	07/2020
Creighton Phase I health sciences campus	185,000 sq. ft.	Construction contract expected 06/2019	07/2019	04/2021
Apartment I	278 units 229,057 sq. ft.	Under contract with non-refundable deposit	09/2019	01/2021
Hotel	200 rooms 110,000 sq. ft.	Negotiating letter of intent; architects finalizing site plan	06/2020	09/2021
Retail-coffee/beverage	2,200 sq. ft. adjacent to Hotel	Ongoing discussions w/ tenant; architects finalizing site plan	10/2020	07/2021
Apartment II	132 units 150,000 sq. ft.	Ongoing discussions w/ developer; architects working on site plan	01/2021	07/2022
Creighton Phase II health sciences campus	150,000 sq. ft. 5 to 6 stories	Long-term planning only	2024 or 2025	n/a

Capitalized Interest. Capitalized interest will be applied to the first two debt service interest payments due on January 1, 2020 and July 1, 2020. The first-year debt service amount is estimated to be \$1,703,000 and will be funded with bond proceeds at closing of the bond sale.

Interest Earnings on Trusteed Funds and Accounts. The forecast includes an estimate of interest earning at a rate of 0.5% on trusteed funds and accounts, except for the Debt Service Reserve Fund, which assumes a 1.0% interest earning rate. Interest earnings on the trusteed funds and accounts in this line item include the Interest and Principal Accounts of the Debt Service Expense Fund, Debt Service Reserve Fund, District Expense Fund, Operation & Maintenance Expense Fund, and Excess Funds Long-Term Reserve Fund.

5. DEBT SERVICE PAYMENTS

The Debt Service payment amounts presented in the forecast represent the estimated payments to be made under the Indenture to pay principal of and interest on the Bonds. The Bonds of the District are and will be special assessment revenue obligations secured by a special assessment on parcels of land and lots located within the Assessment Area, amounts held in a debt service reserve fund with respect to the Bonds and other amounts held under the Indenture including, to the extent available, certain Project Revenues on deposit in the Debt Service Expense Fund.

Estimated debt service on the Bonds is as follows:

Estimated Park Central Debt Service			
Fiscal Year	Principal	Interest	Total
2019-20	\$ -	\$ 1,703,000	\$ 1,703,000
2020-21	670,000	1,652,000	2,322,000
2021-22	700,000	1,623,000	2,323,000
2022-23	730,000	1,592,000	2,322,000
2023-24	760,000	1,560,000	2,320,000
2024-25	795,000	1,527,000	2,322,000
2025-26	835,000	1,488,000	2,323,000
2026-27	875,000	1,447,000	2,322,000
2027-28	915,000	1,404,000	2,319,000
2028-29	960,000	1,359,000	2,319,000
2029-30	1,010,000	1,312,000	2,322,000
2030-31	1,065,000	1,258,000	2,323,000
2031-32	1,120,000	1,200,000	2,320,000
2032-33	1,180,000	1,140,000	2,320,000
2033-34	1,245,000	1,076,000	2,321,000
2034-35	1,310,000	1,009,000	2,319,000
2035-36	1,385,000	933,000	2,318,000
2036-37	1,470,000	853,000	2,323,000
2037-38	1,550,000	767,000	2,317,000
2038-39	1,640,000	677,000	2,317,000
2039-40	1,740,000	582,000	2,322,000
2040-41	1,840,000	479,000	2,319,000
2041-42	1,950,000	369,000	2,319,000
2042-43	2,065,000	253,000	2,318,000
2043-44	2,190,000	130,000	2,320,000
Totals	\$ 30,000,000	\$ 27,393,000	\$ 57,393,000

The following table is intended to illustrate the projected debt service coverage under various assumptions. The debt service coverage in column F assumes all Parking User Revenues and City Contributions (collectively, Project Revenues) are used only for the payment of debt service. While this calculation shows adequate Project Revenues available to make the annual debt service payments, it is important to note that the Indenture allows for Project Revenues to flow into other non-debt service expenses such as O&M Expenses, District Expenses and the Replacement Reserve Fund if Parking Revenues are sufficient after fulfilling the debt service requirements. The debt service coverage in column I reflects the effects of payment of the other non-debt service expenses. The debt service coverage in column K credits revenue from any anticipated Assessment. The Assessment will be billed to the owner of each Assessed Parcel semiannually. To the extent of amounts available, total Project Revenues will be credited against such billing, pro rata based on the principal amount of the Assessment on each Assessed Parcel, up to the total amount then due. If total Project Revenues are not sufficient, any remaining amount will be collectible and enforceable as the Assessment up to the full total amount due. The projected Assessment amounts in column J consider such credits and do not reflect the total allowable Assessment. See “SECURITY FOR AND SOURCES OF PAYMENTS FOR THE BONDS – The Assessment” herein.

Park Central CFD Projected Debt Service Coverage											
columns:	A	B	C	D	E	F	G	H	I	J	K
				= A + B + C		= D ÷ E			= (D + G - H) ÷ E	Amounts	(D + G + J - H) ÷ E
			Interest Earnings on	Total Project	Net Debt Service	Debt Service Coverage Based on Project Revenues	Excess Long-Term Reserve Beginning Fund Balance ⁽³⁾	Non-Debt Service Expenses ⁽⁴⁾	Net Debt Service Coverage	Payable on Assessment after Credits from Project Revenues ⁽⁵⁾	Adjusted Net Debt Service Coverage
Fiscal Year	Parking Garage Revenues ⁽¹⁾	City Contribution Amounts	Trusteed Accounts	Revenues	Payments ⁽²⁾	Project Revenues	Fund Balance ⁽³⁾	Service Expenses ⁽⁴⁾	Service Coverage	from Project Revenues ⁽⁵⁾	Service Coverage
2020	\$ -	\$ 1,800,000	\$ 23,000	\$ 1,823,000	\$ -		\$ -	\$ 35,000		\$ -	
2021	1,284,000	1,574,000	32,000	2,890,000	2,322,000	1.24	1,788,000	521,000	1.79	-	1.79
2022	1,290,000	1,303,000	31,000	2,624,000	2,323,000	1.13	1,835,000	529,000	1.69	-	1.69
2023	1,295,000	1,118,000	29,000	2,442,000	2,322,000	1.05	1,607,000	536,000	1.51	-	1.51
2024	1,301,000	1,471,000	29,000	2,801,000	2,320,000	1.21	1,191,000	544,000	1.49	-	1.49
2025	1,307,000	1,804,000	30,000	3,141,000	2,322,000	1.35	1,128,000	558,000	1.60	-	1.60
2026	1,604,000	605,000	27,000	2,236,000	2,323,000	0.96	1,389,000	569,000	1.32	-	1.32
2027	1,610,000	691,000	24,000	2,325,000	2,322,000	1.00	733,000	577,000	1.07	-	1.07
2028	1,616,000	703,000	21,000	2,340,000	2,319,000	1.01	159,000	586,000	0.82	406,000	1.00
2029	1,621,000	1,110,000	22,000	2,753,000	2,319,000	1.19	-	594,000	0.93	160,000	1.00
2030	1,627,000	1,133,000	22,000	2,782,000	2,322,000	1.20	-	603,000	0.94	143,000	1.00
2031	1,673,000	1,156,000	23,000	2,852,000	2,323,000	1.23	-	612,000	0.96	83,000	1.00
2032	1,679,000	1,179,000	23,000	2,881,000	2,320,000	1.24	-	620,000	0.97	59,000	1.00
2033	1,685,000	1,203,000	23,000	2,911,000	2,320,000	1.25	-	630,000	0.98	39,000	1.00
2034	1,691,000	1,228,000	23,000	2,942,000	2,321,000	1.27	-	639,000	0.99	18,000	1.00
2035	1,698,000	1,253,000	23,000	2,974,000	2,319,000	1.28	-	648,000	1.00	-	1.00
2036	1,743,000	1,279,000	24,000	3,046,000	2,318,000	1.31	7,000	657,000	1.03	-	1.03
2037	1,749,000	1,306,000	24,000	3,079,000	2,323,000	1.33	78,000	667,000	1.07	-	1.07
2038	1,756,000	1,333,000	25,000	3,114,000	2,317,000	1.34	167,000	677,000	1.12	-	1.12
2039	1,762,000	1,361,000	25,000	3,148,000	2,317,000	1.36	287,000	686,000	1.19	-	1.19
2040	1,769,000	1,390,000	26,000	3,185,000	2,322,000	1.37	432,000	696,000	1.26	-	1.26
2041	1,814,000	1,419,000	27,000	3,260,000	2,319,000	1.41	599,000	707,000	1.36	-	1.36
2042	1,821,000	1,449,000	29,000	3,299,000	2,319,000	1.42	833,000	717,000	1.47	-	1.47
2043	1,827,000	1,480,000	30,000	3,337,000	2,318,000	1.44	1,096,000	727,000	1.60	-	1.60
2044	1,835,000	1,511,000	32,000	3,378,000	2,320,000	1.46	1,388,000	738,000	1.74	-	1.74
Totals	\$39,057,000	\$31,859,000	\$647,000	\$71,563,000	\$55,690,000			\$15,073,000		\$908,000	

(1) Contractual Parking Revenues (Easements) plus Daily & Event Parking Revenues.

(2) Reflects the application of bond proceeds as Capitalized Interest for the 2020 debt service.

(3) Excess Long-Term Reserve Fund Balance Represents the accumulation of all unused Project Revenues after the payment of all Debt Service Payments and non-debt service expenses.

(4) Non-debt services expenses include: Parking Garage O&M Expenses, District Expenses and Deposits to the Replacement Reserve Fund.

(5) Amounts include credits for Project Revenues and do not reflect the total allowable Assessment.

6. OPERATION AND MAINTENANCE EXPENSES

The Parking Consultant estimated Operations & Maintenance Expenses (“O&M Expenses”) for the Garage Project. The estimated amounts from the Parking Consultant for this line item were adjusted for the Financial Forecast by moving the annual Replacement Reserve Fund amount to a separate line item and by removing the Garage Project liability insurance amount and adding it to the District Expenses. O&M Expenses are comprised of fees for the Garage Asset Manager, Garage Operator and other miscellaneous operating costs, estimated at \$428,000 for the first year of garage operations in Fiscal Year 2020-21. O&M Expenses are forecasted to increase approximately 2% each fiscal year.

7. DISTRICT EXPENSES

District Expenses are comprised of trustee fees, legal counsel, administrative fees, Garage Project liability insurance and liability insurance for the District Board. Total District Expenses for the first full year of operation in Fiscal Year 2020-21 are estimated to be \$80,000, increasing 1% annually.

8. REPLACEMENT RESERVE FUND

An amount equal to \$50,000 per year, commencing at the end of Fiscal Year 2024-25 and continuing annually through Fiscal Year 2043-44, is required to be deposited into this fund. The reserve may be used only to make capital replacements, repairs and other capital expenses and will not be available for debt service on the Bonds.

9. FUND BALANCES

Excess Funds Long-Term Reserve Fund Balance represents the annual excess of Gross Revenues over Total Expenses. The forecast projects a positive Excess Long-Term Reserve Fund Balance beginning in Fiscal Year 2019-20 through Fiscal year 2026-27. In Fiscal Year 2027-28, the Excess Long-Term Reserve Fund Balance is projected to be depleted which would require the District to levy an Assessment against the property owners within the Assessment Area through Fiscal Year 2033-34.

Replacement Reserve Fund Balance, is forecasted to increase in an amount equal to \$50,000 per year, commencing at the end of Fiscal Year 2024-25 and continuing annually through Fiscal Year 2043-44. The fund balance does not reflect potential capital expenditures or interest earnings.

Debt Service Reserve Fund Balance. Proceeds of the sale of the Bonds in the amount of \$2,323,000, representing maximum annual debt service on the Bonds, will be deposited to the Debt Service Reserve Fund. (Debt service is estimated and subject to change.) The money deposited to the Debt Service Reserve Fund, together with all investment income therefrom, will be held in trust by the Trustee and applied solely as provided in the Indenture to pay Debt Service on the Bonds.

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INFORMATION REGARDING THE CITY OF PHOENIX, ARIZONA

The following information regarding the City is provided for reference only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District, and consequently no representation is made as to the relevance of the data to the District or to the repayment of the Bonds. THE BONDS ARE NOT OBLIGATIONS OF THE CITY. The Bonds are not general obligations of the District but are limited special obligations of the District, payable solely from amounts collected pursuant to the Assessment and certain other sources described herein, as described under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” in this Official Statement.

The following table illustrates respective population statistics for the City, Maricopa County and the State.

**POPULATION
Phoenix, Maricopa County and Arizona**

Area							Percent Change	
	1950	1970	1990	2000	2010	2018 (1)	1950-17	1990-18
Phoenix	106,818	584,303	983,403	1,321,045	1,447,128	1,626,078	1,422.3%	65.4%
Maricopa County	331,770	971,228	2,122,101	3,072,149	3,817,117	4,307,033	1,198.2	103.0
State of Arizona	749,587	1,775,399	3,665,228	5,130,632	6,392,017	7,171,646	856.7	95.7

(1) Population figures for the State of Arizona are as July 1, 2018. Population for the City of Phoenix and Maricopa County is as of July 1, 2017. The population estimate for July 1, 2018 for the City of Phoenix and Maricopa County is expected to be released by the U.S. Census Bureau in May 2019.

Source: Population figures are from the U.S. Department of Commerce Census Bureau.

Transportation

Phoenix is served by main lines of the Union Pacific and Burlington Northern Santa Fe Railroads, a bus line (Greyhound Trailways), and 10 transcontinental, 34 interstate and 39 intrastate truck lines. Phoenix Sky Harbor International Airport, located approximately 4 miles from downtown Phoenix, is served by the following scheduled airlines: Advanced Air, Air Canada, Alaska, American, Boutique Air, British Airways, Jazz Aviation (Air Canada Express) Compass (Delta Connection), Condor, Delta, Frontier, Hawaiian, JetBlue, Mesa (American Eagle, United Express), SkyWest (American Eagle, Delta Connection, and United Express), Southwest, Spirit, Sun Country, United, Volaris and WestJet. Interstate 10, Interstate 17, U.S. Highway 60, State Routes 51, 74, 85, 87, 88, 143 and Loops 101, 202, and 303 all traverse the metropolitan area.

In 2000, City of Phoenix voters approved a 0.4% sales tax increase to be levied for a period of twenty years to provide funding for a light rail system as well as mass transit, including expanded bus service and other transportation improvements. Construction of an approximately \$1.4 billion, 20-mile light rail system connecting north central Phoenix (19th Avenue and Bethany Home Road) with Sky Harbor International Airport (via the PHX Sky Train®), Tempe and Mesa (Main Street and Sycamore Road) began in the fall of 2004 and opened for operations in December 2008. The total cost of the project was funded with Federal grant funds, City sales tax revenues and other local funding sources.

In March 2008, the City entered into an intergovernmental agreement with Valley Metro Rail, Inc. (METRO) to design, build, operate and maintain an extension to the light rail system. The Northwest Extension (NWE) as initially planned would extend the original light rail system 4.9 miles northwest from 19th Avenue and Montebello (just south of Bethany Home Road) to 25th Avenue and Mountain View Road. The project will be completed in two phases. Phase I, which extended the light rail system 3.2 miles from 19th Avenue and Montebello to 19th Avenue and Dunlap, opened for service to the public in March 2016. Phase II will extend the light rail system another 1.7 miles from 19th Avenue and Dunlap over the I-17 freeway on Mountain View Road with a terminus on the west side of the freeway near Metrocenter Mall to be completed in 2023.

On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing tax rate dedicated for transportation. The dedicated sales tax rate was increased from the previous 0.4% sales tax rate to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. The increased tax will continue to fund expanded local bus and Dial-a-Ride service, bus rapid transit service, neighborhood circulators and the operation of the light rail system. In addition, funding will provide for expanded bus and light rail service hours and routes, high capacity transit corridors, and infrastructure improvements to bus stops, maintenance facilities and transit centers. Street improvements will also be funded by the increased tax including pavement maintenance, new bicycle lanes, sidewalk installation and traffic signal enhancements.

Employment

Arizona was named the 48th state on February 14, 1912. At the time, the state primarily depended on extraction-based operations such as copper, cattle, cotton, climate, and citrus. However, rapid population growth after World War II attributed to a diversification of the state's economy into higher value-added sectors such as advanced manufacturing, aerospace and defense, bioscience, and financial services.

Between 1990 and 2008, Arizona's civilian labor force saw growth of more than 80%. On average, approximately 95.7% of Arizona's civilian labor force was employed each year between 1990 and 2008. Civilian labor force employment has again been on the rise since 2011. In 2017, a total of 2,206,218 people in the civilian labor force in the Phoenix MSA were employed. This was a 3.5% increase in Phoenix MSA employment compared to the previous year and represented 70.0% of the state's total employment in 2017.

The top source of total nonfarm employment, expressed as a percentage of total employment in the Phoenix MSA, was professional and business services (16.8%). Professional and business services include professional, scientific and technical services, the management of companies and enterprises administrative and waste management services. Other notable sources of employment were retail and wholesale trade (15.0%), education and health services (15.4%), government (11.3%), and leisure and hospitality (10.9%).

2017 Wage & Salary Employment: Phoenix MSA, Arizona, and U.S.

Industry	Total Employed (in thousands)			Percent of Employed		
	Phoenix MSA	Arizona	U.S.	Phoenix MSA	Arizona	U.S.
Mining & Lodging	3.6	13.1	732	0.2%	0.5%	0.5%
Construction	124.4	158.8	7,289	5.9	5.6	4.9
Manufacturing	127.9	170.1	12,689	6.1	6.0	8.5
Total Good Producing	255.9	342.0	20,710	12.1	12.0	13.9
Retail & Wholesale Trade	315.8	423.5	21,686	15.0	14.8	14.5
Transportation, Warehousing, Utilities	87.9	111.0	5,973	4.2	3.9	4.0
Information	38.7	47.4	2,828	1.8	1.7	1.9
Financial Activities	192.6	220.8	8,569	9.1	7.7	5.7
Professional & Business Services	354.2	431.1	20,999	16.8	15.1	14.1
Education & Health Services	324.6	445.7	23,667	15.4	15.6	15.9
Leisure & Hospitality	229.1	326.6	16,348	10.9	11.4	11.0
Other Services	69.4	92.7	5,845	3.3	3.2	3.9
Government	239.0	415.2	22,449	11.3	14.5	15.1
Total Services Providing	1,851.3	2,514.0	128,364	87.9%	88.0%	86.1%
Total Non-Farm	2,107.2	2,856.0	149,074	100.0%	100.0%	100.0%

Source: Seidman Job Growth U.S.A./U.S. Bureau of Labor Statistics.

MAJOR EMPLOYERS
Greater Phoenix Metropolitan Area

Employer	Description	Approximate Number of Employees
State of Arizona	Government	28,231
Banner Health	Healthcare	26,366
Fry's Food Stores	Retail	15,179
Walmart	Retail	14,736
Wells Fargo	Finance & Insurance	13,892
Maricopa County	Government	13,297
City of Phoenix	Government	11,203
Intel Corporation	Manufacturing	11,060
Arizona State University	Education	11,017
Bank of America	Finance & Insurance	9,745

Source: Maricopa Association of Governments 2017 Employer Database.

Unemployment

The following table summarizes the proportion of the civilian labor force unemployed each year in the Phoenix MSA since 2011. Unemployment declined throughout the time period. The 2018 unemployment rate was less than half the 2011 Phoenix MSA unemployment rate. The table also shows that the unemployment rate in the Phoenix MSA was lower than the unemployment rates in the State of Arizona and the nation, 2011 through 2018.

Year	Average Annual Unemployment Rate		
	Phoenix MSA	State of Arizona	U.S.
2018	4.1%	4.7%	3.9%
2017	4.2	4.9	4.4
2016	4.6	5.4	4.9
2015	5.2	6.0	5.3
2014	5.9	6.8	6.2
2013	6.7	7.7	7.4
2012	7.4	8.3	8.1
2011	8.6	9.5	8.9

Source: U.S. Bureau of Labor Statistics. Note: Phoenix MSA and State of Arizona 2018 amounts are preliminary.

Education

The metropolitan area is presently served by 34 elementary school districts, 6 high school districts, 15 unified school districts and 2 technical institutes, operating over 783 schools. Education is also provided by public charter schools and private and parochial schools located throughout the metropolitan area. Maricopa County Community College District serves the educational needs of the Phoenix area through 10 institutions. Arizona State University (ASU) houses 17 colleges and schools and has a total enrollment of more than 103,000 undergraduate, graduate and professional students on four campuses in Metro Phoenix and online. ASU's main campus is located just east of Phoenix in the city of Tempe. The Arizona State University West campus, which opened in 1991, is located in northwest Phoenix and has an enrollment of over 4,000 students. The Arizona State University Polytechnic campus opened in 1996, is located in southeast Metro Phoenix in the city of Mesa, and has an enrollment of more than 4,800 students. The Arizona State University Downtown Phoenix campus opened in 2006 and has an enrollment of more than 11,465 students. Grand Canyon University, a private university offering undergraduate and postsecondary degree programs, has a main campus located northwest of downtown Phoenix on 33rd Avenue and Camelback Road. In 2017, enrollment at Grand Canyon University was over 83,284 including both on-campus and online students. The City also

contains a private graduate school and a number of private universities, colleges, and technical institutions. The 2017 American Community Survey conducted by the U.S. Census Bureau estimated that more than 64.3% of the adult residents of the Maricopa County attended college, compared to 60.0% nationally.

Real Estate Market

The 2008-2009 recession hit the real estate market particularly hard. An overabundance of single-family residential buildings in conjunction with a high foreclosure rate between 2008 and 2011 and a decline in population growth were the key drivers in the decline of the Phoenix MSA real estate market. However, the Phoenix real estate market has significantly improved since the recession.

Preliminary 2018 data suggests that the total number of permits issued in the Phoenix MSA increased 245.1% compared to 2011. Permits issued in the state increased 216.4% over the same period. Over 75.1% of the permitting in the Phoenix MSA in 2018, and 77.0% of the permitting in the State of Arizona in 2018, was for single units.

New Privately-Owned Housing Units Authorized Phoenix MSA and Arizona

Year	1 Unit		2 Units		3 or 4 Units		5+ Units		Total	
	MSA	AZ	MSA	AZ	MSA	AZ	MSA	AZ	MSA	AZ
2018 (1)	23,553	31,707	468	638	190	251	7,132	8,558	31,343	41,154
2017	20,471	28,072	302	432	212	273	8,327	10,695	29,312	39,472
2016	18,433	24,853	410	484	161	168	9,579	10,073	28,583	35,578
2015	16,621	22,311	168	222	186	225	5,427	6,152	22,402	28,910
2014	11,557	16,841	156	230	125	137	8,503	9,789	20,341	26,997
2013	12,959	18,386	128	214	201	213	5,449	6,396	18,737	25,209
2012	11,931	16,189	176	244	161	210	3,699	5,083	15,967	21,726
2011	7,297	10,306	18	54	80	115	1,686	2,532	9,081	13,007

(1) 2018 data is preliminary. Values above represents December 2018 year-to-date counts.

Source: U.S. Census Bureau.

FORM OF LEGAL OPINION OF BOND COUNSEL

[LETTERHEAD OF SQUIRE PATTON BOGGS (US) LLP]

[Closing Date]

District Board
Park Central Community Facilities District
c/o City of Phoenix, Arizona
200 W. Washington Street
Phoenix, Arizona 85003

We have served as bond counsel to our client Park Central Community Facilities District (the “*District*”) in connection with the issuance by the District of its \$30,000,000 Special Assessment Revenue Bonds, Taxable Series 2019 (the “*Bonds*”), dated the date of this letter.

The Bonds are issued pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes and the Indenture, dated June 1, 2019* (the “*Indenture*”), between the District and U.S. Bank National Association, as Trustee. Capitalized terms not otherwise defined in this letter are used as defined in the Indenture.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, the Indenture and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds and the Indenture are valid and binding obligations of the District, enforceable in accordance with their respective terms.

2. The Bonds constitute limited obligations of the District, and the principal of and interest and any premium on (collectively, “*debt service*”) the Bonds are payable only out of a special fund (the “*Special Fund*”) held by the Trustee, collected from unpaid installments of a special assessment imposed on certain land benefitted by certain “*public infrastructure purposes*” (as such term is defined in Title 48, Chapter 4, Article 6, Arizona Revised Statutes) and included within the boundaries of the District, which assessment (a) is subject to waiver of certain rights with respect thereto as provided in a District Development, Financing Participation, Waiver and Intergovernmental Agreement (Park Central Community Facilities District), dated as of April 15, 2019 (the “*Development Agreement*”), by and among the City of Phoenix, Arizona (the “*City*”), the District and certain of the owners of real property within the boundaries of the District, including the Assessment Area Developer, which are assumed to be enforceable against such owners and (b) may be subject to reduction or prevented to the extent that such public infrastructure purposes are not completed or such land does not actually receive such benefits. The rights and obligations of the District relating to collection of, and payment from, amounts due with respect to such assessment and the enforcement of remedies with regard to delinquent payments of installments of amounts due with respect to such assessment may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights and may be subject to judicial discretion in accordance with general principles of equity. If any land included within the boundaries of the District is sold for nonpayment of the amounts due with respect to the assessment levied and assessed by the District thereon, and if there is no purchaser for any such land offered for sale, neither the District nor the City (which is the municipality which provided for the formation of the District and within the boundaries of which the District lies) are required to purchase such land, nor shall either under any circumstances do so. The payment of debt service on the Bonds is not secured

* Preliminary, subject to change

by an obligation or pledge of any money raised by taxation and the Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the District, the City of Phoenix, Arizona, the State of Arizona or any of its political subdivisions.

3. Interest on the Bonds is exempt from Arizona state income taxes. We express no opinion as to any tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the District.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Bonds is concluded upon delivery of this letter.

Respectfully submitted,

EXECUTIVE SUMMARY OF APPRAISAL

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April 29, 2019

Ms. Denise Olson
Chief Financial Officer
Park Central Community Facilities District
251 West Washington Street
Phoenix, Arizona 85003

RE: Appraisal of four parcels within the Park Central Mall property that are to be included within th Park Central Community Facilities District. 3110 North Cental Avenue Phoenix, Arizona 85012.

Dear Ms. Olson:

At your request, the above-referenced properties that are owned by HPPC, LLC and its affiliate HPPC II, LLC, have been appraised. The four parcels are integrated as a part of the former Park Central Mall and are to be used as collateral for construction of a parking structure funded via a community facilities district known as Park Central Community Facilities District (PCCFD). Since the district will be allocating portions of the debt obligation to each of the four parcels, a separate opinion of value is required for each parcel. The four parcels are delineated on the site plan shown on page three of the accompanying report.

The Park Central Property is owned by HPPC, LLC and its affiliate HPPC II, LLC, in several parcels that were recently replatted on April 3, 2019. The first consists of 530,000 square feet of the former regional mall space. Much of it was recently renovated and is in process of being re-developed as a mixed use office and technology park. The owners, in coordination with the City of Phoenix, have formed the community facilities district (CFD) to fund construction of a 2,001 space parking structure that will allow construction of a medical school campus and high-rise apartment complex on existing parking areas on the Park Central property. The appraisal assumes that funding for the parking structure is in place and that the garage will be completed over the next 9-12 months.

The four parcels that will be included in the district include two that are already improved and two vacant tracts. Parcel 1 consists of 16.132 acres of land along with 337,000 square feet of office, restaurant and retail space. Parcel 2 consists of 12.51 acres of land along with a 193,000 square foot former department store that has been converted to office space, along with a parking structure. Parcel 3 is a 1.634 acre tract of vacant land that is in escrow to a developer who plans to build a 278-unit high-rise apartment tower. Parcel 4 is the 2.505 acre parcel at the southeast corner of the mall property that was recently sold to Creighton University, who will develop a medical school campus on the site. An aerial photo showing the location and configuration of each of the four parcels is shown on page 2 of the accompanying report.

The purpose of the appraisal is to formulate opinions of market value of the fee simple interest of each of the four tracts identified as the subject parcels in this report under an “As Proposed” scenario, as of April 17, 2019. The “As Proposed” scenario includes the assumptions that the CFD in place and the proposed parking garage is funded and ready to be constructed. Since this is contrary to conditions that exist on the date of the report, the value conclusion is based upon the hypothetical condition that the PCCFD has been funded and the parking garage will be built within the next 9-12 months.

The only extraordinary assumption necessary to complete the appraisal is that the remaining tenant improvement construction and the remaining few details of the renovation project that will be required to reach market occupancy is completed in a professional workmanlike manner of similar quality to that which is evident to date.

The client of the appraisal is the Park Central Community Facilities District (PCCFD). The intended use of this appraisal is for internal analysis and compliance, to be used for establishing a special assessment area and related assessment fees applicable to the real property. It will also be used in conjunction with a bond offering by the CFD. The intended users of this report include PCCFD, the City of Phoenix and other entities and parties relying or using same in connection with the issuance and sale of the Special Assessment Revenue Bonds, Taxable Series 2019 of PCCFD; no other parties may rely upon the findings of this report other than those identified as intended users.

The property was inspected and analyzed for the purpose of formulating an opinion of market value for each of the four parcels, as of the “as proposed” date of valuation, on April 17, 2019. The appraisal is written in narrative form and is prepared to conform to the 2018-2019 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP), plus the City of Phoenix Appraisal Guidelines, as I understand them. It contains a description of the property appraised and the analysis of the data leading to the value stated. The data, opinions, and conclusions discussed are subject to the assumptions and limiting conditions in the addenda of this report.

After completion of the valuation analysis for each of the four parcels in “as proposed” condition, the concluded opinions of market value, as of April 17, 2019, are as follows:

Improved Parcel 1:

**FIFTY FOUR MILLION DOLLARS
(\$54,000,000)**

Improved Parcel 2:

**TWENTY NINE MILLION DOLLARS
(\$29,000,000)**

Vacant Parcel 3:

**SEVEN MILLION FIFTY THOUSAND DOLLARS
(\$7,050,000)**

Vacant Parcel 4:

**TEN MILLION FORTY THOUSAND DOLLARS
(\$10,040,000)**

The reader is cautioned not to sum-total the concluded values to imply a total value for the property. To do so would be misleading. The value conclusions are based upon individual sale and as such, the combined value of the four properties may be different. Further, the value conclusions are based upon the hypothetical condition that the PCCFD has been funded and the parking garage will be built within the next 9-12 months. Reliance on the hypothetical condition has clearly affected the value conclusions.

Data used to support the value conclusions is presented and discussed in the accompanying report. It is noted that no environmental hazards are known to be influencing any of the subject properties, although the entire tracts were not inspected. The underlying assumptions and limiting conditions pertaining to this report are contained in the first exhibit in the Addenda. These assumptions and limiting conditions are an integral part of the report and are only placed at the end to facilitate reading of the report, not to minimize their importance.

Respectfully,

HARDING & ASSOCIATES



By: Wayne Harding, MAI
Certified General Real Estate Appraiser #30471

EXECUTIVE SUMMARY

Type of Property:	Four parcels that are portions of a former regional mall that is being redeveloped as a technology and office park.
Purpose of the Appraisal:	Formulate opinions of market value for the four tracts identified as the subject parcels in this report under the “as proposed” scenario, as of April 17, 2019. The “as proposed” scenario includes the assumption that the CFD in place and that the parking garage project is fully funded and will be constructed within the next 9-12 months.
Intended Use:	The intended use of this appraisal is for internal analysis and compliance, to be used for establishing a special assessment area and related assessment fees applicable to the real property. It will also be used in conjunction with a bond offering by the CFD.
Intended Users:	PCCFD, the City of Phoenix and other entities and parties relying or using same in connection with the issuance and sale of the Special Assessment Revenue Bonds, Taxable Series 2019 of PCCFD
Hypothetical Conditions:	That the PCCFD has been funded and the parking garage will be built within the next 9-12 months.
Extraordinary Assumptions:	That the remaining tenant improvement construction and the remaining few details of the renovation project that will be required to reach market occupancy is completed in a professional workmanlike manner of similar quality to that which is evident to date.
Date of Valuation:	April 17, 2019
Date of Inspection:	April 17, 2019
Date of Report:	April 29, 2019
Appraisal Reporting Standards:	This report is drafted to adhere to the 2018-2019 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Guidelines of the City of Phoenix, as I understand them.

PARCEL DATA:

- Parcel Identification:** Parcels 1 through 4 of the recent re-plat of the property, shown in Exhibit 13 of the addenda.
- Tax Parcel Numbers:** The four subject parcels were all portions of six Maricopa County assessor's parcels numbered as 118-37-013, 118-37-027A, 118-37-027D, 118-37-027E, 118-37-031 and 118-37-030A. However, as a result of the re-plat, the area is in process of having new assessor's parcel number assigned.
- Legal Description:** The legal descriptions are shown on page 1 of the re-plat document shown Exhibit 13 of the Addenda.
- Ownership:** The four subject parcels included in the PCCFD are all under the ownership of HPPC LLC and HPPC II LLC, both of which are entities owned by Halualoa Corporation.
- Zoning:** Zoning of the property is regulated by the City of Phoenix. It is zoned C-2, H-R, intermediate commercial, high-rise and high-density district. The Phoenix general plan designates the site for commercial use.
- Site Improvements:** The larger property was improved with a regional mall in the 1950's and has had several additions and renovations since that time. The area that is not improved with commercial buildings has been finished with asphalt paving and curbing for use as parking area or finished with related landscaped areas.

IMPROVEMENT DATA:

Building

Improvements: **Parcel 1** includes a former 2-story department store building with a basement and three former retail store buildings. The three former retail buildings are all rectangular in shape and are configured in an “L” shape along a common walkway. They have been extensively renovated for conversion to restaurant and office uses, although much of the interior of the spaces remain as shell space. There is also a 12,000 square foot freestanding Firestone Tire Store building at the north end of the property. All of the buildings are at least 40 years old but they all were extensively renovated earlier this year, with almost all of the renovation work completed by the end of March 2019. Total building area on parcel 1 is reported to be 337,000 square feet, including 62,020 square feet of basement area.

Parcel 2 includes a single building that is a former department store. Total area is 193,000 square feet in two stories and a basement level. It is approximately 50-60 years old and the second floor has been stripped to a shell condition. Overall the building is in good condition for its age. This building is not currently being renovated.

Parcels 3 and 4 are both vacant land.

Occupancy On Date

of Valuation:

Parcel 1:	24%
Parcel 2:	47%
Overall:	32%

Highest & Best Use As

Improved: Continue finishing the interior space for leasing to market occupancy.

FINAL OPINIONS OF VALUE:

Parcel 1:	\$54,000,000
Parcel 2:	\$29,000,000
Parcel 3:	\$7,050,000
Parcel 4:	\$10,040,000

PARCEL DATA SUMMARY

	Parcel 1	Parcel 2	Parcel 3	Parcel 4
Location	3110 N. Central Avenue Phoenix	3141 N. 3 rd Avenue Phoenix	None assigned	108 W. Catalina Drive Phoenix
Former Assessor's Parcel Numbers:	Most of 118-37-027A	118-37-013B 118-37-027B and 118-37-031	A portion of 118-37-030A	Portions of 118-37-027A and 118-37-027D
Site Size in Acres Site Size in Square Feet	16.132 acres 702,697 square feet	12.51 acres 544,935 square feet	1.634 acres 71,178 square feet	2.505 acres 109,112 square feet
Site Improvements	Parking lot, landscaping, arbor	Parking lot, landscaping	Parking lot, landscaping	Parking lot, landscaping
Building Improvements	Former mall shop space and anchor space, converted to office and restaurant spaces; assume renovated and, where finished, in excellent condition.	Former department store space, two-level parking garage in average condition	None other than metal parking shade structures.	None
Bldg Square Footage	337,000 SF	193,000 SF	None	None
Occupancy	24%	47%	N/A	N/A
Highest and Best Use (As Proposed)	Complete build-out of renovated shop space for multi-tenant office and restaurant uses.	Renovate vacant space and lease for multi-tenant office occupancy.	Develop mixed-use commercial/residential high-rise project.	Develop mixed use commercial/residential high-rise project

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$30,000,000

**PARK CENTRAL COMMUNITY FACILITIES DISTRICT
(PHOENIX, ARIZONA)
SPECIAL ASSESSMENT REVENUE BONDS, TAXABLE SERIES 2019**

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking, dated _____, 2019 (the “*Undertaking*” or the “*Agreement*”), is executed and delivered by the Park Central Community Facilities District (the “*District*”) in connection with the issuance of the Park Central Community Facilities District (Phoenix, Arizona) Special Assessment Revenue Bonds, Taxable Series 2019 (the “*Bonds*”). The Bonds are being issued pursuant to an Indenture dated as of June 1, 2019 (the “*Indenture*”) by and between the District and U.S. Bank National Association, as trustee (the “*Trustee*”). The District covenants and agrees as follows:

1. *Purpose of this Undertaking.* This Undertaking is executed and delivered by the District as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. *Definitions.* The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data set forth in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the District, if any are prepared by the District, prepared pursuant to the standards and as described in Exhibit I. The District does not currently obtain audited financial statements and has no current expectation to do so in the future.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Undertaking, information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“*Event*” means the occurrence of any of the events set forth in Exhibit II.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Obligation*” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “*Financial Obligation*” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Listed Event*” means the occurrence of events set forth in Exhibit II provided that with respect to any Event qualified by the phrase “if material,” materially shall be interpreted under the Exchange Act. If an Event is not qualified by the phrase “if material,” such Event shall in all cases be material.

“*Listed Events Disclosure*” means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Rule*” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State*” means the State of Arizona.

“*Undertaking*” means the obligations of the District pursuant to Sections 4 and 5 hereof.

3. *CUSIP Number/Final Official Statement.* The CUSIP Numbers of the Bonds are as follows:

Maturity Date (July 1)	CUSIP No. *	Coupon	Maturity Date (July 1)	CUSIP No. *	Coupon
2020			2033		
2021			2034		
2022			2035		
2023			2036		
2024			2037		
2025			2038		
2026			2039		
2027			2040		
2028			2041		
2029			2042		
2030			2043		
2031			2044		
2032					

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The Final Official Statement relating to the Bonds is dated _____, 2019 (the “*Final Official Statement*”).

4. *Annual Financial Information Disclosure.* Subject to Section 9 of this Undertaking, the District shall disseminate its Annual Financial Information and its Audited Financial Statements, if any, (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA in an electronic format as prescribed by the MSRB. The District is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. *Listed Events Disclosure.* Subject to Section 9 of this Undertaking, the District hereby covenants that it will disseminate in a timely manner not in excess of ten business days after the occurrence of the event, Listed Events Disclosure to the MSRB through EMMA in an electronic format as prescribed by the MSRB. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any of the Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

6. *Duty to Update.* The District shall determine, in the manner it deems appropriate, the address of EMMA or such alternate repository specified by the MSRB each time it is required to file information with such entities.

7. *Consequences of Failure of the District to Provide Information.* The District shall give notice in a timely manner and within ten business days after the occurrence of such failure to the MSRB through EMMA, of any failure to provide Annual Financial Information Disclosure in the manner and at the time required.

In the event of a failure of the District to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an Event of Default under the Indenture, and the sole remedy available to Bondholders under this Undertaking in the event of any failure of the District to comply with this Undertaking shall be an action to compel performance.

8. *Amendments; Waiver.* Notwithstanding any other provision of this Agreement, the District by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as the Trustee) or by approving vote of the Bondholders pursuant to the terms of the Indenture at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the generally accepted accounting principles (“GAAP”) to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the District change or the Fiscal Year of the District changes, the District shall file a notice of such change in the same manner as for a notice of Listed Event.

9. *Termination of Undertaking.* The Undertaking of the District shall be terminated hereunder if the District shall no longer have liability for any obligation on or relating to repayment of a series of the Bonds under the Indenture. The District shall give notice in a timely manner if such event occurs to the MSRB through EMMA in an electronic format as prescribed by the MSRB.

10. *Dissemination Agent.* The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

11. *Additional Information.* Nothing in this Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or a Listed Event Disclosure, in addition to that which is required by this Undertaking. If the District chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the District shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

12. *Beneficiaries.* This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. *Recordkeeping.* The District shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. *Assignment.* The District shall not transfer obligations under the Indenture unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking meeting the requirements of the Rule.

15. *Governing Law.* This Undertaking shall be governed by the laws of the State.

**PARK CENTRAL COMMUNITY FACILITIES
DISTRICT**

By: _____
Denise M. Olson
District Treasurer

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means the following:

- (a) Information of the type contained in TABLE 2 of the Final Official Statement, annual updates to ownership changes, parcel splits and Assessment modifications of Assessed Parcels during the preceding fiscal year (if none have occurred, the information filed with respect to the next most-recent fiscal year would be re-filed).
- (b) Information with respect to status of delinquent Assessments (including amount of penalties and interest), if any, as such matters relate to the “*Assessed Parcels*” which are the subject of TABLE 2 of the Final Official Statement. If there are no such delinquencies in the preceding fiscal year, the Annual Financial Information would contain a statement to the effect “No Delinquent Assessment Payments.”
- (c) Information of the type contained in Appendix A to the Final Official Statement, an annual update to the forecast shown on pages A-4 through A-7 of such Appendix A containing the information as presented for actual results for the preceding fiscal year, but containing no update or restatement of the long-term forecast or any other projections contained in Appendix A.
- (d) On a one-time basis, within thirty (30) days following Completion of the Garage Project (as defined in the Indenture), a copy of the Certificate of Completion, in substantially in the form prescribed in the Indenture.

All or a portion of the Annual Financial Information and the Audited Financial Statements, if any, as set forth below may be included by reference in other documents which have been submitted to the MSRB through EMMA. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB through EMMA or the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA by February 1 of each year, commencing February 1, 2020. Audited Financial Statements, if any, as described below should be filed at the same time as the Annual Financial Information. If the District does prepare Audited Financial Statements, but they are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements, if any, will be prepared according to GAAP, as applied to governmental units as modified by State law.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the District will disseminate a notice of such change as required by Section 4, including changes in Fiscal Year or GAAP.

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds
7. Modifications to rights of Bondholders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the Bonds, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District*
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. The incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

* The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

EXCERPTS OF THE INDENTURE

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, to secure, except as otherwise provided herein, the payment of the principal of and interest on the Bonds (as such term is hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the holders thereof, the Issuer by these presents does grant, bargain, sell, release, convey, collaterally assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee, forever, all and singular the following described properties, and grants a security interest therein for the purposes herein expressed, to-wit:

GRANTING CLAUSE FIRST

All money and investments held for the credit of the Principal Account, the Interest Account and the Redemption Account of the Debt Service Expense Fund established with the Trustee as hereinafter described;

GRANTING CLAUSE SECOND

All money and investments held for the credit of the Debt Service Reserve Fund established with the Trustee as hereinafter described;

GRANTING CLAUSE THIRD

Any and all property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Issuer or by anyone in its behalf (and the Trustee is hereby authorized to receive the same at any time as additional security hereunder), which subjection to the lien and security interest hereof of any such property as additional security may be made subject to any reservations, limitations, or conditions which shall be set forth in a written instrument executed by the Issuer or the person so acting in its behalf or by the Trustee respecting the use and disposition of such property or the proceeds thereof;

BUT EXCLUDING AMOUNTS FROM TIME TO TIME IN THE GARAGE CONSTRUCTION FUND, THE COSTS OF ISSUANCE FUND, THE PARKING GARAGE REVENUE FUND, THE O&M EXPENSE FUND, THE DISTRICT EXPENSE FUND, THE REPLACEMENT RESERVE FUND, THE GARAGE ASSET MANAGER EXPENSE FUND, THE ASSESSMENT AREA DEVELOPER EXPENSE FUND AND THE EXCESS FUNDS LONG-TERM RESERVE FUND;

TO HAVE AND TO HOLD all said property of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, aligned, released, conveyed, collaterally assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said properties together with any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate) being herein collectively referred to as the "Trust Estate"), unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for, the equal and proportionate benefit and security of the holders from time to time of all the Outstanding Bonds without any priority of any such Bond over any other such Bond and to secure the observance and performance of all terms, covenants, conditions, agreements and obligations of the Issuer hereunder, except as herein otherwise expressly provided;

UPON CONDITION that, if the Issuer, its successors or assigns shall well and truly pay the principal of and interest on the Outstanding Bonds according to the true intent and meaning thereof, or there shall be deposited with the Trustee or an escrow agent such amounts in such form in order that none of the Bonds shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and the observance or performance of all terms, covenants, conditions, agreements and obligations hereunder, then upon the full and final payment of all such sums and amounts secured hereby, or upon such deposit, this Indenture and the rights, titles, liens, security interests and assignments herein granted shall cease, determine, and be void and this Indenture shall be released by the Trustee in due form at the expense of the Issuer, except only as herein provided and otherwise this Indenture to be and remain in full force and effect;

AND IT IS HEREBY COVENANTED AND DECLARED that all the Bonds are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions, and trust hereinafter set forth, and the Issuer hereby covenants and agrees to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Bonds except as herein otherwise expressly provided, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01 Definitions.

“Authorized Denomination” means \$5,000 of principal amount and integral multiples of \$1,000 of principal amount in excess thereof, but in no case ever less than the minimum amount of the Authorized Denomination unless necessary to accommodate redemption of the Bonds.

“Authorized District Representative” means the District Manager, the District Treasurer or a designee of either of them identified and delivered to the Trustee in writing.

“Board Resolution” means a resolution of the Board certified by the District Clerk to be in full force and effect on the date of such certification and delivered to the Trustee.

“Bondowner” means a Holder of a Bond.

“Business Day” means any day other than a Saturday; a Sunday; or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the city where the designated corporate trust office of the Trustee is located.

“City Contribution” means the contribution by the City for the Garage Project in an amount calculated pursuant to Section 4.3(e) of the Development Agreement.

“City Contribution Account” means the fund of the Issuer so established in Section 5.04.

“Closing Date” means the date of the authentication and delivery of the Bonds to the initial purchasers thereof.

“Completion” or “Complete” means, as to the Garage Project, the completion of the punch list items identified by the District Engineer, the Contractor and the Development Manager, the issuance of a certificate of occupancy (or its equivalent) by the City, and the payment of the Project Costs to accomplish the foregoing.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Issuer relating to the execution, sale and delivery of the Bonds and the execution and delivery of this Indenture, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs,

initial fees and charges of the Trustee, legal fees and charges, insurance fees and charges, financial, appraisal and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing, including reimbursement to the Initial Owners for any such item paid on behalf of the Issuer by the Initial Owners.

“Costs of Issuance Fund” means the fund of the Issuer so established in Section 5.02.

“Debt Service” means, collectively, (i) the principal (whether due as a result of Stated Maturity or Maturity due to mandatory redemption) of and interest and premium, if any, on the Bonds.

“Debt Service Expense Fund” means the fund of the Issuer so established in Section 5.04.

“Debt Service Reserve Fund” means the fund of the Issuer so established in Section 5.04.

“Debt Service Reserve Fund Requirement” means, at any applicable time, the maximum Debt Service requirements with respect to the Outstanding Bonds.

“Defaulted Interest” has the meaning stated in Section 3.07.

“Development Manager” means Plaza Del Rio Management Corp. dba Plaza Companies.

“Dignity” means Dignity Health, a California non-profit public benefit corporation, and its successors.

“Dignity Construction Account” means the account within the Garage Construction Fund of the Issuer so established in Section 5.01.

“District Construction Account” means the account within the Garage Construction Fund of the Issuer so established in Section 5.01.

“Dignity’s Proportionate Share” has the meaning stated in Section 5.05(B)(i).

“District Cap” has the meaning stated in Section 5.05(B)(iv).

“District Engineer” means EPS Group, Inc.

“District Expenses” means, to the extent permitted in the Act, the reasonable expenses and costs of the operation and administration of the Issuer (but not O/M Expenses) including the reasonable expenses and costs incurred by the City in connection with the formation of the Issuer; its operations; its relationship with the City; its development and maintenance of the website required by the Act; its issuance of the Bonds or any similar matters and reasonable fees and related costs and expenses of staff of the City, financial advisors, engineers, appraisers, attorneys and other consultants and including any overhead incurred by the City with respect thereto and specifically and reasonably allocated to the District Expenses. District Expenses also includes the amounts of the insurance premiums arising as a result of procuring insurance as described in Section 5.3 of the Development Agreement. The deductible contributions due from the Issuer described in said Section 5.3 shall become “District Expenses”.

“District’s Proportionate Share” has the meaning stated in Section 5.05(B)(ii).

“Excess Funds Long-Term Reserve Fund” means the fund of the Issuer so established in Section 5.04.

“Fiscal Year” means the twelve (12) month period beginning on July 1 of any year and ending on June 30 of the following year.

“Garage Asset Management Agreement” means the Garage Asset Management Agreement described in and executed between the Issuer and the Garage Asset Manager pursuant to Section 4.1 of the Development Agreement.

“Garage Asset Manager” means HPPC, LLC, or any successor Garage Asset Manager approved by the Issuer pursuant to Section 4.1 of the Development Agreement.

“Garage Construction Fund” means the fund of the Issuer so established in Section 5.01.

“Garage Operating Agreement” means the Garage Operating Agreement described in and to be executed between the Garage Operator and the Garage Asset Manager pursuant to Section 4.1 of the Development Agreement.

“Garage Operator” means the firm serving in such capacity from time to time pursuant to the Garage Operating Agreement.

“Garage Project” means the parking structure and associated facilities located on the Garage Project Site and more fully described in the Development Agreement.

“Governmental Obligations” means (1) direct obligations of, or obligations the timely payment of principal of is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Internal Revenue Code of 1954 or the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in Clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in Clause (1) are not available to satisfy any other claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating category of S&P, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds. Governmental Obligations also includes for purposes other than Section 6.02, a “no load,” open-end management investment company or trust (mutual fund), registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States, and repurchase agreements secured by the same.

“Initial Owners’ Construction Account” means the account within the Garage Construction Fund of the Issuer so established in Section 5.01.

“Interest Account” means the account of the Debt Service Expense Fund so established in Section 5.04.

“Interest Payment Date” means each January 1 and July 1 commencing January 1, 2020.

“Issuer” means Park Central Community Facilities District, a community facilities district formed by the City of Phoenix, Arizona

“Issuer Request” means a written request signed in the name of the Issuer by an Authorized District Representative and delivered to the Trustee.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

“Officer’s Certificate” means a certificate signed by the District Manager or the District Treasurer and delivered to the Trustee.

“O&M Expense Fund” means the fund of the Issuer so established in Section 5.04.

“O&M Expenses” means the reasonable expenses and costs of the operation and maintenance of the Garage Project (excluding any amounts for reserves) including any overhead incurred by the City with respect thereto and specifically and reasonably allocated to the O/M Expenses.

“Opinion of Counsel” means a written opinion of counsel who may (except as otherwise expressly provided in this Indenture) be counsel for the Issuer and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Bond under federal income tax law, shall be counsel of nationally recognized standing in the field of municipal bond law and when given with respect to the status of any matter relating to the laws on bankruptcy, shall be counsel of nationally recognized standing in the field of bankruptcy law.

“Outstanding” when used with respect to Bonds means, as of the date of determination, all Bonds of a series theretofore authenticated and delivered under this Indenture, except, without duplication:

1. Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
2. Bonds for the payment or redemption of which money in the necessary amount is on deposit with the Trustee or any Paying Agent for the Owners of such Bonds at the Maturity thereof; provided, however, that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;
3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture;
4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 3.06 and
5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified in Section 6.02.

“Owner” when used with respect to any Bond, means the Person in whose name such Bond is registered in the Bond Register.

“Parking Garage Revenue Fund” means the fund of the Issuer so established in Section 5.04.

“Parking User Agreements” shall mean the following encumbrances on the Garage Project Site: (a) an Easement dated January 6, 1998 and recorded January 23, 1998, at Document No. 98-0051482, Records of Maricopa County, in favor of adjacent property currently operated as a Hampton Inn, (b) an easement agreement in favor of Dignity, dated June 29, 1998 and recorded July 1, 1998, as Document No. 98-0566616, as amended by that amendment dated January 23, 2019, and recorded January 23, 2019, as Document No. 2019-0047394, (c) an easement agreement in favor of Creighton University, dated April 15, 2019 and recorded April 16, 2019, as Document No. 2019-0264879, (d) an easement agreement in favor of HPPC, LLC, dated May 3, 2019 and recorded May 3, 2019, as Document No. 2019-0321720, and (e) an easement agreement in favor of Apartments Parcel, dated May 3, 2019 and recorded May 3, 2019, as Document No. 2019-0321721.

“Parking User Revenues” means all revenue from parking users, including but not limited to all revenue from tenants and owners of the Assessed Property, Dignity, the users under the Parking User Agreements, and other users of the Garage Project during business hours, all revenue from the apartment parcel, and all revenue from holiday, weekend and evening events, including special events, all revenue generated from the uses described in Section 4.2 of the Development Agreement, and all proceeds of business interruption and other insurance maintained by the Issuer with respect to the Garage Project.

“Parking User Revenue Account” means the account within the Parking Garage Revenue Fund of the Issuer so established in Section 5.01.

“Paying Agent” means any Person authorized by the Issuer to pay the principal of and interest and premium, if any, on any Bonds on behalf of the Issuer.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Permitted Investments” means:

- A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 - 1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership;
 - 2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership;
 - 3. Federal Financing Bank;
 - 4. Federal Housing Administration Debentures (FHA);
 - 5. General Services Administration Participation Certificates;
 - 6. Government National Mortgage Association GNMA or “Ginnie Mae” GNMA – guaranteed mortgage-backed bonds GNMA – guaranteed pass-through obligations (participation certificates) (not acceptable for certain cash-flow sensitive issues);
 - 7. U.S. Maritime Administration
Guaranteed Title XI financing;
 - 8. New Communities Debentures
U.S. government guaranteed debentures;
 - 9. U.S. Public Housing Notes and Bonds
U.S. government guaranteed public housing notes and bonds; and
 - 10. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations (Consolidated debt obligations);
 2. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates (Mortgage-backed securities), Senior debt obligations;
 3. Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal); and
 4. Farm Credit System consolidated systemwide bonds and notes.
- D. Money market funds registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and having a rating by S&P (as such term is hereinafter defined) of “AAAm-G” “AAA-m” or “AA-m” and if rated by Moody’s rated “Aaa,” “Aa1” or “Aa2”;
- E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above; certificates of deposit must have one year or less maturity; such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated “A-1+” or better by S&P and “Prime-1” by Moody’s; the collateral must be held by a third party and must have a perfected first security interest on the collateral;
- F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Company, including the Bank Insurance Fund and the Savings Association Insurance Fund;
- G. Investment agreements provided by entities with ratings on their long term obligations or claims paying ability of “AA” by S&P and required to be collateralized to the then current requirements of S&P to always have a rating of at least “A.” An investment agreement may not be amended, and no investment agreement may be entered into in substitution for an investment agreement unless any rating agency which has rated the Bonds has confirmed that the rating of such rating agency will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement;
- H. Commercial paper rated, at the time of purchase, “A-1+” or better by S&P;
- I. Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;
- J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1+” or “A” or better by S&P;
- K. Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the issuer (buyer/lender), and the transfer of cash from the issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Issuer in exchange for the securities at a specified date;

Repurchase agreements must satisfy the following criteria:

1. Repurchase agreements must be between the Issuer and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated “A” or better by S&P and Moody’s, or
 - b. Banks rated “A” or above by S&P and Moody’s.
2. The written repurchase agreement must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (FNMA & FHLMC);
 - b. The term of the repurchase agreement may be up to 30 days;
 - c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities);
 - d. The Trustee has a perfected first priority security interest in the collateral;
 - e. Collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a repurchase agreement or reverse repurchase agreement;
 - f. Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate collateral; and
 - g. Valuation of Collateral
 - (1) The securities must be valued at least weekly, marked to-market at current market price plus accrued interest; and
 - (2) The value of collateral must be equal to 102% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral slips below 102% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred.
3. Legal opinion which must be delivered to the municipal entity:
 - a. Repurchase agreement meet guidelines under state law for legal investment of public funds.

L. Governmental Obligations.

M. Obligations, representing interest on obligations of the Resolution Funding Corporation, the payment of such interest, if other revenues are insufficient is required to be paid from

the United States Treasury, which interest obligations are “stripped” by the Federal Reserve Bank of New York.

“Plans and Specifications” means the plans and specifications for the Garage Project which shall be prepared by the Architect and reviewed by the Issuer and the District Engineer in accordance with the requirements for plans and specifications for construction projects of the City similar to the Garage Project.

“Principal Account” means the account of the Debt Service Expense Fund of the Issuer so established in Section 5.04.

“Project Costs” means all hard and soft costs incurred by the Initial Owners, the City, or the Issuer to design, construct and equip the Garage Project, including without limitation (i) all costs payable under the contract with the Architect, (ii) all costs payable pursuant to the Construction Contract, (iii) all costs payable pursuant to the Development Management Agreement, (iv) all costs of permitting the Garage Project and procuring the Garage Project, (v) all costs payable to the District Engineer, and (vi) those categories of costs listed on Exhibit G of the Development Agreement.

“Redemption Account” means the fund of the Issuer so defined in Section 5.01.

“Redemption Date” when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms thereof and this Indenture.

“Redemption Price” when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to this Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Regular Record Date” for the interest payable on the Bonds on any Interest Payment Date means the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“Replacement Reserve Fund” means the fund of the Issuer so established in Section 5.04.

“Responsible Officer” means the chairman or vice chairman of the board of directors of the relevant entity, the chairman or vice chairman of the executive committee of said board, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller, any assistant controller or any other officer or authorized Person of the relevant entity customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer of the relevant entity to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Stated Maturity” when used with respect to any Bond or any installment of interest on any Bond means the date specified in such Bond as the fixed date on which the principal or such installment of interest on any such Bond is due and payable.

“Trust Estate” has the meaning stated in the habendum to the Granting Clauses.

“Work” means the work, as defined in Section 48-571(A)(22), Arizona Revised Statutes, on the Garage Project, the construction of which is to be financed with the proceeds of the sale of Bonds. For avoidance of doubt, the Work shall not include the portion of the Garage Project that is being funded by the Dignity Construction Account.

ARTICLE FOUR

REDEMPTION OF BONDS

SECTION 4.02 Election to Redeem; Notice to Trustee.

The exercise by the Issuer of its option to redeem any Bonds shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer of less than all of the Outstanding Bonds the Issuer shall, at least sixty (60) days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the Stated Maturities and principal amounts of Bonds to be redeemed.

SECTION 4.03 Selection of Bonds to be Redeemed.

A. If less than all the Outstanding Bonds of a Stated Maturity are to be redeemed, the particular Bonds of that Stated Maturity to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to \$5,000 of principal amount or an integral multiple of principal amount of \$1,000 thereof, but in no case less than the minimum of the allowable Authorized Denomination unless necessary to redeem the Bonds) of the principal of Bonds of such series of the Bonds of a denomination larger than the Authorized Denomination allowable. (A Bond shall not be redeemed if such redemption would result in the remaining principal amount of the Bond being less than the minimum of the allowable Authorized Denomination.)

B. The Trustee shall promptly notify the Issuer in writing of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 4.04 Notice of Redemption.

A. Notice of redemption shall be given by the Trustee in the name and at the expense of the Issuer, not less than thirty (30) nor more than sixty (60) days prior to the Redemption Date, to each Owner of the Bonds to be redeemed, at his address appearing in the Bond Register and be posted electronically to the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board ("MSRB") or such other information repository designated by the MSRB or the Securities and Exchange Commission.

B. All notices of redemption shall include a statement as to

1. the Redemption Date,
2. the Redemption Price,
3. the principal amount of Bonds to be redeemed and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of Bonds of such series of the Bonds to be redeemed,
4. that on the Redemption Date, the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date and
5. that the Bonds to be redeemed are to be surrendered for payment of the Redemption Price to the Paying Agent and the address of such Paying Agent.

SECTION 4.05 Deposit of Redemption Price.

On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.04 with regard to any Redemption Date, the Issuer shall deposit or cause to be deposited with the Trustee an amount of money which, together with any amounts in the Redemption Account available for such purpose, is sufficient to pay the Redemption Price of all the Bonds then to be redeemed and interest, if any, accrued thereon to the Redemption Date. Such money and amounts shall be segregated and shall be held in trust, uninvested, for the benefit of the Owners entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

SECTION 4.06 Bonds Payable on Redemption Date.

A. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Issuer at the Redemption Price, but solely from the sources therein provided. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.07.

B. If any Bond to be redeemed shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, continue to bear interest at the rate prescribed therefor in such Bond.

SECTION 4.07 Bonds Redeemed in Part.

Any Bond which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Trustee, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of any Authorized Denomination or Denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

ARTICLE FIVE

FUNDS AND ACCOUNTS

SECTION 5.01 Establishment of Garage Construction Fund and Accounts Therein.

There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer, separate and apart from the Trust Estate, designated its "Garage Construction Fund" (the "Garage Construction Fund") and within such fund the following accounts: (1) a special account designated the "District Construction Account," (2) a special account designated the "Dignity Construction Account," and (3) a special account designated the "Initial Owners' Construction Account." The money deposited to such fund and accounts, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.05.

SECTION 5.02 Establishment of Costs of Issuance Fund.

There is hereby created by the Issuer and established with the Trustee a special fund of the Issuer separate and apart from the Trust Estate and designated its "Costs of Issuance Fund." The money deposited to the Costs of Issuance Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.06.

SECTION 5.03 Establishment of Assessment Revenue Fund.

There is hereby created by the Issuer and established with the Trustee a special trust fund of the Issuer designated its "Assessment Revenue Fund" The money deposited to the Assessment Revenue Fund, together with all

investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.07.

SECTION 5.04 Establishment of Other Funds and Accounts Therein.

There are hereby created by the Issuer and established with the Trustee the following special funds of the Issuer and accounts therein. The money deposited to such funds and accounts, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.08 with respect to the Parking Garage Revenue Fund, in Section 5.09 with respect to the Debt Service Expense Fund, in Section 5.10 with respect to the Debt Service Reserve Fund, in Section 5.11 with respect to the O&M Expense Fund, in Section 5.12 with respect to the District Expenses Fund, in 5.13 with respect to the Replacement Reserve Fund, in Section 5.14 with respect to the Garage Asset Manager Expense Fund, in Section 5.15 with respect to the Developer Expense Fund and in Section 5.16 with respect to the Excess Funds Long-Term Reserve Fund.

- A. Parking Garage Revenue Fund
 - 1. Parking User Revenue Account
 - 2. City Contribution Account
- B. Debt Service Expense Fund
 - 1. Interest Account
 - 2. Principal Account
 - 3. Redemption Account
- C. Debt Service Reserve Fund
- D. O&M Expense Fund
- E. District Expense Fund
- F. Replacement Reserve Fund
- G. Garage Asset Manager Expense Fund
- H. Developer Expense Fund
- I. Excess Funds Long-Term Reserve Fund

SECTION 5.05 Deposits to and Application of Amounts in the Garage Construction Fund.

- A. The Trustee shall make deposits into the Garage Construction Fund, as follows:
 - 1. To the District Construction Account – \$_____ from the proceeds received by the Trustee from the sale of the Bonds, as provided in Section 5.17 hereof;
 - 2. To the Dignity Construction Account -- \$8,000,000.00 received by the Trustee from Dignity concurrently with the issuance of the Bonds; and
 - 3. To the Initial Owner's Construction Account -- \$1,509,421.00 received from Dignity concurrently with the issuance of the Bonds.

B. The Trustee shall fund each request for an Advance from the Garage Construction Fund, but not more often than monthly, within ten (10) days of receipt of such request in the form attached as Exhibit B hereto, signed by an Authorized District Representative. With respect to each Advance request, the Trustee shall disburse advances from the Dignity Construction Account and the District Construction Account in accordance with Dignity's Proportionate Share (as defined below) and the District's Proportionate Share (as defined below), respectively, for the payment of the Project Costs set forth in such Advance request; provided, however, in no event shall the Trustee disburse Advances from the Dignity Construction Account in excess of the Dignity Cap (as defined below) and in no event shall the Trustee disburse Advances from the District Construction Account in excess of the District Cap (as defined below).

(i) "Dignity's Proportionate Share" shall be a ratio 24.99%, derived from the computation in which the numerator is 500 (i.e., the number of spaces in the Garage Project to which Dignity is entitled) and the denominator of which is 2,001 (the total number of spaces in the Garage Project as reflected on the Plans and Specifications for the Garage Project).

(ii) The "District's Proportionate Share" shall be a ratio 75.01%, derived from the computation in which the numerator is 1,501 (the total number of spaces in the Garage Project as reflected on the Plans and Specifications for the Garage Project less 500) and the denominator of which is 2,001 (the total number of spaces in the Garage Project as reflected on the Plans and Specifications for the Garage Project)

(iii) The "Dignity Cap" shall be the sum of \$8,000,000.00.

(iv) The "District Cap" shall be the aggregate amount of the District Construction Account.

If, taking into account all prior Advances, the District's Proportionate Share of any Advance would exceed the District Cap, then the Trustee shall first deplete the District Construction Account up to the District Cap and shall then disburse from the Initial Owners' Construction Account the remaining portion of the District's Proportionate Share. If, taking into account all prior Advances, Dignity's Proportionate Share of any Advance would exceed the Dignity Cap, then the Trustee shall first deplete the Dignity Construction Account up to the Dignity Cap and shall then disburse advances from the District Construction Account the remaining portion of Dignity's Proportionate Share; and if such disbursement would exceed the District Cap, then the Trustee shall deplete the District Construction Account and shall disburse advances from the Initial Owners' Construction Account the remaining portion of Dignity's Proportionate Share. The Bond Trustee shall follow this process until Completion of the Garage Project.

C. No Advance will be made for the payment of Project Costs if the Issuer or the District Engineer notifies the Trustee in writing that the District Engineer has determined, in its professional opinion, that the remaining amount in the Garage Construction Fund (taking into account the Dignity Cap and the District Cap, and the process set forth in (B) above) following such disbursement will be insufficient to Complete the Garage Project in accordance with the Plans and Specifications for the Parking Garage, unless and until the Initial Owners have deposited into the Initial Owners' Construction Account an amount which the District Engineer has notified the Trustee in writing covers such insufficiency. Upon such deposit and restoration, the Trustee shall continue to fund requests for Advances from the Garage Construction Fund as provided in (B) above.

D. All investments of monies in the District Construction Account, the Dignity Construction Account and the Initial Owners' Construction Account and investment income therefrom shall be retained in such respective account pending disbursement.

E. Following Completion of the Garage Project, evidenced by receipt of a certificate in the form attached as Exhibit C hereto and signed by an Authorized District Representative, the Trustee shall (i) disburse any remaining amounts in the Initial Owners' Construction Account to the Initial Owners, and (ii) disburse any remaining amounts in the Dignity Construction Account to Dignity, in each case in accordance with wiring instructions provided by the Issuer, and (iii) transfer, at the direction of an Authorized District Representative any remaining funds in the District Construction Account either to the Redemption Account of the Debt Service Expense Fund, for immediate application by the Trustee toward the special redemption of the Bonds pursuant to Section 3.02(A)(1) hereof, or to the Interest Account of the Debt Service Expense Fund.

F. Within thirty (30) days following the end of each calendar quarter prior to the Completion of the Garage Project, beginning with the calendar quarter ending September 30, 2019, the District agrees to file with the Trustee quarterly construction status reports of the District Engineer regarding the Garage Project provided however that a failure by the District to make a filing shall not be considered as a default of the obligations hereunder.

SECTION 5.06 Deposit to and Application of Amounts in the Cost of Issuance Fund.

The Issuer shall deposit to the credit of the Costs of Issuance Fund the proceeds of the sale of the Bonds provided in Section 5.17. Upon receipt of an Issuer Request, amounts on deposit in the Costs of Issuance Fund shall be applied by the Trustee solely to pay the Costs of Issuance; provided, however, that if any such amounts remain on deposit in the Costs of Issuance Fund on December 20, 2019, such amounts shall be transferred by the Trustee to the District Construction Account of the Garage Construction Fund.

SECTION 5.07 Deposits to and Application of Amounts in the Assessment Revenue Fund

A. There shall be deposited into the Assessment Revenue Fund all amounts received by the Trustee or remitted to the Issuer from the collection of installments with respect to the Assessment to the extent provided in Section 10.01(A). The Issuer hereby directs the Trustee to, upon receipt, deposit such amounts to the credit of:

1. the Principal Account, amounts collected by or remitted to the Issuer from the collection of the principal portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for the payment of principal (whether due as a result of Stated Maturity or Maturity due to mandatory redemption) of the Bonds with respect to Debt Service;

2. the Interest Account, amounts collected by or remitted to the Issuer from the collection of the interest portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for payment of the interest on the Bonds with respect to Debt Service;

3. the Redemption Account:

a. amounts remitted to the Issuer as prepayments of installments with respect to the Assessment to the extent provided in Section 10.01(A) and not necessary to pay principal of or interest on the Bonds (which shall be held in the Principal Account and the Interest Account, respectively) prior to the application of such amounts to redeem Bonds; and

b. amounts received by the Issuer as proceeds from any foreclosure sale of any real property which is the subject of the Assessment due to a failure to pay an installment which is the subject of the Assessment to the extent described in Section 10.01(A);

SECTION 5.08 Deposits into and Application of Amounts in the Parking Garage Revenue Fund.

A. There shall be deposited into the Parking Garage Revenue Fund all amounts received by the Trustee and identified by an Authorized District Representative as Parking User Revenues or City Contributions. The Issuer shall direct the Trustee to, upon receipt, deposit such amounts to the credit of:

1. the Parking User Revenue Account, all Parking User Revenues; and

2. the City Contribution Account, all City Contributions.

B. The Trustee shall apply all amounts in the Parking Garage Revenue Fund on the 15th day of each month, as follows, first from amounts in the Parking User Revenue Account and thereafter from amounts in the City Contribution Account:

1. First, to the Interest Account of the Debt Service Expense Fund, an amount equal to one-fifth (1/5) of amount of interest to be paid on the Bonds on the next Interest Payment Date unless and until funds are on deposit in an amount sufficient to make such payment. If monies transferred are not available to make a deposit when required, such deficiency must be made remedied on the next succeeding deposit date.

2. Second, to the Principal Account of the Debt Service Expense Fund (in each Bond year ending on a date on which Bonds mature or are subject to mandatory sinking fund redemption), an amount equal to one-tenth (1/10) of amount of respective principal amounts at maturity plus one-tenth (1/10) of the amount of any mandatory sinking fund redemption requirement on the Bonds that will mature or become due on the last day of such Bond Year unless and until funds are on deposit in an amount sufficient to make such payment. If monies transferred are not available to make a deposit when required, such deficiency must be remedied on the next succeeding deposit date.

3. Third, to the Debt Service Reserve Fund in an amount to restore the amount therein to contain the Debt Service Reserve Fund Requirement.

4. Fourth, to the O&M Expense Fund in an amount directed by the Authorized District Representative, for payment of O/M Expenses in accordance with the annual District Budget, as amended.

5. Fifth, to the District Expense Fund in an amount directed by the Authorized District Representative, for payment of District Expenses in accordance with the annual District Budget, as amended.

6. Sixth, for deposit to the Replacement Reserve Fund, commencing in July 15, 2025, in an amount equal to \$50,000.00 during each Fiscal Year. Money in the Replacement Reserve Fund shall be used only to make capital replacements, repairs and other capital expenses.

7. Seventh, to the Garage Asset Manager Expense Fund in an amount directed by the Authorized District Representative, to reimburse the Garage Asset Manager for additional O/M Expenses advanced by the Garage Asset Manager as provided in the Development Agreement;

8. Eighth, to Developer Expense Fund in an amount directed by the Authorized District Representative, to reimburse the Developer for amounts advanced by the Developer as provided in the Development Agreement; and

9. Ninth, the balance for deposit to the Excess Funds Long-Term Reserve Fund as a reserve to be used for any lawful purpose of the Issuer, including for the redemption of Bonds.

C. All investments of monies in the Parking User Revenue Account and the City Contribution Account and investment income therefrom shall be retained in such respective account pending disbursement.

SECTION 5.09 Deposits to and Application of Amounts in the Debt Service Expense Fund.

The money deposited to the Principal Account, the Interest Account and the Redemption Account, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.02 and 7.03. The Issuer shall, upon receipt, deposit to the credit of

1. the Principal Account:

a. amounts deposited therein from the Parking Garage Revenue Fund pursuant to Section 5.08(B) hereof;

b. amounts collected by or remitted to the Issuer from the collection of the principal portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for the payment of principal (whether due as a result of Stated Maturity or Maturity due to mandatory redemption) of the Bonds with respect to Debt Service;

c. amounts transferred from the Debt Service Reserve Fund pursuant to Section 5.10(A), (B)(1) or (D)

d. amounts transferred from the Excess Funds Long-Term Reserve Fund as provided in Section; and

e. such other funds as the Issuer shall, at the option of the Board, deem advisable.

2. the Interest Account:

a. amounts deposited therein from the Parking Garage Revenue Fund pursuant to Section 5.08(B) hereof;

b. amounts collected by or remitted to the Issuer from the collection of the interest portion of installments with respect to the Assessment to the extent provided in Section 10.01(A) and which are allocated in the budget of the Issuer for the applicable fiscal year for payment of the interest on the Bonds with respect to Debt Service;

c. amounts transferred from the Debt Service Reserve Fund pursuant to Section 5.10(A), (B)(2) or (D);

d. amounts transferred from the Excess Funds Long-Term Reserve Fund as provided in Section 5.16(A); and

e. such other funds as the Issuer shall, at the option of the Board, deem advisable.

3. the Redemption Account:

a. amounts transferred from the Garage Construction Fund to the extent provided in Section 5.05(D);

b. amounts remitted to the Issuer as prepayments of installments with respect to the Assessment to the extent provided in Section 10.01(A) and not necessary to pay principal of or interest on the Bonds (which shall be held in the Principal Account and the Interest Account, respectively) prior to the application of such amounts to prepay the Bonds;

c. amounts received by the Issuer as proceeds from any foreclosure sale of any real property which is the subject of the Assessment due to a failure to pay an installment which is the subject of the Assessment to the extent described in Section 10.01(A);

d. amounts transferred from the Debt Service Reserve Fund pursuant to Section 5.10(B)(1); and

e. amounts paid pursuant to Section 4.05.

D. The amounts in the Principal Account, the Interest Account and the Redemption Account shall be applied solely to pay Debt Service as follows:

1. the amounts in the Principal Account shall be applied to pay principal of the Bonds as indicated in Section 3.01;

2. the amounts in the Interest Account shall be applied to pay interest on the Bonds as indicated in Sections 3.01 and 3.07; and

3. the amounts in the Redemption Account shall be applied to pay the Redemption Price on the Redemption Date for any of the Bonds as described in Section 3.02.

On the 15th day of each month, the Trustee shall transfer all investment income derived from monies in the Principal Account and the Interest Account to the Parking User Revenue Account of the Parking Garage Revenue Fund. On the 15th day of each month, the Trustee shall transfer all investment income derived from monies in the Redemption Account, except for such investment income which is being held for the redemption of Bonds, to the Parking User Revenue Account of the Parking Garage Revenue Fund.

SECTION 5.10 Deposits to and Application of Amounts in the Debt Service Reserve Fund.

The money deposited to the Debt Service Reserve Fund shall be held in trust by the Trustee and applied solely as provided in this Section. The Issuer shall deposit to the credit of the Debt Service Reserve Fund the amount received from the proceeds of the sale of the Bonds indicated in Section 5.16(A). The money deposited to such fund and accounts shall be held in trust by the Trustee and applied solely as provided in Section 5.05.

A. On, or, if either day is not a Business Day, before June 15 and December 15 of each year, the Trustee shall, to the extent there are sufficient amounts in the Debt Service Reserve Fund, transfer from the Debt Service Reserve Fund to the Principal Account and the Interest Account, as applicable, the difference between the amount in the Principal Account and the Interest Account, as applicable, on such date and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

B. (1) With respect to maturity or redemption of the Bonds, the Trustee shall examine the Debt Service Reserve Fund in relation to the Debt Service Reserve Fund Requirement to determine if such maturity or the redemption of Bonds pursuant to Section 3.02 allows the Debt Service Reserve Fund Requirement to be reduced and shall transfer the amount of any such permitted reduction to the level equal to the Debt Service Reserve Fund Requirement as reduced after such examination from the Debt Service Reserve Fund to the Principal Account with respect to such maturity and to the Redemption Account to be applied to such redemption.

(2) On the 15th day of each month, the Trustee shall examine the Debt Service Reserve Fund in relation to the Debt Service Reserve Fund Requirement to determine if any amounts which constitute investment earnings on the amounts in the Debt Service Reserve Fund allow the amount on deposit in the Debt Service Reserve Fund to be reduced to a level equal to the Debt Service Reserve Fund Requirement and shall transfer the excess over the Debt Service Reserve Fund Requirement from the Debt Service Reserve Fund to the Parking User Revenue Account of the Parking Garage Revenue Fund.

C. If, after a withdrawal from the Debt Service Reserve Fund for any reason, the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Issuer shall reimburse the Debt Service Reserve Fund (1) to the extent of proceeds from any delinquent amount due with respect to the Assessment including any foreclosure sale of any real property which is the subject of the Assessment due to a failure to pay an installment

which is the subject of the Assessment as described in Section 10.01(A), and (2) to the extent of amounts in the Excess Funds Long-Term Reserve Fund.

D. On July 15, 2043, any amounts that remain on deposit in the Debt Service Reserve Fund shall be transferred by the Trustee to the Principal Account and the Interest Account, as applicable, to pay Debt Service.

SECTION 5.11 Deposits to and Application of Amounts in the O&M Expense Fund.

Amounts shall be deposited into the O&M Expense Fund from amounts received from the Parking User Revenue Account and the City Contribution Account as provided in Section 5.08(B)(4) hereof. The money deposited to the O&M Expense Fund, shall be held in trust by the Trustee and applied and disbursed solely on directions provided by the Authorized District Representative, for payment of O/M Expenses of the Garage Project, in accordance with the annual District Budget, as amended. On the 15th day of each month, the Trustee shall transfer all investment income derived from monies in the O&M Expense Fund to the Parking User Revenue Account of the Parking Garage Revenue Fund.

SECTION 5.12 Deposits to and Application of Amounts in the District Expense Fund.

Amounts shall be deposited into the District Expense Fund from amounts received from the Parking User Revenue Account and the City Contribution Account as provided in Section 5.08(B)(5) hereof. The money deposited to the District Expense Fund, shall be held in trust by the Trustee and applied and disbursed solely on directions provided by the Authorized District Representative, for payment of District Expenses in accordance with the annual District Budget, as amended. On the 15th day of each month, the Trustee shall transfer all investment income derived from monies in the District Expense Fund to the Parking User Revenue Account of the Parking Garage Revenue Fund.

SECTION 5.13 Deposits to and Application of Amounts in the Replacement Reserve Fund.

Amounts shall be deposited into the Replacement Reserve Fund from amounts received from the Parking User Revenue Account and the City Contribution Account as provided in Section 5.08(B)(6) hereof. The money deposited to the Replacement Reserve Fund, shall be held in trust by the Trustee and applied and disbursed solely on directions provided by the Authorized District Representative, to make capital replacements, repairs and other capital expenses related to the Garage Project. All investments of monies in the Replacement Reserve Fund and investment income therefrom shall be retained in such fund.

SECTION 5.14 Deposits to and Application of Amounts in the Garage Asset Manager Expense Fund.

Amounts shall be deposited into the Garage Asset Manager Expense Fund from amounts derived from the Parking User Revenue Account and the City Contribution Account as provided in Section 5.08(B)(7) hereof. The money deposited to the Garage Asset Manager Expense Fund, shall be held in trust by the Trustee and applied and disbursed solely on directions provided by the Authorized District Representative, to reimburse the Garage Asset Manager for payment of additional O/M Expenses advanced by the Garage Asset Manager as provided in the Development Agreement. On the 15th day of each month, the Trustee shall transfer all investment income derived from monies in the Garage Asset Manager Expense Fund to the Parking User Revenue Account of the Parking Garage Revenue Fund.

SECTION 5.15 Deposits to and Application of Amounts in the Developer Expense Fund.

Amounts shall be deposited into the Developer Expense Fund amounts derived from the Parking User Revenue Account and the City Contribution Account as provided in Section 5.08(B)(8) hereof. The money deposited to the Developer Expense Fund, shall be held in trust by the Trustee and applied and disbursed solely on directions provided by the Authorized District Representative, to reimburse the Developer for amounts advanced by the Developer as provided in the Development Agreement. On the 15th day of each month, the Trustee shall transfer all investment income derived from monies in the Developer Expense Fund to the Parking User Revenue Account of the Parking Garage Revenue Fund.

SECTION 5.16 Deposits to and Application of Amounts in the Excess Funds Long-Term Reserve Fund

Amounts shall be deposited into the Excess Funds Long-Term Reserve Fund from amounts received from the Parking User Revenue Account and the City Contribution Account as provided in Section 5.08(B)(9) hereof. In addition, the District may from time to time cause other legally available funds to be deposited into the Excess Funds Long-Term Reserve Fund. The money deposited to the Excess Funds Long-Term Reserve Fund shall be held in trust by the Trustee and applied and disbursed solely on directions provided by the Authorized District Representative, for any lawful purpose of the Issuer, but (a) amounts therein must be transferred (i) to the Principal Account and the Interest Account of the Debt Service Expense Fund to the extent that amounts contained therein are not sufficient to pay Debt Service on the Bonds on any Debt Service payment date, (ii) to the Debt Service Reserve Fund to the extent that amounts contained therein are calculated to be below the Debt Service Reserve Fund Requirement, and (iii) to the Redemption Account of the Debt Service Expense Fund upon a special mandatory redemption of all Outstanding Bonds pursuant to Section 3.02(A)(3) hereof and (b) amounts therein may be transferred at any time to the O&M Expense Fund, the District Expense Fund, the Replacement Reserve Fund, the Garage Asset Manager Expense Fund or the Developer Expense Fund. On the 15th day of each month, the Trustee shall transfer all investment income derived from monies in the Excess Funds Long-Term Reserve Fund to the Parking User Revenue Account of the Parking Garage Revenue Fund.

SECTION 5.17 Disposition of Proceeds of Bonds.

Simultaneously with delivery of the Bonds to the initial purchasers thereof, the Issuer shall cause the Trustee to deposit the proceeds thereof as follows:

A. Debt Service Reserve Fund. An amount equal to \$ _____ of the proceeds of the sale of the Bonds (which equals the Debt Service Reserve Fund Requirement) shall be deposited to the credit of the Debt Service Reserve Fund.

B. Interest Account of the Debt Service Expense Fund. An amount equal to \$ _____ of the proceeds of the sale of the Bonds (which equals capitalized interest on the Bonds to July 1, 2020).

C. Costs of Issuance Fund. An amount equal to \$ _____ of the proceeds of the sale of the Bonds shall be deposited to the credit of the Costs of Issuance Fund for the purposes described in Section 5.06.

D. District Construction Account of the Garage Construction Fund. The balance remaining from the proceeds of the sale of the Bonds after the deposits described in Paragraphs A and B of this Section shall be deposited to the credit of the District Construction Account of the Garage Construction Fund for the purposes described in Section 5.05.

In addition, the Trustee will receive \$9,509,421.00 of escrowed funds transferred by Dignity. Such funds are to be deposited as follows:

E. To the Dignity Construction Account -- \$8,000,000.00; and

F. To the Initial Owner's Construction Account -- \$1,509,421.00.

SECTION 5.18 Investment of and Security for Funds.

A. Money held for the credit of the Debt Service Expense Fund shall, as nearly as may be practicable and except as otherwise provided in Section 4.05, be continuously invested and reinvested by the Trustee in Governmental Obligations as directed in writing by the Issuer. Absent such written direction such money shall be invested in Permitted Investments described in clause D of the definition thereof.

B. Money held for the credit of the all other funds and accounts shall, as nearly as may be practical, be continuously invested and reinvested by the Trustee in Permitted Investments as directed in writing by the Issuer. Absent such written direction such money shall be invested in Government Obligations.

C. The Trustee shall sell or present for redemption any obligations so purchased as an investment hereunder whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money required hereby. Investments shall mature, or shall be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established hereunder shall be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such fund.

D. All money held by the Trustee hereunder shall be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee shall not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from disregard or negligent implementation of any permitted direction by the Issuer.

ARTICLE SIX

DEFEASANCE AND RELEASES

SECTION 6.01 Payment of Indebtedness; Satisfaction and Discharge of Indenture.

A. Whenever

1. all Bonds theretofore authenticated and delivered have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding, however:

a. Bonds for the payment of which money has theretofore been deposited in trust with the Trustee or a Paying Agent as provided in Section 4.05,

b. Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, has been presented to the Trustee with a claim of ownership and enforceability by the Owner thereof and where enforceability has not been determined adversely against such Owner by a court of competent jurisdiction,

c. Bonds, other than those referred to in the foregoing Clauses, for the payment or redemption (under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name and at the expense of the Issuer) of which the Issuer has deposited or caused to be deposited with the Trustee in trust for such purpose an amount (to be immediately available for payment, except in the case of Bonds excepted from the foregoing Clause (b) prior to the time the ownership and enforceability of such Bonds has been established) sufficient to pay and discharge the entire indebtedness on the Bonds for principal (and premium, if any) and interest to the date of Maturity thereof which have become due and payable or to the Stated Maturity or Redemption Date, as the case may be and

d. Bonds deemed no longer Outstanding as a result of the deposit or escrow of money or Governmental Obligations or both as described in Section 6.02; and

2. the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer;

then, upon Issuer Request, this Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and the Trustee and each co-trustee and separate trustee, if any, then acting as such hereunder shall, at the expense of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Issuer or upon Issuer Request all cash, securities and other personal property then held by it hereunder as a part of the Trust Estate.

B. In the absence of an Issuer Request as aforesaid, the payment of all Outstanding Bonds shall not render this Indenture inoperative or prevent the Issuer from issuing Bonds from time to time thereafter as herein provided.

C. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 8.06 shall survive.

SECTION 6.02 Defeasance.

Any Bond shall be deemed to be no longer Outstanding when payment of the principal of and premium, if any, such Bond, plus interest thereon to the Maturity thereof (whether such Maturity be by reason of the Stated Maturity thereof or giving of notice redemption therefor, if notice of such redemption has been given or waived or irrevocable arrangements therefor satisfactory to the Trustee have been made) shall have been provided for by depositing for such payment from funds of the Issuer under the terms provided in this Section (1) money sufficient to make such payment or (2) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment, provided that all necessary and proper fees, compensation, and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such deposit shall be made either with the Trustee or, if notice of such deposit is given to the Trustee, with a state or nationally chartered bank with a minimum combined capital and surplus of \$50,000,000, as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or the Paying Agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the Maturity thereof and of such interest or the Stated Maturity, as the case may be. If such deposit is made with respect to some but not all of the Bonds then Outstanding, the Trustee shall select the Outstanding Bonds in the same manner as provided in Section 4.03 for the selection of Bonds to be redeemed. Notwithstanding anything herein to the contrary however, no such deposit shall have the effect hereinabove described (1) if made during the existence of default hereunder of which the Trustee has received written notice unless made with respect to all of the Bonds then Outstanding and (2) unless there shall be delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose shall be held by the Trustee in a segregated account in trust for the Owners of the Bonds with respect to which such deposit is made and together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on the Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section shall be invested or reinvested unless in Governmental Obligations and unless such money not invested, such Governmental Obligations not reinvested, and such new investments are together certified by an independent accountant of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for purposes of any such payment from such money or Governmental Obligations.

SECTION 6.03 Application of Deposited Money.

Money or Governmental Obligations deposited with the Trustee pursuant to Section 6.01 or 6.02 shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Subject to the provisions of Section 4.03, such money or Governmental Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent as the Trustee may determine) to the Owners

entitled thereto of the principal (and premium, if any) and interest for the payment of which such money has been deposited with the Trustee.

ARTICLE SEVEN

REMEDIES

SECTION 7.01 Suits for Enforcement; Mandamus.

A. The Trustee in its discretion, subject to the provisions of Section 7.10, may proceed to protect and enforce its rights and the rights of the Bondowners under this Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or in aid of the execution of any power granted in this Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or the Bondowners.

B. In addition to all rights and remedies of any Owner of Bonds provided herein, in the event the Issuer defaults in the payment of the principal of or premium, if any, or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or in this Indenture, the Trustee shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the Issuer to make such payment or to observe and perform any covenant, obligation, or condition prescribed in such Bond Resolution or in this Indenture.

SECTION 7.02 Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment.

A. If

1. default occurs in the payment of any interest on any Bond when such interest becomes due and payable or

2. default occurs in the payment of the principal of (or premium, if any, on) any Bond at its Maturity,

then upon demand of the Trustee, the Issuer shall pay or cause to be paid to the Trustee for the benefit of the Owners of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any) and interest and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the Issuer fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to sue for and recover judgment against the Issuer for the amount then so due and unpaid.

B. The Trustee shall be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of this Indenture, and in case of a sale of the Trust Estate and the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Bonds, for the benefit of the Owners thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest as aforesaid. No recovery of any such judgment upon any property of the Issuer shall affect or impair the lien of this Indenture upon the Trust Estate or any rights, powers, or remedies of the Trustee hereunder, or any rights, powers, or remedies of the Owners of the Bonds.

SECTION 7.03 Application of Money Collected.

Any money collected by the Trustee pursuant to this Article, together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- A. First: To the payment of all unpaid amounts due the Trustee under Section 8.06;
- B. Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds, for principal of and premium, if any and interest on the Bonds and with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any), and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest without any preference or priority, ratably according to the aggregate amount so due and
- C. Third: To the payment of the remainder, if any, to the Issuer, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 7.04 Trustee May File Proofs of Claim.

A. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the Issuer or the property of the Issuer, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

1. to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding and

2. to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 8.06.

B. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Bondowner in any such proceeding.

SECTION 7.05 Trustee May Enforce Claims Without Possession of Bonds.

All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any

recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Bonds in respect of which such judgment has been recovered.

SECTION 7.06 Unconditional Right of Bondowners to Receive Principal and Interest.

Notwithstanding any other provision in this Indenture, the Owner of any Bond shall have the right which is absolute and unconditional to receive, after payment of all amounts due to the Trustee hereunder, payment of the principal of and (subject to Section 7.10) interest on any such Bond on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date), and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Owner; provided, however, that no Bondowner shall be entitled to take any action or institute any such suit to enforce the payment of his Bonds, whether for principal, interest or premium, if and to the extent that the taking of such action or the institution or prosecution of any such suit or the entry of judgment therein would under applicable law result in a surrender, impairment, waiver or loss of the lien of this Indenture upon the Trust Estate, or any part thereof, as security for Bonds held by any other Bondowner.

SECTION 7.07 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or the Bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as otherwise provided herein with regard to the rights or remedies of Bondowners, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 7.08 Delay or Omission Not Waiver.

No delay or omission of the Trustee or any Owner of any Bond to exercise any right or remedy accruing upon a default under this Article shall impair any such right or remedy or constitute a waiver of any such default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or the Bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondowners, as the case may be.

SECTION 7.09 Control by Bondowners.

A. The Owners of a majority in aggregate principal amount of the Outstanding Bonds affected thereby shall have the right

1. to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, the sale of the Trust Estate, or otherwise; and

2. to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, provided that

a. such direction shall not be in conflict with any rule of law or this Indenture,

b. the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,

c. the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction and

d. if the remedy requires the consent of a certain number of the Owners, such consent has been provided.

B. Before taking action pursuant to this Section, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Issuer shall reimburse the Trustee for all of the expenses of the Trustee pursuant to Section 8.06.

SECTION 7.10 Waiver of Past Defaults.

A. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds affected thereby may, by Act of such Bondowners delivered to the Trustee and the Issuer, on behalf of the Owners of all the Bonds waive any past default hereunder and its consequences, except a default in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected.

B. Upon any such waiver, such default shall cease to exist for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 7.11 Undertaking for Costs.

All parties to this Indenture agree, and each Owner of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondowner, or group of Bondowners of the Bonds affected thereby, holding in the aggregate more than ten percent (10%) in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondowner for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the Redemption Date).

SECTION 7.12 Remedies Subject to Applicable Law.

All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

ARTICLE EIGHT

THE TRUSTEE

SECTION 8.01 Certain Duties and Responsibilities.

A. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof

are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

B. No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

1. this Subsection shall not be construed to limit the effect of Subsection A of this Section;

2. the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent;

3. the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture and

4. no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in Section 7.09(B).

C. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 8.02 Certain Rights of Trustee.

Except as otherwise provided in Section 8.01 hereof:

A. the Trustee may rely and shall be protected in acting or refraining from acting upon:

1. any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, telex or other paper, document, or communication reasonably believed by it to be genuine and to have been signed or presented by the proper Persons and

2. failure of the Trustee to receive any such paper, document, or communication, if prior receipt thereof is required by this Indenture before the Trustee is to take or refrain from taking any action;

B. any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request, and any order or resolution of the Board may be sufficiently evidenced by a Board Resolution;

C. whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

D. the Trustee may consult with legal counsel and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

E. the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondowners pursuant to this Indenture, unless such

Bondowners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

F. the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document (including particularly, but not by way of limitation) Acts, Board Resolutions, Issuer Requests and Officer's Certificates, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney and

G. the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed, with due care by it hereunder.

SECTION 8.03 Not Responsible for Recitals or Application of Proceeds.

The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of the Bonds or the proceeds thereof.

SECTION 8.04 May Hold Bonds.

The Trustee, any Paying Agent, the Bond Registrar and any other agent appointed hereunder, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Paying Agent, Bond Registrar or such other agent.

SECTION 8.05 Money Held in Trust.

Money held by the Trustee hereunder need not be segregated from other funds except to the extent required by law or the provisions of this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

SECTION 8.06 Compensation and Reimbursement.

A. The Issuer shall

1. pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and

2. except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or bad faith.

B. As security for the performance of the obligations of the Issuer under this Section, the Trustee shall be secured under this Indenture by a lien and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any trust funds held by it hereunder after payment of other amounts due hereunder as provided by the terms hereof.

SECTION 8.07 Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 8.08 Resignation and Removal; Appointment of Successor.

A. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.09.

B. The Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

C. The Trustee may be removed at any time by the Issuer if no event of default by the Issuer hereunder has occurred or, with the passage of time or the giving of notice, or both, shall occur.

D. If at any time:

1. the Trustee shall cease to be eligible under Section 8.07 and shall fail to resign after written request therefor by the Issuer or any such Bondowner or

2. the Trustee shall become incapable of acting or shall be adjudged insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in either such case, (a) the Issuer may remove the Trustee or (b) subject to Section 7.11, any Bondowner who has been a bona fide Owner of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

E. If the Trustee shall resign, be removed or become incapable of acting, the Issuer shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Bondowners. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Owners of a majority in principal amount of the Outstanding Bonds and delivered to the Issuer and the retiring Trustee, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer or the Bondowners and accepted appointment in the manner hereinafter provided, any Bondowner who has been a bona fide Owner of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

F. The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Owners of the Bonds. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

SECTION 8.09 Acceptance of Appointment by Successor.

A. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer, and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 8.06. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

B. No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 8.10 Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

ARTICLE NINE

SUPPLEMENTAL INDENTURES;
AMENDMENTS TO BOND RESOLUTION

SECTION 9.01 Supplemental Indentures or Amendments to Bond Resolution Without Consent of Bondowners.

Without the consent of the Owners of any Bonds, the Issuer, when authorized by Board Resolution, and the Trustee may from time to time enter into one or more indentures supplemental hereto in form satisfactory to the Trustee, or the Issuer may amend the Bond Resolution, for any of the following purposes:

1. to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property; or
2. to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds, as herein set forth, and additional conditions, limitations and restrictions thereafter to be observed; or
3. to evidence the succession of another entity to the Issuer and the assumption by any such successor of the covenants of the Issuer herein, in the Bond Resolution, or in the Bonds contained; or

4. to add to the covenants of the Issuer for the benefit of the Owners of all of the Bonds or to surrender any right or power herein or in the Bond Resolution conferred upon the Issuer or

5. to cure any ambiguity, to correct or supplement any provision herein or in the Bond Resolution which may be inconsistent with any other provision herein or in the Bond Resolution, or to make any other provisions, with respect to matters or questions arising under this Indenture or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture or the Bond Resolution, provided such action shall not, in the Opinion of Counsel, materially, adversely affect the interests of the Owners of the Bonds.

SECTION 9.02 Supplemental Indentures or Amendments to the Bond Resolution With Consent of Bondowners.

A. With the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds affected by such supplemental indenture, by Act of such Owners delivered to the Issuer and the Trustee, the Issuer, when authorized by Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or the Bond Resolution or of modifying in any manner the rights of the Owners of the Bonds under this Indenture or the Bond Resolution; provided, however, that no such supplemental indenture or amendments to the Bond Resolution shall, without the consent of the Owner of each Outstanding Bond affected thereby

1. change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of, or the interest on, any Bond, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

2. reduce the percentage in principal amount of the Outstanding Bonds the consent of the Owners of which is required for any such supplemental indenture or amendment to the Bond Resolution, or the consent of Owners of which is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; or

3. modify or alter the provisions of the proviso to the definition of the term "Outstanding" or

4. modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby.

B. The Trustee, based upon an Opinion of Counsel, may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution authorizing issuance of the Bonds and any such determination shall be conclusive upon every Owner of Bonds, whether theretofore or thereafter authenticity dated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

C. It shall not be necessary for any Act of Bondowners under this Section to approve the particular form of any proposed supplemental indenture or any such amendment to a Board Resolution, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 9.03 Execution of Supplemental Indentures and Amendments to Bond Resolution.

In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Bond Resolution permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption of such amendment is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture or be governed by any amended Bond Resolution which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

SECTION 9.04 Effect of Supplemental Indentures and Amendments to Bond Resolution.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes, and upon the amendment of the Bond Resolution under this Article, the Bond Resolution shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution for all purposes, and every Owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05 Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution.

Bonds authenticated and delivered after the execution of any supplemental indenture or amendment to the Bond Resolution pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture or amended Bond Resolution. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture or amended Bond Resolution may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE TEN

COVENANTS

SECTION 10.01 Application of Amounts from Assessment; District Covenant to Enforce Rights under Development Agreement, Parking User Agreements and Other Agreements.

A. The amounts available because of the Assessment (calculated after being reduced by any amounts available in the Debt Service Expense Fund and available for payment of Debt Service on a Debt Service payment date for, and whether in the form of, regularly payable installments with respect thereto, prepayments thereof, proceeds of the sale of land related to delinquent installments thereof or otherwise) shall be collected as provided in the Bond Resolution pursuant to the procedures prescribed by Sections 48-599 and -600, Arizona Revised Statutes, as nearly as practicable, or such other procedures as the Board provides, and applied, and are hereby pledged, to pay Debt Service when due and as such shall be paid to the Trustee and deposited in the Principal Account, the Interest Account, the Redemption Account (unless necessary for the purpose described in Section 5.10(C) to be deposited to the Debt Service Reserve Fund) and applied as described in Section 5.07. The Assessment shall either be collected in a manner substantially similar to the provisions of Section 48-600, Arizona Revised Statutes, or any successor statutes thereto.

B. Such amounts when collected constitute funds to pay Debt Service and shall be kept separately from other funds of the Issuer by depositing them in the Assessment Revenue Fund as provided in Section 5.07.

C. The Issuer has levied the Assessment in accordance with the Act and the Resolution of Intention Documents in an amount sufficient to pay Debt Service on all Outstanding Bonds and shall take or cause to be taken all actions required by law to collect and enforce the payment thereof.

D. If any portion of the Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any portion of the Assessment is so irregular

or defective that the same cannot be enforced or collected, or if the Issuer shall have omitted to make any portion of the Assessment when it might have done so, the Issuer shall either (1) take all necessary steps to cause a new assessment to be made pursuant to the Act for the whole or any part of the Work or (2), in its sole discretion, make up the amount of such portion of the Assessment from legally available funds of the Issuer, which funds shall be deposited into the applicable account of the Debt Service Expense Fund.

E. The Assessment shall be enforced pursuant to the provisions of the Act and the Resolution of Intention Documents, including but not limited to declaring the entire unpaid balance of any portion of the Assessment to be in default and causing the lien with respect to such portion of the Assessment on the related delinquent land to be foreclosed pursuant to the Act and the Resolution of Intention Documents. Notwithstanding the foregoing, neither the Issuer nor the City shall be required under any circumstances to purchase or make payment for the purchase of the delinquent portion of the Assessment or the related land.

F. The Issuer expects to credit towards the amount due for collection from the Assessment on each Debt Service payment date an amount equal to the amount of Parking User Revenues and City Contributions that have been distributed from the Parking Garage Revenue Fund as provided herein and are then on deposit in the Debt Service Expense Fund and available for such purpose. The Trustee and the Issuer recognize that the Trustee is not a party or a third party beneficiary of the Development Agreement, any of the Parking Use Agreements, the Garage Asset Management Agreement, the Parking Operating Agreement or any other agreements that relate to those revenues, and has no right or duty to enforce any parties' obligations under any of such agreements, including parties' obligations thereunder requiring the payment of amounts owed to the Issuer for transfer to the Trustee for deposit in the Parking Garage Revenue Fund, or to the Trustee directly. The Issuer agrees to pursue and enforce all contractual rights of the Issuer or the Trustee under such agreements, including rights to receive payments of Parking User Revenues and City Contributions for transfer to the Trustee, but, except for amounts constituting District Expenses and disbursed from the District Expense Fund and amounts constituting O&M Expenses and disbursed from the O&M Expense Fund, the Issuer will have no resources to pursue such rights.

G. The Board shall make and adopt before the date set by law for certifying the annual budget of the Issuer an annual budget for each fiscal year of the Issuer, as required by the Act, which shall include statements and estimates of the amount to be raised to pay Debt Service, statements and estimates of the amounts to be received from Parking User Revenues and City Contributions, O&M Expenses, District Expenses and fund and account balances for such fiscal year, and shall deliver a copy of such annual budget to the Trustee promptly following its adoption.

SECTION 10.02 Payment of Debt Service.

A. The Issuer shall duly and punctually pay Debt Service in accordance with the terms of this Indenture.

B. If the specified date for any such payment, or any payment required by Section 6.01, shall be other than a Business Day, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest (except in the event of a moratorium) and with the same force and effect as if made on the specified date for such payment.

SECTION 10.03 Insurance.

C. The District shall maintain or cause to be maintained insurance with a responsible insurance company or companies authorized under the laws of the State to assume such risks, of such types and in such amounts as are determined by the District to be customary for similar entities carrying on similar activities to those carried on by the District, including, without limitation, general liability insurance and following the commencement of operations at the Garage Project, business interruption insurance and insurance against loss or damage to the any structures or equipment constituting any part of the Garage Project by fire and lightning, with extended coverage and vandalism and malicious mischief insurance.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee for DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "*street name*," and will be the responsibility of such Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but none the District, the Financial Advisor, Bond Counsel, the Underwriter or counsel to any of them takes no responsibility for the accuracy thereof.

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