PARK CENTRAL
COMMUNITY FACILITIES DISTRICT
Parking Garage Project

FEASIBILITY REPORT

For the Issuance of Not to Exceed $30,000,000
Park Central Community Facilities District
(Phoenix, Arizona)
Special Assessment Revenue Bonds, Taxable Series 2019

Public Hearing Date: May 1, 2019
(Pursuant to A.R.S. 48-715)

TABLE OF CONTENTS

SECTION ONE

INTRODUCTION, PURPOSE OF FEASIBILITY REPORT, GENERAL DESCRIPTION OF DISTRICT AND ASSESSMENT AREA

INTRODUCTION

This Feasibility Report (this "Report") has been prepared for presentation to the District Board (the "Board") of Park Central Community Facilities District (the "District") in connection with the proposed issuance by the District of special assessment revenue bonds (the "Bonds") with respect to certain public infrastructure (as defined in A.R.S. §48-701) consisting of a parking garage, as described herein (the "Garage Project"), to be financed in part with proceeds of the sale of the Bonds and of the plan for financing the Garage Project in accordance with the provisions of A.R.S. §48-715 and is considered part of (i) the statement of the estimated costs and expenses of the amounts to be financed through the issuance of the Bonds and (ii) the plans and specifications for purposes of levying the assessment from which the Bonds are to be repaid, in each case for all purposes of and pursuant to the Community Facilities Act of 1988, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY REPORT

Pursuant to A.R.S. §48-715, this Report includes (i) description of the Garage Project, estimate of costs and timetable (Section Two); (ii) maps of location of the Garage Project (Section Three), (iii) maps of the area to be benefited by the Garage Project (Section Four); and (v) a plan of finance (Section Five).

THIS REPORT HAS ALSO BEEN PREPARED AS PART OF THE DECLARATION OF INTENT DOCUMENTS FOR PURPOSES OF A.R.S. § 48-721(A). IN CONNECTION WITH THE FORMATION OF THE DISTRICT, THE DISTRICT EXECUTED AND DELIVERED A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT (PARK CENTRAL COMMUNITY FACILITIES DISTRICT), DATED AS OF APRIL 15, 2019 (THE "DEVELOPMENT AGREEMENT"), AMONG THE CITY OF PHOENIX, ARIZONA (THE "CITY"), THE DISTRICT AND 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"), WHICH THEN CONSTITUTED THE OWNERS OF ALL REAL PROPERTY WITHIN THE DISTRICT (COLLECTIVELY, THE "INITIAL OWNERS"), PROVIDING FOR THE CONSTRUCTION OF THE GARAGE PROJECT NECESSARY FOR REDEVELOPMENT OF THE LAND WITHIN THE BOUNDARIES OF THE DISTRICT. On the date this Report is approved, the Board will resolve, among other things, that (i) the public interest or convenience requires, and it is the intention of the Board, to order the Garage Project described in substantially form in this Report, (ii) the Garage Project shall be performed substantially in accordance with this Report and specific plans and specifications relating to the Garage Project, the contents of which are incorporated by this reference (the "Plans and Specifications"); (iii) the Estimate (as such term is defined herein) is approved and adopted by the Board; (iv) the Garage Project described substantially in the Plans and Specifications shall be performed as provided in the Development Agreement; (v) the Garage Project is of more than local or ordinary public benefit and are of special benefit to the respective lots, pieces and parcels of land within the portion of the District described in Section Two and in Appendix A (the "Assessment Area") and the costs and expenses of the Garage Project will be charged upon the Assessment Area which shall be benefited by the Garage Project and assessed to pay the costs and expenses thereof in proportion to the benefit derived therefrom; (vi) the public convenience requires that the Bonds as described in this Report and the Development Agreement shall be issued to represent the costs and expenses of the Garage Project, and the Bonds shall be issued under the provisions of the Act, in the name of the District, but payable only out a special fund collected by the District from installments of the assessment levied upon parcels of land included within the Assessment Area, 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 as provided in the Development Agreement including, to the extent available, certain Project Revenues (as defined below) on deposit in the Debt Service Expense Fund (the "Debt Service Expense Fund") and (vii) the Bonds shall bear interest at the rate of not to exceed eight percent (8%) per annum, payable on the first day of January and July of each year and shall be payable in the manner and be subject to the provisions as to collection of assessments for the payment thereof, except as otherwise described in the Development Agreement, and neither District nor the City is required to purchase delinquent land at sale if there is no other purchaser, as described in A.R.S.

Title 48, Chapter 4, Article 2, save and except that the method of collection of such assessments shall be as provided in A.R.S. § 48-600 to 48-607 as nearly as practicable, both inclusive and not as provided in A.R.S. § 48-608. 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.

This Report has been prepared for the exclusive consideration of the Board. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Bonds. This Report does not attempt to address the quality of the Bonds as investments or the likelihood of repayment of the Bonds. In preparing this Report, engineers, staff of the City, legal counsel and other experts have been consulted as deemed appropriate. THIS REPORT IS NOT INTENDED TO BE A "FINANCIAL FEASIBILITY REPORT OR STUDY" AS THAT TERM IS CUSTOMARILY USED.

GENERAL DESCRIPTION OF DISTRICT AND ASSESSMENT AREA

Pursuant to the Act, the Mayor and Council of the City formed the District on August 28, 2018, in order to provide a vehicle for redevelopment of the land within the boundaries of the District as a multi-use residential, commercial and retail property known as "Park Central". See the maps in Section Three with respect to location of the District. The District will be issuing the Bonds pursuant to an Indenture of Trust and Security Agreement (the "Indenture"), between the District and U.S. Bank National Association, as trustee (the "Trustee"), to finance a portion of the costs of constructing the Garage Project that benefits the Assessment Area, which is all the real property within the District except for the site of the Garage Project (the "Garage Project Site"), which will be owned by the District.

Since the formation of the District, the property within the Assessment Area has been divided into five parcels of unimproved and partially improved land. See the District Parcel Plan diagram in Section Three. Assessment Parcels No. 2, 3 and 5 are currently owned by HPPC II, LLC; Assessment Parcel No. 1 by HPPC, LLC and Assessment Parcel No. 4 by Creighton University ("Creighton"). Such owners are collectively referred to as the "Current Assessment Area Property Owners," and as such owners may change from time to time, the "Assessment Area Property Owners."

The District will levy the Assessment in accordance with the Act, the Board's resolution of intention and the Development Agreement in an amount sufficient to pay Debt Service on all Outstanding Bonds. The Assessment will be enforced pursuant to the provisions of the Act, the Resolution of Intention Documents (as defined below) and the Bond Resolution to be adopted by the Board in connection with the issuance of the Bonds (the "Bond Resolution"), including, but 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 pursuant to the Act, the Resolution of Intention Documents and the Bond Resolution.

The District Engineer has apportioned the Assessment to the Assessed Parcels as shown in Table 1, in its Preliminary Assessment Methodology Report, attached as Appendix C hereto. Harding & Associates prepared an Appraisal Report with respect to the Assessed Parcels dated January 31, 2019, a summary of which is attached in Appendix B hereto. The Appraisal Report sets forth estimates of value for the Assessed Parcels as of January 25, 2019, and the resulting appraised value-to-lien ratio for each Assessed Parcel is set forth in Table 1. The Appraisal Report sets forth the assumptions and limiting conditions with respect to each value and the related methodology. Upon approval of this Report a final Assessment Methodology Report and an updated Appraisal Report and an Executive Summary thereof will be prepared prior to issuance of the Bonds.

The District Engineer has apportioned the Assessment to five parcels in the District as follows:

TABLE 1

Owner of Assessed Parcels	Parcel Number	Parcel Size(s) (Acres)	Assessment Per Assessed Parcel	Estimated Appraised Value –As Proposed	Estimated Appraised Value Per Assessed Parcel to Assessment Lien
HPPC, LLC	**1**	**16.132**	**$9,300,000**	**$54,000,000**	**5.8:1**
HPPC II, LLC	**2**	**12.510**	**5,100,000**	**29,000,000**	**5.7:1**
HPPC II, LLC	**3**	**1.634**	**6,300,000**	**7,050,000**	**1.12:1**
Creighton University	**4**	**2.505**	**9,300,000**	**9,900,000**	**1.1:1**
HPPC II, LLC	**5 (a)**	**1.974**	**1**	**N.A.**	**N.A.**
TOTAL		**34.755**	**$30,000,000**	**$99,950,000**	**N.A.**

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

The District will own the Garage Project and the Garage Project Site thereon while any Bonds are outstanding. The Development Agreement provides that following retirement of the Bonds, ownership and operation of the Garage Project will be transferred to the City and it is expected that the District will be dissolved by the City. The Development Agreement generally provides that the City will assist in the operation of the District and the Garage Project.

SECTION TWO

DESCRIPTION OF THE GARAGE PROJECT, ESTIMATE OF COST AND TIMETABLE

DESCRIPTION OF THE GARAGE PROJECT

The Garage Project will be a ten-story parking structure with a capacity of approximately 2,000 parking spaces located on the Garage Project Site, in the south end of the District. The Garage Project Site is approximately 1.9 acres which will be conveyed to the District at no cost, together with related licenses and access easements, by HPPC II, LLC upon the issuance of the Bonds. See the map in Section Three for the location of the Garage Project in relation to the Assessment Area. The Garage Project will be constructed using steel and pre-cast concrete materials with a twelve-month estimated construction period following issuance of the Bonds.

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 (as defined below) and automated payment kiosks to receive credit card, debit card or cash payments for other public users. The Garage Project is expected to be used both by paid public parking customers and also by users, residents or customers of various landowners located in the Assessment Area or proximate to the Garage Project pursuant to Parking Easements (as described under "Project Revenues" in Section Five).

Management and Operation of Garage. The Development Agreement provides that promptly upon issuance of the Bonds, the District will enter into a Parking Garage Asset Management Agreement with the Assessment Area Developer, which will serve as the initial Parking Asset Garage Asset Manager (the "Garage Asset Manager") of the Garage Project. The Development Agreement requires that the Garage Asset Management Agreement will contain provisions for the Garage Asset Manager to 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; use reasonable efforts to see that all bills for charges incurred in connection with the services are paid on a timely basis; and use reasonable efforts to maximize any and all revenue generated from the Garage Project. Prior to completion of construction of the Garage Project in 2020, the Development Agreement requires the Garage Asset Manager to retain a Garage Operator (the "Garage Operator") in accordance with applicable procurement laws to run the day-to-day operations of the Garage Project pursuant to a Garage Operating Agreement (the "Garage Operating Agreement"). 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 costs of operation and maintenance of the Garage Project are expected to be paid by Parking Garage Revenues, discussed in Section Five (PLAN OF FINANCE – Project Revenues).

ESTIMATE OF COST

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

Budgeted Garage Project Costs (a)

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

(a) As provided by the Developer on April 6, 2019.
An additional deposit of approximately $1,019,421 is to be deposited by the Initial Owners with the Trustee and held as an additional contingency for payment of construction costs.

The following sources of funds are estimated to be used to pay the cost of the Garage: (a) $24,976,631 (approximate) (the "District Contribution") from the District from the proceeds of the Bonds; (b) $8,000,000 (the "Dignity Contribution") from Dignity Health, a California nonprofit public benefit corporation ("Dignity"), being paid in exchange for certain parking spaces, to be paid to the Trustee on the date of issuance of the Bonds; and (c) $490,000 (approximate) (the "Initial Owners' Contribution") being deposited by Dignity, on behalf of the Initial Owners. Monies from the Dignity Contribution and the Initial Owners' Contribution in excess of amounts needed for completion of the Garage Project are to be released by the Trustee to Dignity or to HPPC, LLC, as applicable, upon completion of the Garage Project.

The Indenture will require that advances from the Garage Construction Fund to pay construction costs, are to be paid out pro rata between the District Contribution and the Dignity Contribution based upon the number of parking spaces that Dignity is to receive compared to all parking spaces in the Garage Project, and 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 construction of the Garage Project. Under the Development Agreement, the Initial Owners have an unsecured joint and several obligation to promptly deposit the amount of the shortfall into the Garage Construction Fund. As noted above, the Initial Owners are depositing approximately $1,019,421, to be held as additional contingency to pay increases in the costs of construction.

TABLE 4

TIMETABLE OF KEY EVENTS

March 2019						
S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April 2019						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May 2019						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June 2019						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

Date	Explanation
Week of March 10th	Development Agreement Completed
March 20th	**CFD Board Meeting to order Feasibility Report, Resolution of Intention and Ordering Work and Approving Assessment Diagram**
April 15th	Development Agreement Signed and Recorded
April 16th	Creighton University Land Purchase Closes
Week of April 23rd	HPPC and Apartment Parcel Easements Signed and Recorded
April 23rd	Receive updated “As Is” and “As Completed” Appraisals
May 1st	**CFD Board Meeting for Final Assessment Hearing; Resolution to Approve Assessment Diagram and Method of Assessment, Levy of Special Assessments, Approve Bond Resolution and Related Documents and Preliminary and Final Official Statement (POS and FOS)**
May 8th	Due Diligence Meeting/Call
Week of May 20th or Week of May 27th	Post POS; initiate Pre-Marketing of the CFD Bonds
Week of June 3rd	Pricing of the Bonds; Set Interest Rates and Execute Bond Purchase Agreement
June 20th	Closing – Signing and Delivery of Bonds; Net Proceeds Available for Construction
July 2019	Begin Demo / Site Work
July 2019	Garage Construction Begins
September 2019	Estimated Closing of Apartment Parcel
July 2020	Garage Construction Completion

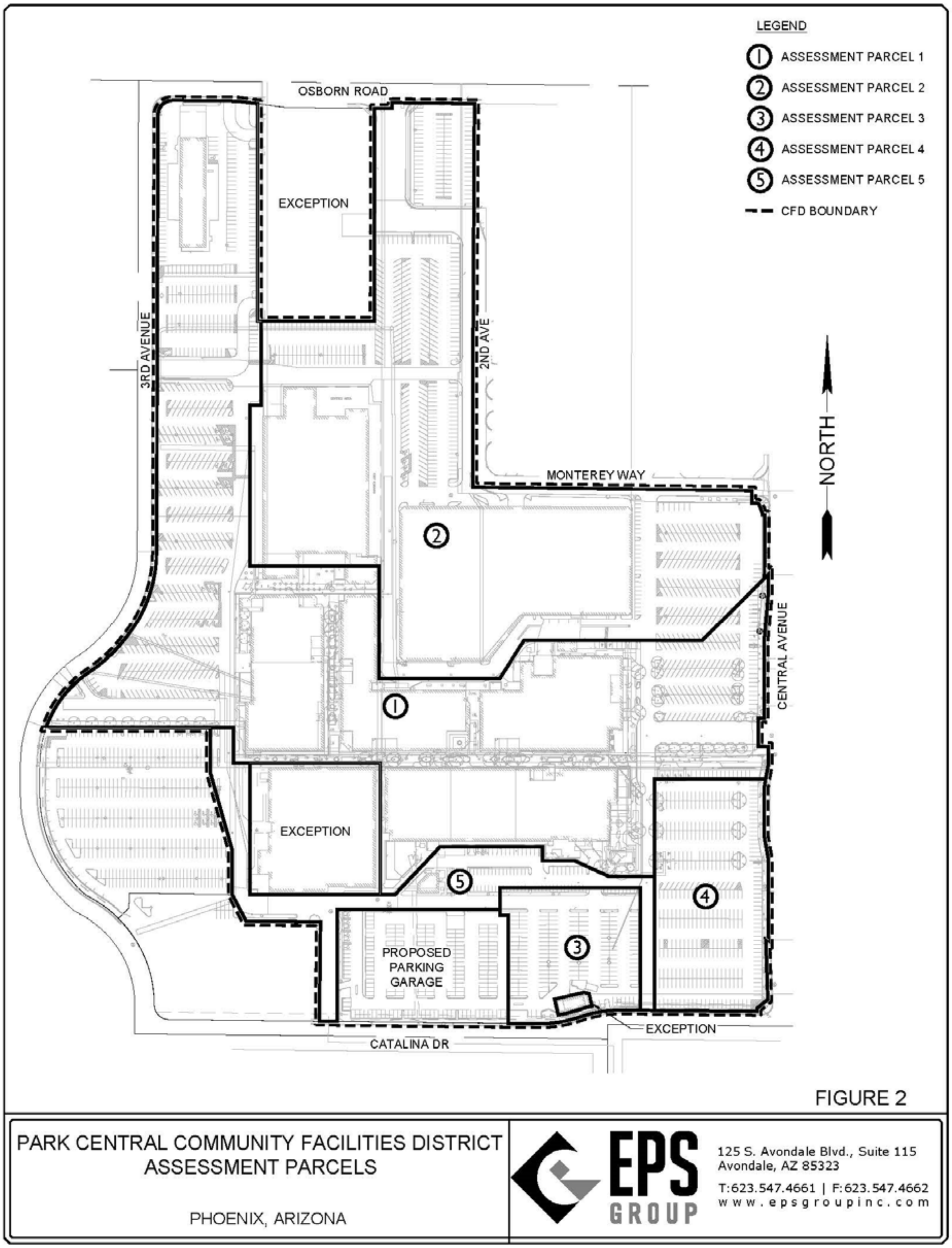
* Preliminary, subject to change.

SECTION THREE

MAPS OF LOCATION OF THE GARAGE PROJECT

Aerial Overview of the Project Site

District Parcel Plan Showing Location of the Garage Project

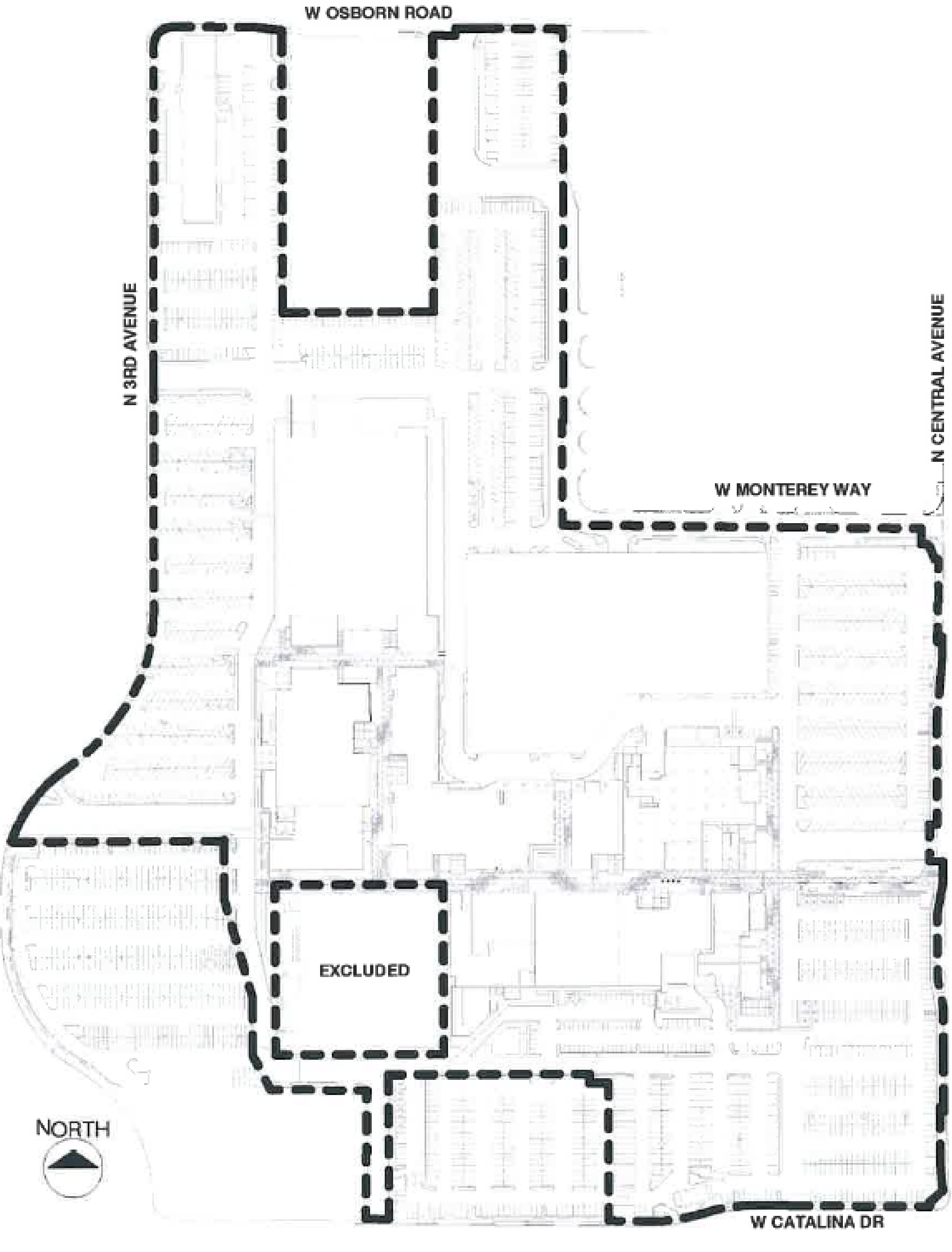


SECTION FOUR

MAPS OF THE AREA TO BE BENEFITED

Aerial Overview

District Assessment Area



SECTION FIVE

PLAN OF FINANCE

PLAN OF FINANCE

The Bonds are expected to have an approximately 25-year maturity with the first interest payment commencing on January 1, 2020 with capitalized interest through July 1, 2020. The Bonds will not be rated or credit-enhanced in any form. See "Proposed Debt Service Requirements" below in this Section. Proceeds of the sale of the Bonds will be used to (i) pay a portion of the costs of construction of the Garage Project, (ii) pay capitalized interest on the Bonds, (iii) fund the Debt Service Reserve Fund and (iv) pay costs of issuance of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS *(a)*

Sources of Funds *

Principal Amount	$30,000,000
Dignity Contribution	8,000,000
Initial Owners' Contribution	490,000
Total Sources of Funds	$38,490,000

Uses of Funds *

Deposit to District Construction Account	$24,976,631
Deposit to Dignity Construction Account	8,000,000
Deposit to Initial Owners' Construction Account	490,000
Deposit to Debt Service Expense Fund *(b)*	1,698,526
Deposit to Debt Service Reserve Fund	2,323,165
Payment of Costs of Issuance *(c)*	1,001,678
Total Uses of Funds	$38,490,000

* Preliminary, subject to change.

(a) Estimated as of March 26, 2019
(b) Represents capitalized interest on the Bonds to July 1, 2020
(c) Includes compensation and costs of the Underwriter with respect to the Bonds

NOTE: All figures have been rounded. Individual categories above are estimates. The principal amount of the Bonds to be issued will not exceed $30,000,000 and as such, certain of these amounts may change when the final terms of the transaction are determined. Issuance costs include Bond Counsel, Financial Advisor, Underwriter, Underwriter's Counsel, Assessment Engineer, Appraiser, Parking Consultant, Trustee and miscellaneous expenses.

The payment of principal and interest on the Bonds ("*Debt Service*") will be secured by a special, separate fund maintained by the District (the "*Assessment Revenue Fund*") into which Assessment payments will be made, 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.

The District shall credit Project Revenues then on deposit in the Debt Service Expense Fund towards the amount due for collection from the Assessment pro rata based on the principal of the Assessment. To the extent that such credit will be less than the full amount needed to pay Debt Service on any Debt Service payment date, amounts payable pursuant to the Assessment will be collected to pay such Debt Service.

Project Revenues

"Project Revenues" are comprised of "Parking User Revenues," which consist of the revenues from hourly and daily-rate users of the Garage and payments from holders of the Parking Easements (as described below), "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 are then Parking User Revenues. Pursuant to the Development Agreement, all such Project Revenues are to be transferred periodically to the Trustee for deposit into the Parking User Revenue Fund.

Parking User Revenues. The Garage is subject to several easement agreements for use of the Garage (the "Parking Easements"). The Parking Easements containing a use charge require that all parking fees be remitted to the District for deposit into the Parking User Revenue Account montly. The Development Agreement requires, and the Garage Operation 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.

Parking Easements. At the time of issuance of the Bonds, the following four parking easements are expected to be in place affecting the Garage Project Site, each perpetual in duration (collectively, the "Parking Easements").

Dignity Parking Easement – Dignity will receive use of 750 new parking spaces in the Garage Project. Dignity will not pay a use charge for 500 of the new parking spaces, in exchange for the Dignity Contribution to the cost of the Garage Project, but will pay monthly to the District a percentage of the maintenance expenses of the Garage Project. 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.

HPPC, LLC Parking Easement (Assessment Parcel No. 1*)* – Assessment Parcel No. 1 will receive use of 457 parking spaces in the Garage Project. For the first five years following operation of the Garage Project, HPPC, LLC is obligated to pay to the District $50 per space per month (aggregate $23,600 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, adjusted annually.

Apartment Developer's Parking Easement (Assessment Parcel No. 3) – An Apartment Project is expected to be constructed adjacent to the Garage Project with floor to floor access. In order 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) and subject to adjustment thereafter.

Creighton Parking Easement (Assessment Parcel No. 4) – 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 on an unreserved 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).

Public Parking. Hourly, daily and monthly public parking rates for use of the Garage Project are expected to be comparable to other parking garage options in the vicinity.

City Contribution Amounts. The Development Agreement requires that the City transfer transaction privilege taxes generated within the District on a monthly basis. The City has selected the 10th day of each month (or if not a Business Day the next Business Day) as the transfer date, the City will transfer the City Contribution Amount to the Trustee for deposit into the City Contribution Account of the Parking Garage Revenue Fund. The City Contribution Amount 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) 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 once the final Reimbursement Payment, as defined in City Contract No. 148204, has been made (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 Fund. The Developer Contribution Amount means, if there is a shortfall from Parking User Revenues in the amounts set forth in (a), (b) or (c) below for the prior Fiscal Year, the following amounts but not more than an amount necessary to remedy such 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 outstaning: $942,000 per year.

The Development Agreement requires that amounts in the Parking Garage Revenue Fund shall be applied monthly to the payment of Debt Service on the Bonds, to pay O&M Expenses of the Garage Project and District Expenses, and to make deposits into certain debt service reserve, capital reserve and long-term reserve funds to the held by the Trustee.

TABLE 5

Proposed Debt Service Requirements*

Park Central Community Facilities District (Phoenix, Arizona)
Special Assessment Revenue Bonds, Taxable Series 2019

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2020	$ -		$ 1,698,525.60	$ 1,698,525.60
07/01/2021	675,000.00	4.31%	1,648,165.00	2,323,165.00
07/01/2022	700,000.00	4.31%	1,619,072.50	2,319,072.50
07/01/2023	730,000.00	4.31%	1,588,902.50	2,318,902.50
07/01/2024	765,000.00	4.31%	1,557,439.50	2,322,439.50
07/01/2025	795,000.00	4.85%	1,524,468.00	2,319,468.00
07/01/2026	835,000.00	4.85%	1,485,910.50	2,320,910.50
07/01/2027	875,000.00	4.85%	1,445,413.00	2,320,413.00
07/01/2028	920,000.00	4.85%	1,402,975.50	2,322,975.50
07/01/2029	960,000.00	4.85%	1,358,355.50	2,318,355.50
07/01/2030	1,010,000.00	5.35%	1,311,795.50	2,321,795.50
07/01/2031	1,065,000.00	5.35%	1,257,760.50	2,322,760.50
07/01/2032	1,120,000.00	5.35%	1,200,783.00	2,320,783.00
07/01/2033	1,180,000.00	5.35%	1,140,863.00	2,320,863.00
07/01/2034	1,240,000.00	5.35%	1,077,733.00	2,317,733.00
07/01/2035	1,310,000.00	5.83%	1,011,393.00	2,321,393.00
07/01/2036	1,385,000.00	5.83%	935,020.00	2,320,020.00
07/01/2037	1,465,000.00	5.83%	854,274.50	2,319,274.50
07/01/2038	1,550,000.00	5.83%	768,865.00	2,318,865.00
07/01/2039	1,640,000.00	5.83%	678,500.00	2,318,500.00
07/01/2040	1,735,000.00	5.96%	582,888.00	2,317,888.00
07/01/2041	1,840,000.00	5.96%	479,482.00	2,319,482.00
07/01/2042	1,950,000.00	5.96%	369,818.00	2,319,818.00
07/01/2043	2,065,000.00	5.96%	253,598.00	2,318,598.00
07/01/2044	2,190,000.00	5.96%	130,524.00	2,320,524.00
	$30,000,000.00		$27,382,525.10	$57,382,525.10

Interest is estimated.

* Preliminary, subject to change.

TABLE 6

Estimated Non-Assessment Lien Revenues *

(1) Fiscal Year Ending	(2) Gross Debt Service	(3) Capitalized Interest (a)	(4) Net Debt Service (DS)	(5) Parking Garage Revenues	(6) City Contribution Amounts	(7) Project Revenues	(8) DS vs. Project Revenues
2020	$1,698,526	$1,698,526			$1,948,000	$1,948,000	
2021	2,323,165		$2,323,165	$1,029,000	1,463,000	2,492,000	**1.07x**
2022	2,319,073		2,319,073	1,029,000	1,249,000	2,278,000	**0.98x**
2023	2,318,903		2,318,903	1,029,000	1,177,000	2,206,000	**0.95x**
2024	2,322,440		2,322,440	1,029,000	1,589,000	2,618,000	**1.13x**
2025	2,319,468		2,319,468	1,190,190	2,000,000	3,190,190	**1.38x**
2026	2,320,911		2,320,911	1,322,580	625,000	1,947,580	**0.84x**
2027	2,320,413		2,320,413	1,322,580	690,000	2,012,580	**0.87x**
2028	2,322,976		2,322,976	1,322,580	702,000	2,024,580	**0.87x**
2029	2,318,356		2,318,356	1,322,580	1,127,000	2,449,580	**1.06x**
2030	2,321,796		2,321,796	1,354,260	1,150,000	2,504,260	**1.08x**
2031	2,322,761		2,322,761	1,354,260	1,174,000	2,528,260	**1.09x**
2032	2,320,783		2,320,783	1,354,260	1,198,000	2,552,260	**1.10x**
2033	2,320,863		2,320,863	1,354,260	1,222,000	2,576,260	**1.11x**
2034	2,317,733		2,317,733	1,354,260	1,247,000	2,601,260	**1.12x**
2035	2,321,393		2,321,393	1,389,108	1,474,000	2,863,108	**1.23x**
2036	2,320,020		2,320,020	1,389,108	1,300,000	2,689,108	**1.16x**
2037	2,319,275		2,319,275	1,389,108	1,327,000	2,716,108	**1.17x**
2038	2,318,865		2,318,865	1,389,108	1,355,000	2,744,108	**1.18x**
2039	2,318,500		2,318,500	1,389,108	1,383,000	2,772,108	**1.20x**
2040	2,317,888		2,317,888	1,427,441	1,413,000	2,840,441	**1.23x**
2041	2,319,482		2,319,482	1,427,441	1,443,000	2,870,441	**1.24x**
2042	2,319,818		2,319,818	1,427,441	1,473,000	2,900,441	**1.25x**
2043	2,318,598		2,318,598	1,427,441	1,504,000	2,931,441	**1.26x**
2044	2,320,524		2,320,524	1,427,441	1,537,000	2,964,441	**1.28x**
	$57,382,525		**$55,684,000**				

(a) Estimated capitalized interest through July 1, 2020.

* Preliminary, subject to change.

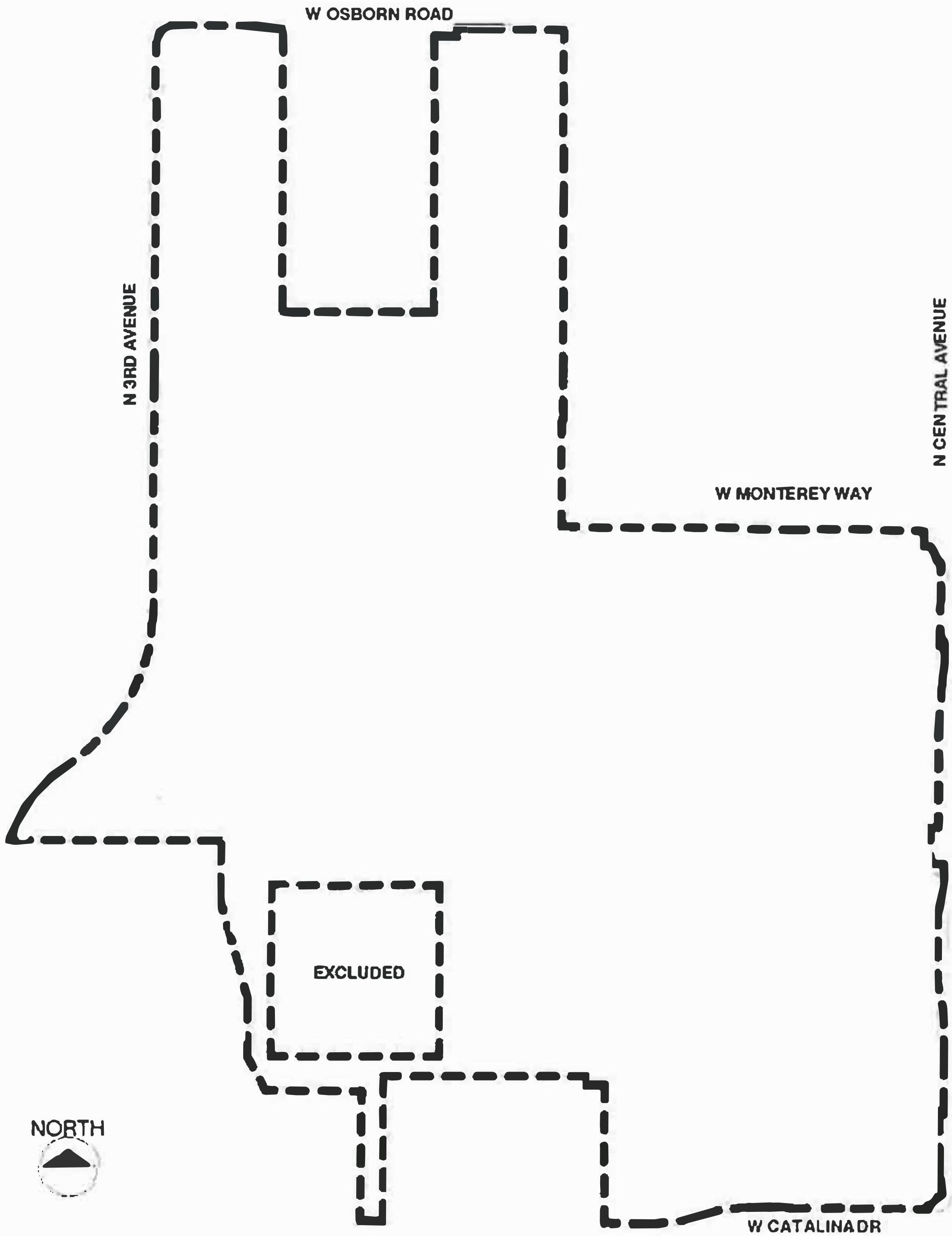
APPENDIX A

LEGAL DESCRPTION OF ASSESSMENT AREA

LEGAL DESCRIPTION OF THE ASSESSMENT DISTRICT

Lots 1 through 5, inclusive, PARK CENTRAL AMENDED, according to Book 1451 of Maps, page 35, records of Maricopa County, Arizona.

DEPICTION OF THE ASSESSMENT DISTRICT



APPENDIX B

SUMMARY OF APPRAISAL

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

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 1, 2019. The "as proposed" scenario includes the assumptions that the CFD in place, that the garage is ready to be constructed, that the sale of 2.505 acres of land to Creighton University has closed, and that the renovation of the former mall space has been completed.

Intended Use: The intended use is for planning and decision making in connection with the Park Central Community Facilities District.

Intended Users: The PCCFD, the City of Phoenix and the property owners.

Extraordinary Assumptions: That the remaining construction that is currently under way on the property is completed in a professional workmanlike manner of similar quality to that which is evident to date.

Hypothetical Conditions:

1) that the PCCFD has been funded and the parking garage will be built;
2) that the pending sale of 2.505 acres of land to Creighton University has closed;
3) that the renovation project of the former mall shops is completed as planned
4) that market conditions on the date of valuation of April 1, 2019 are as they are currently projected to be on Janaury 31, 2019.

Date of Valuation: April 1, 2019

Date of Inspection: November 8, 2018 and again on January 25, 2019

Date of Report: Janaury 31, 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

Tax Parcel Numbers: The four parcels are 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.

Legal Description: No detailed legal description for any of the parcels were provided. The parcels are in the process of being replanted to correspond with the parcels identified herein as parcels 1 through 4. It is assumed that the legal descriptions for each parcel will correspond with the areas identified on the sketch shown in the final exhibit of the addenda. The parcels described herein are based upon that conclusion.

Ownership: The six assessor's parcels that underlay the four subject parcels to be 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. They are all three rectangular 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 most of them have been or are in process of being completely renovated. It is assumed for purposes of this appraisal that the renovation has been completed. Total building area on parcel 1 is 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: 21%

Parcel 2: 47%

Highest & Best Use As Improved: Complete current renovation project and continue leasing the space to market occupancy level.

FINAL OPINIONS OF VALUE:

Parcel 1:	$54,000,000
Parcel 2:	$29,000,000
Parcel 3:	$7,050,000
Parcel 4:	$9,900,000

PARCEL DATA

	Parcel 2	Parcel 1	Parcel 3	Parcel 4
Location	3141 N. 3^{rd} Avenue Phoenix	3110 N.Central Avenue Phoenix	None assigned	108 W. Catalina Drive Phoenix
A. P. Nos.	118-37-013B 118-37-027B and 118-37-031	Most of 118-37-027A	A portion of 118-37-030A	Portions of 118-37-027A and 118-37-027D
Site Size in Acres Site Size in Square Feet	12.51 acres 544,936 square feet	16.15 acres 703,480 square feet	1.686 acres 73,461 square feet	2.505 acres 109,115 square feet
Site Improvements	Parking lot, landscaping	Parking lot, landscaping, arbor	Parking lot, landscaping	Parking lot, landscaping
Building Improvements	Former department store space, two-level parking garage in average condition	Former mall shop space and anchor space, converted to office and restaurant spaces; assume renovated and, where finished, in excellent condition.	None other than metal parking shade structures.	None
Bldg Square Footage	193,000 SF	337,000 SF	None	None
Occupancy	47%	21%	N/A	N/A
Highest and Best Use (As Proposed)	Renovate vacant space and lease for multi-tenant office occupancy.	Complete build-out of renovated shop space for multi-tenant office and restaurant uses.	Develop mixed use commercial/ residential high-rise project.	Develop mixed use commercial/ residential high-rise project

APPENDIX C

SUMMARY OF ASSESSMENT METHODOLOGY

PRELIMINARY ASSESSMENT METHODOLOGY REPORT

FOR

PARK CENTRAL COMMUNITY FACILITIES DISTRICT

Parking Garage Assessment District

City of Phoenix, Arizona

March 25, 2019

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

SCOUTTEN, JR.
Date Signed 3-25-19
ARIZONA U.S.A.

EXPIRES 06/30/2019

PARK CENTRAL COMMUNITY FACILITIES DISTRICT
Parking Garage Assessment District
Preliminary Assessment Methodology Report
March 25, 2019

Background

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

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

Purpose

The purpose of this report is to present an assessment methodology for assessing the District parcels for the cost of the Catalina Garage. However, until the final Catalina Garage cost estimate and other costs of developing the Catalina Garage are known and the bond amount is determined, the assessment amounts cannot be finalized. Thus, this report will recommend the framework for the final assessment calculations to be made when the size of bond issue is finalized. At that time, this report will be modified as necessary to become a "Final Assessment Methodology Report."

Ownership at Creation of District and Subsequent Transfers

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

The owners of the property within the District at the time of creation of the District were HPPC, LLC, Dignity Health (Dignity), and Park Central Mall, LLC. Since the time of District formation, the properties formerly owned by Dignity and Park Central Mall, LLC were conveyed to HPPC II, LLC. The land within the District is currently comprised of six parcels of land. All parcels are currently owned by HPPC, LLC and HPPC II, LLC (together the Initial Owners). Within the parcel on which the Catalina Garage and a future apartment building will be developed (APN 118-37-030A), a small "island" parcel exists, which is owned by the City (APN 118-37-030B). This City parcel was excepted from the legal description for the District boundaries and is not included within the boundaries of the District. Another parcel owned by Dignity (APN 118-37-028) is surrounded by the

District's boundaries, but is excluded from the District. The following table provides basic information for the parcels within the District as they currently exist.

Table 1 – Current Parcels within Proposed District Boundaries

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

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

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

The Developer and HPPCII intend to sell portions of the above described parcels to others for development of various uses such as the apartments, senior housing, office buildings, hotels, and mixed-use buildings. A platting process is currently underway through the City to create the apartment and Catalina Garage parcels, as well as a new parcel to be acquired by Creighton University. This plat will also combine current tax parcels into larger parcels. Figure 2 shows the locations and layout of the District parcels as they will exist upon completion of the platting process, which is estimated to occur in April 2019 and prior to the issuance of the Special Assessment Bonds.

The Developer is planning to sell additional parcels following recordation of the special assessment liens. When those future parcel sales occur, the District assessment that has been recorded on each parcel must be modified to split the special assessment between the new parcel and the remainder of the parent parcel. This assessment modification process should be based on the original assessment methodology. An example of a future modification process is included in this report.

Catalina Garage Costs

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

Table 2 – Estimated Garage Construction Costs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Catalina Garage Parcel – The Catalina Garage parcel, which will be created by the re-platting process currently underway by the Developer and the City, is currently burdened by the existing parking easement agreements, as discussed previously. Amendments to the prior agreements and the new agreements recognize that the Catalina Garage parcel will no longer be available for surface parking and provide for certain replacement spaces within the Catalina Garage.

Financing Plan

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

Table 3 – Estimated Sources and Uses of Funds

Sources	Amount
Dignity Funds	$ 8,000,000
Developer Contribution	$ 362,500
Bond Proceeds	$30,000,000
Total	**$38,587,477**
Uses	**Amount**
Construction Costs	$33,466,631
Issuance Costs	$ 1,002,539
Debt Service Reserve	$ 2,361,394
Capitalized Interest	$ 1,756,913
Total	**$38,587,477**

Assessment Methodology

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

The City of Phoenix requires that commercial projects, such as Park Central, provide adequate parking for the planned uses. These parking requirements are established by utilizing ratios embodied in the City's zoning code. The existing parking ratios for the Park Central site are shown in the following table.

Table 4 - Current Parking Ratios

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

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

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

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

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

Table 5 - Current Parking Ratios after October 10, 2020

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

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

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

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

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

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

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

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

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

Table 6 – Apartments Parking Requirements

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

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

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

However, the absolute reservation of the 278 spaces for Assessment Parcel 3, and the use by Assessment Parcel 3 of another 100 spaces during nights and weekends, represents an increased benefit to Assessment Parcel 3 and a reduced benefit to the other Assessment Parcels. Therefore, Assessment Parcel 3 should have a higher assessment on a per-space basis.

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

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

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

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

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

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

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

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

*** See Table 6.

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

Recommended Assessments

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

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

Regarding the downward adjustment for Assessment Parcel 4 (Creighton), it is appropriate to reduce this assessment for two reasons. First, because Assessment Parcels 1 and 4 have nearly the same number of spaces allocated within the Catalina Garage, their assessments should be similar. Second, the Creighton campus is not allocated the full number of Catalina Garage spaces needed to serve its site. Creighton needs 551 spaces under the City code, but is allocated only 500 within the Catalina Garage.

Table 8 provides the recommended preliminary assessments.

Table 8 – Recommended Preliminary Assessments

Assessment Parcel No.	Parcel Owner or Future Owner	Number of Parking Spaces Allocated	Pro Rata Share Based on Spaces	Adjusted Share	Recommended Assessment
1	HPPC	457	30.77%	31%	$9,300,000
2	HPPC II	250	16.84%	17%	$5,100,000
3	Apartments*	278	18.72%	21%	$6,300,000
4	Creighton*	500	33.67%	31%	$9,300,000
5	HPPC II	0	0.00%	0%	$1
Totals		**1,485**	**100.00%**	**100%**	**$30,000,001**

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

Assessment Modification Approach

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

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

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

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

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

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

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

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

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

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

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

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

* * *

FIGURES

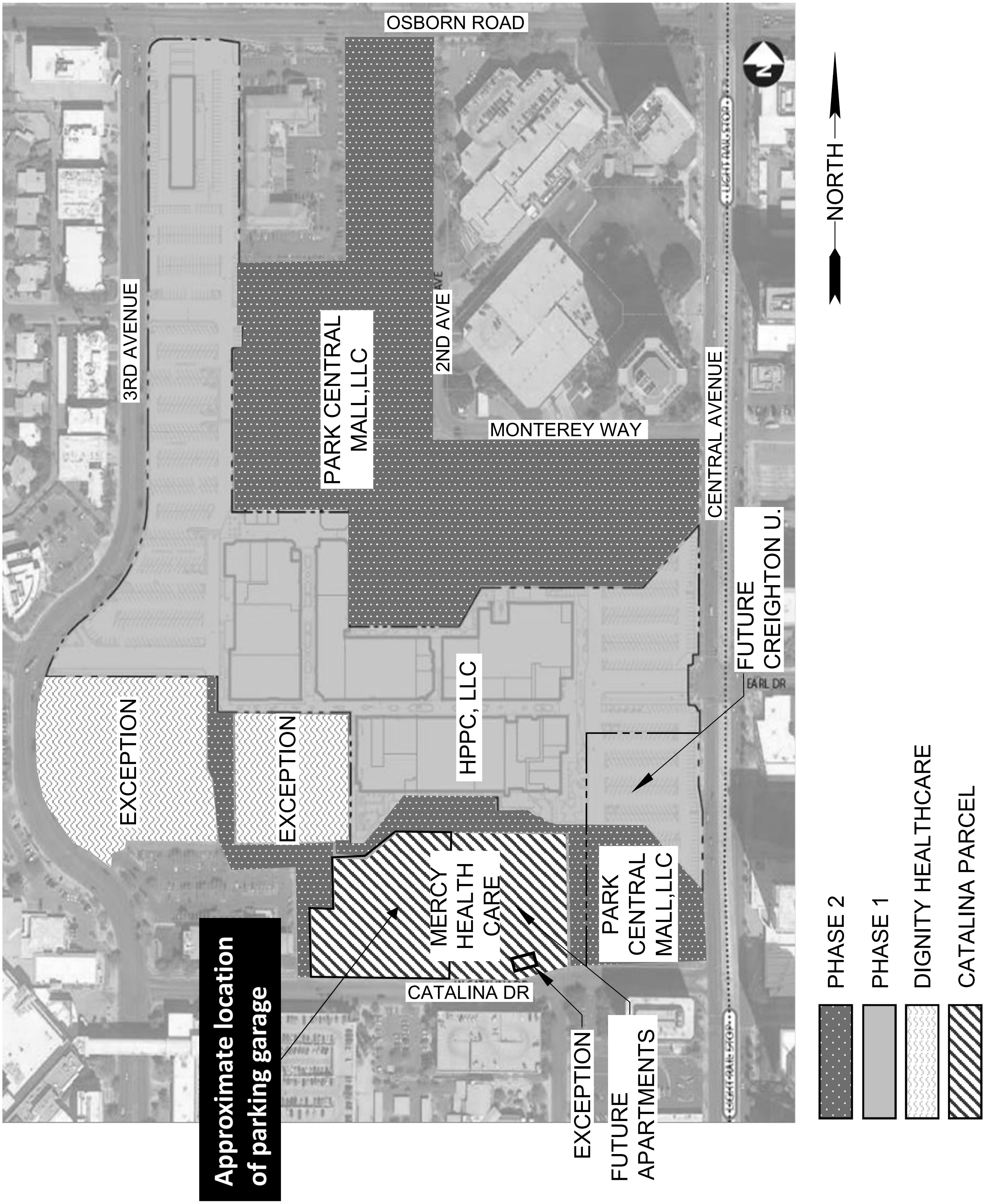


FIGURE 1

PARK CENTRAL COMMUNITY FACILITIES DISTRICT
INITIAL OWNERSHIP

PHOENIX, ARIZONA

EPS GROUP

125 S. Avondale Blvd., Suite 115
Avondale, AZ 85323

T:623.547.4661 | F:623.547.4662
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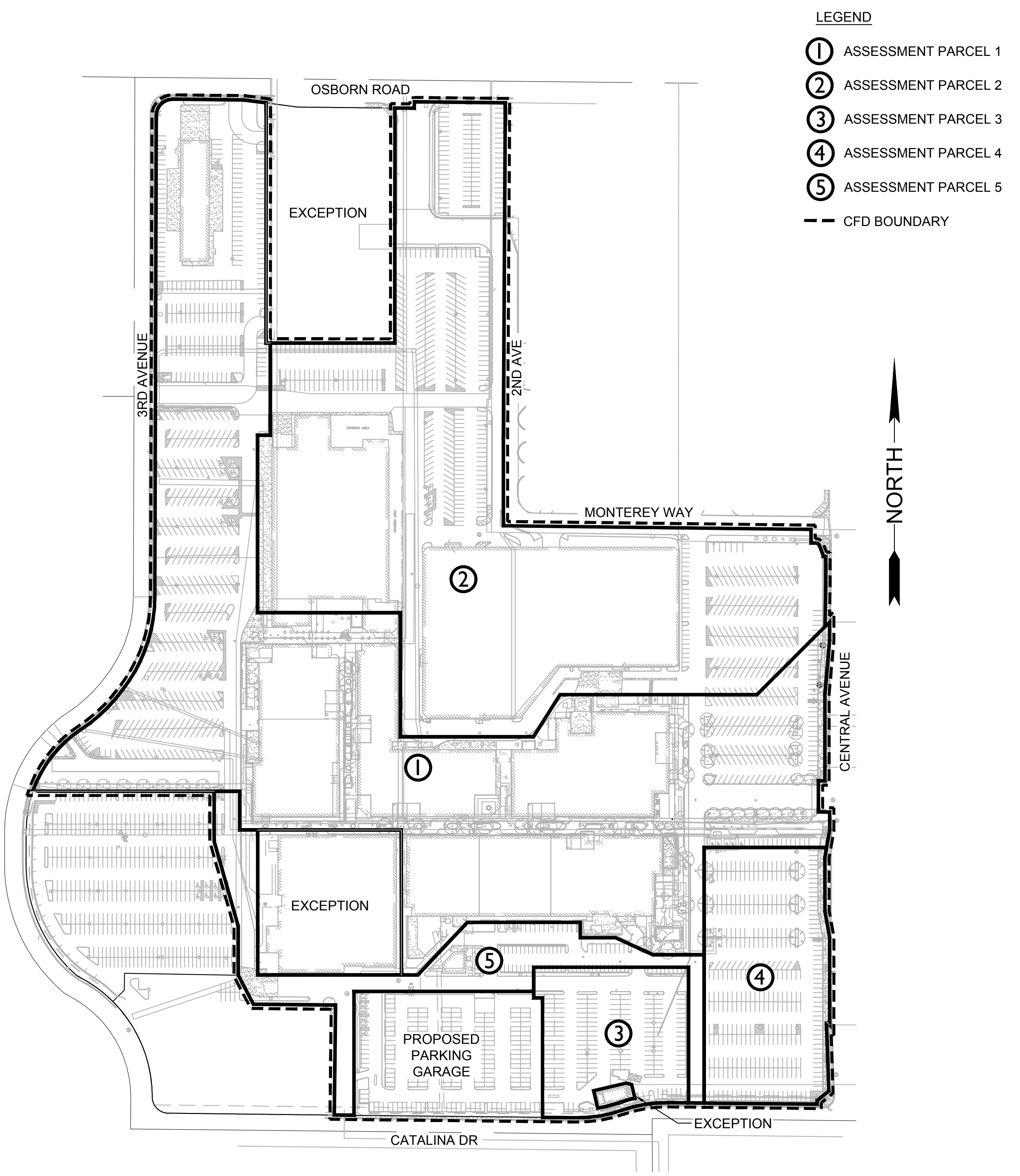

FIGURE 2

PARK CENTRAL COMMUNITY FACILITIES DISTRICT
ASSESSMENT PARCELS

PHOENIX, ARIZONA

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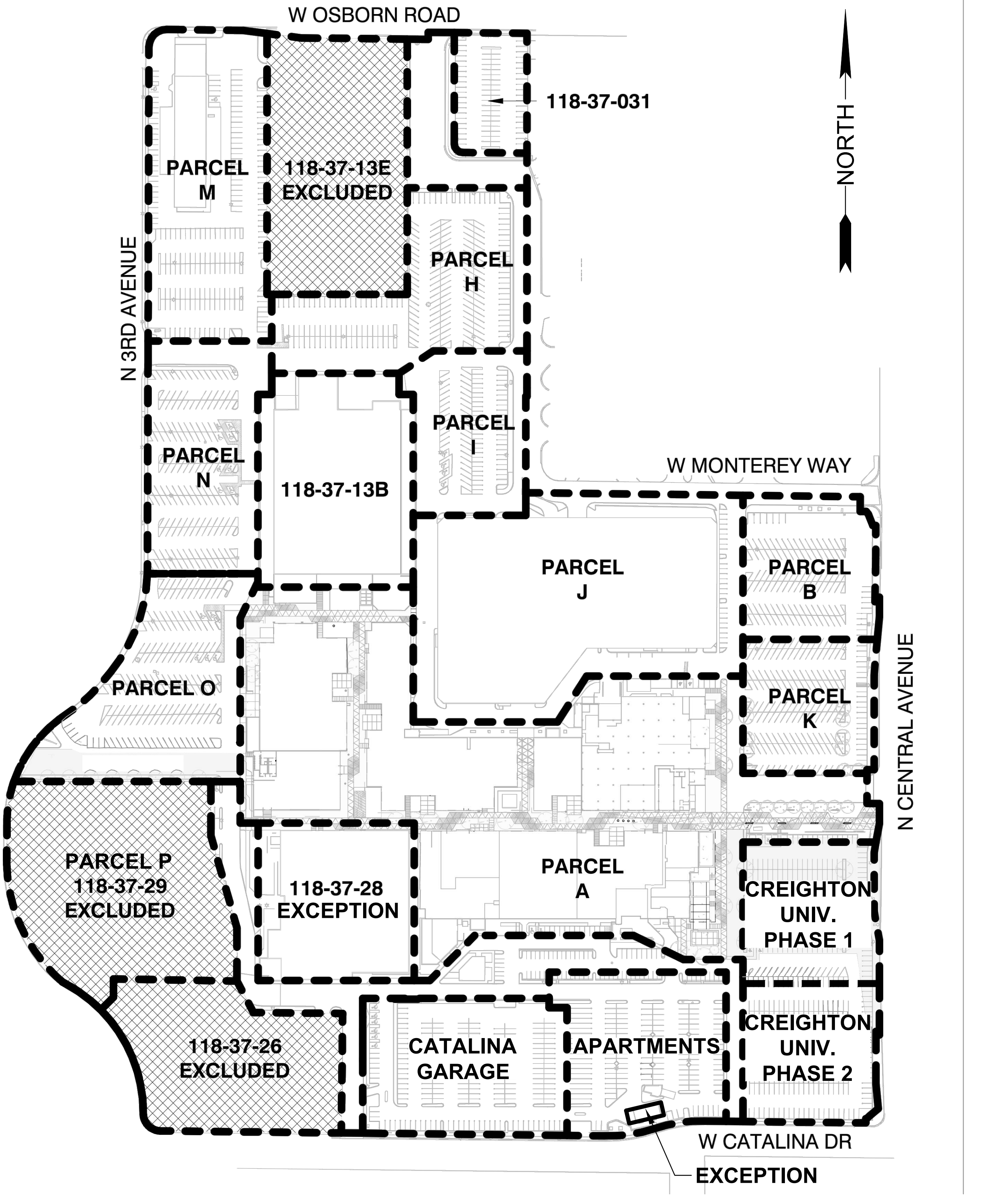

FIGURE 3

PARK CENTRAL COMMUNITY FACILITIES DISTRICT
FUTURE PARCEL PLAN

PHOENIX, ARIZONA

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APPENDIX D

PROJECT AND FINANCING PARTICIPANTS

PROJECT AND FINANCING PARTICIPANTS

Developer:
HPPC, LLC

Development Manager:
Plaza Del Rio Management Corp., dba Plaza Companies

Garage Asset Manager:
HPPC, LLC

Architect:
GLHN Architects & Engineers, Inc.

Contractor:
Kitchell Contractors, Inc.

District Bond Counsel:
Squire Patton Boggs (US) LLP

District Financial Advisor:
Stifel, Nicolaus & Company, Incorporated

Bond Underwriter:
Piper Jaffray & Co.

Underwriter's Counsel:
Greenberg Traurig, LLP

District Appraiser:
Harding & Associates

Assessment Engineer:
EPS Group, Inc.

District Engineer:
EPS Group, Inc.