

**PAPAGO PARK CENTER INC.
MEETING NOTICE AND AGENDA – AMENDED**

BOARD OF DIRECTORS MEETING

Thursday, August 3, 2023, 9:30 AM

**SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288**

Directors: David Rousseau, President; Christopher Dobson, Vice President; Kevin Johnson,
Mark Pace, and Leslie C. Williams

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Board of Directors and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Board Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item..... CHAIRMAN DAVID ROUSSEAU
 - Request for approval of the minutes for the meeting of April 13, 2023.
2. Review of the Treasurer's Report SCOTT ERICKSON
3. The Grand at Papago Park Center Development Update MITCHELL ROSEN
4. Executive Session, Pursuant to A.R.S. §38-431.03(A)(7), for Discussion and Consultation with PPC, Inc.'s Designated Representatives to Consider the Board's Position and Provide Instruction to such Representatives Regarding Negotiation of an Amendment to the Agreement to Sublease Unimproved Real Property Between PPC, Inc. and Papago Grand JV, LLC (Lincoln Property Company / Goldman Sachs) for Lot 2 (Approximately 2.74 Acres) and Lot 12 (Approximately 5.37 Acres) at The Grand at PPC MITCHELL ROSEN
5. Request for Approval to Amend the Agreement to Sublease Unimproved Real Property with Papago Grand JV, LLC (Lincoln Property Company / Goldman Sachs) for Lot 2 (Approximately 2.74 Acres) and Lot 12 (Approximately 5.37 Acres) at The Grand at PPC MITCHELL ROSEN
6. Papago Park Center Inc. Officers for Fiscal Year 2024 MITCHELL ROSEN

Request for approval of the Papago Park Center (PPC), Inc. Officers for Fiscal Year 2024 (FY24): President: David Rousseau; Vice President: Christopher J. Dobson; Treasurer: Brian J. Koch; Assistant Treasurer: Dale R. Politi; Secretary: John M. Felty; Assistant Secretary: Lora F. Hobaica; Assistant Secretary: Nina J. Mullins; and Assistant Secretary and Designated Broker: Mitchell B. Rosen.

7. Declarant Directors for the Board of PPC AssociationMITCHELL ROSEN

Request for approval of the appointment of four Declarant Directors to serve on the PPC Association Board for FY24: David Rousseau, Christopher J. Dobson, Kevin J. Johnson, and Leslie C. Williams.

8. Declarant Directors for the Board of The Grand at PPC Association
.....MITCHELL ROSEN

Request for approval of the appointment of three Declarant Directors to serve on The Grand at PPC Association Board for FY24: David Rousseau, Christopher J. Dobson, and Mark V. Pace.

9. Adjourn CHAIRMAN DAVID ROUSSEAU

The Board may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Board on any of the matters listed on the agenda.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary's Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.



**NOTICE WILL BE SENT REGARDING THE NEXT MEETING OF THE
BOARD OF DIRECTORS OF PAPAGO PARK CENTER, INC.**

08/01/2023

MINUTES
BOARD OF DIRECTORS
PAPAGO PARK CENTER, INC.

DRAFT

April 13, 2023

A meeting of the Board of Directors of Papago Park Center, Inc. (PPC Inc.), an Arizona corporation, convened at 9:52 a.m. on Thursday, April 13, 2023, from the Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Directors of PPC Inc. present at roll call were David Rousseau, President of PPC Inc. and SRP; Christopher J. Dobson, Vice President of PPC Inc. and SRP; and Kevin J. Johnson, Mark V. Pace, and Leslie C. Williams of SRP.

Also present were Kathy L. Mohr-Almeida and John M. White Jr., Board Members of SRP; Dale R. Politi, Assistant Treasurer of PPC Inc. and Assistant Treasurer of Cash Management of SRP; John M. Felty, Secretary of PPC Inc. and Corporate Secretary of SRP; Lora F. Hobaica, Assistant Secretary of PPC Inc. and Assistant Corporate Secretary of SRP; Nina J. Mullins, Assistant Secretary of PPC Inc. and Senior Director of Land and PPC Inc. of SRP; Mitchell B. Rosen, Assistant Secretary and Designated Broker of PPC Inc. and Development Manager of PPC Inc. of SRP; Mmes. Melissa J. Burger, Catherine E. England, and Sue Ann Perkinson of SRP; and Messrs. Scott E. Erickson, Ken J. Lee, Aidan J. McSheffrey, Michael J. O'Connor, and Jason I. Riggs of SRP.

In compliance with A.R.S. §38-431.02, Andrew Davis had posted a notice and agenda of the meeting of the Board of Directors of PPC Inc. at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, April 11, 2023.

Consent Agenda

President and Director D. Rousseau requested a motion for approval of the Consent Agenda, in its entirety.

On a motion duly made by Vice President and Director C.J. Dobson and seconded by Director M.V. Pace, the Board of Directors of PPC Inc. unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the PPC Inc. meeting on December 5, 2022, as presented.

Secretary J.M. Felty polled the Directors on Vice President and Director C.J. Dobson's motion to approve the minutes for the meeting of December 5, 2022. The vote was recorded as follows:

YES:	Directors David Rousseau, President; John R. Hoopes, Vice President; and Kevin J. Johnson, Mark V. Pace, and Leslie C. Williams	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

Member Director Pamela Collins of Papago Park Center Association entered the meeting.

Treasurer's Report

Using a PowerPoint presentation, Scott E. Erickson, SRP Manager of Financial Systems and Controls, reviewed the Cash Basis Budget versus Actual Comparison and expenses year-to-date through January 31, 2023; the Accrual Basis Balance Sheet as of January 31, 2023; and the Cash versus Accrual Comparison for the fiscal year-to-date through January 31, 2023.

Copies of the PowerPoint slides used in this presentation are on file in the SRP Corporate Secretary's Office and, by reference, made a part of these minutes.

Fiscal Year 2024 Operating and Capital Budgets

Using a PowerPoint presentation, Mitchell B. Rosen, Assistant Secretary and Designated Broker of PPC and Development Manager of PPC Inc. of SRP, reviewed the key elements of the proposed Fiscal Year 2024 (FY24) Operating Budget for PPC Inc. and compared the variances with the FY23 Operating Budget. Continuing, he reviewed the details of the PPC Inc. Capital Budget and stated that the proposed capital costs will be \$2,400,000 in FY24.

Mr. M.B. Rosen concluded by recommending approval of the proposed FY24 Operating and Capital Budgets, as presented.

On a motion duly made by Director M.V.Pace, seconded by Director K.J. Johnson and carried, the PPC Inc. Board granted approval, as recommended by Management.

Secretary J.M. Felty polled the Directors on Director M.V.Pace's motion to approve the FY24 Operating and Capital Budgets, as presented. The vote was recorded as follows:

YES:	Directors David Rousseau, President; John R. Hoopes, Vice President; and Kevin J. Johnson, Mark V. Pace, and Leslie C. Williams	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

Copies of the PowerPoint slides used in this presentation are on file in the SRP Corporate Secretary's Office and, by reference, made a part of these minutes.

The Grand at Papago Park Center Development Update

Using a PowerPoint presentation, Mitchell B. Rosen stated that the purpose of the presentation was to provide an informational update regarding The Grand Development Project.

Mr. M.B. Rosen said that Lincoln Property Company (Lincoln) paid \$461,187 for an option on Lots 2 and 12 that expired on December 31, 2022, and that Lincoln paid \$2.1 million for construction drawings for the new building on Lot 2. He reported that ongoing discussions with Lincoln continue regarding potential structure of an option extension.

Mr. M.B. Rosen presented a rendering of the MUFG building and aerials of Lots 2, 5, and 12 at PPC Inc. He referenced an article from SFGATE regarding the record high office space available and discussed the latest developments regarding Silicon Valley Bank.

Mr. M.B. Rosen provided an update regarding Alliance Residential as follows: the PNC Bank loan is complete; PNC Bank decreased the loan to cost from 65% to 55%; the equity partner raised \$30 million; spent \$2.5 million on entitlement, construction drawings, and other costs; and Alliance purchased option extensions through December 31, 2022 for \$279,125. He discussed PNC Bank's concerns with the overall project costs and rents as follows: the lumber package cost is down from \$10.5 million to \$9.2 million, a savings of approximately \$1.3 million; concrete parking structure is at \$6.5 million; a year ago, the London Inter-bank Offered Rate (LIBOR) plus 300 basis points (bps.) was at 1.45% and now it's at 5.74%, resulting in an increase cost of funds from 4.45% to 8.74%.

Mr. M.B. Rosen presented an aerial of The Grand site map outlining the day-night average sound level noise metric (DNL) at 65 DNL. He said that the ground lease with the Marquee Theater (Tenant) expires on August 24, 2024; Tenant is working with KIMCO on property at Mesa Riverview and believes it will require more time than that of August 24, 2024 to secure a new facility; and Tenant has requested an additional two-year extension to August 24, 2026. Mr. M.B. Rosen said that management is evaluating Tenant's request and that he will brief the Board at a future meeting with recommendations.

Mr. M.B. Rosen stated that the entry monument at Grand Way and Priest is scheduled to be completed on June 1, 2023. He concluded with a rendering of the entry monument, along with photos of the improvements.

Mr. M.B. Rosen responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the SRP Corporate Secretary's Office and, by reference, made a part of these minutes.

Terminate Existing Ground Lease
on TruWest Credit Union Building

Using a PowerPoint presentation, Mitchell B. Rosen stated that the purpose of the presentation was to request approval for PPC Inc. to terminate the existing ground lease and existing sublease with respect to the real property on which the TruWest Credit building is located.

Mr. M.B. Rosen stated that on June 16, 2022, SRP purchased the TruWest building with the intent of using the building for its purposes after TruWest vacates the building on December 31, 2023. He said that on March 8, 2023, SRP requested that PPC Inc. terminate the ground lease and sublease for the TruWest building effective December 31, 2023, and noted that the net economic impact to SRP as a result of the lease termination is insignificant.

Mr. M.B. Rosen concluded by requesting approval to authorize the President, Vice President, Secretary, or Assistant Secretary of PPC Inc.'s Board to terminate the Master Ground Lease and Ground Sublease for the property on which the TruWest building is located.

On a motion duly by Director L.C. Williams, seconded by Director M.V. Pace and carried, the Board granted approval, as presented.

Secretary J.M. Felty polled the Directors on Director L.C. Williams' motion for approval. The vote was recorded as follows:

YES:	Directors David Rousseau, President; John R. Hoopes, Vice President; and Kevin J. Johnson, Mark V. Pace, and Leslie C. Williams	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

Copies of the PowerPoint slides used in this presentation are on file in the SRP Corporate Secretary's Office and, by reference, made a part of these minutes.

There being no further business to come before the Board of Directors of PPC Inc., the meeting adjourned at 10:25 a.m.

John M. Felty
Secretary

Papago Park Center, Inc.

Treasurer's Report



Scott Erickson

Manager Financial Systems & Controls

August 3, 2023

Agenda

Papago Park Center, Inc.
Year-to-date through April 30, 2023

- Income Statement
 - Operating Income
 - Operating Expenses
 - Master Ground Lease
- Capital Expenditures
- Balance Sheet



Income Statement

Papago Park Center, Inc.
Income Statement
Year-to-date through April 30, 2023

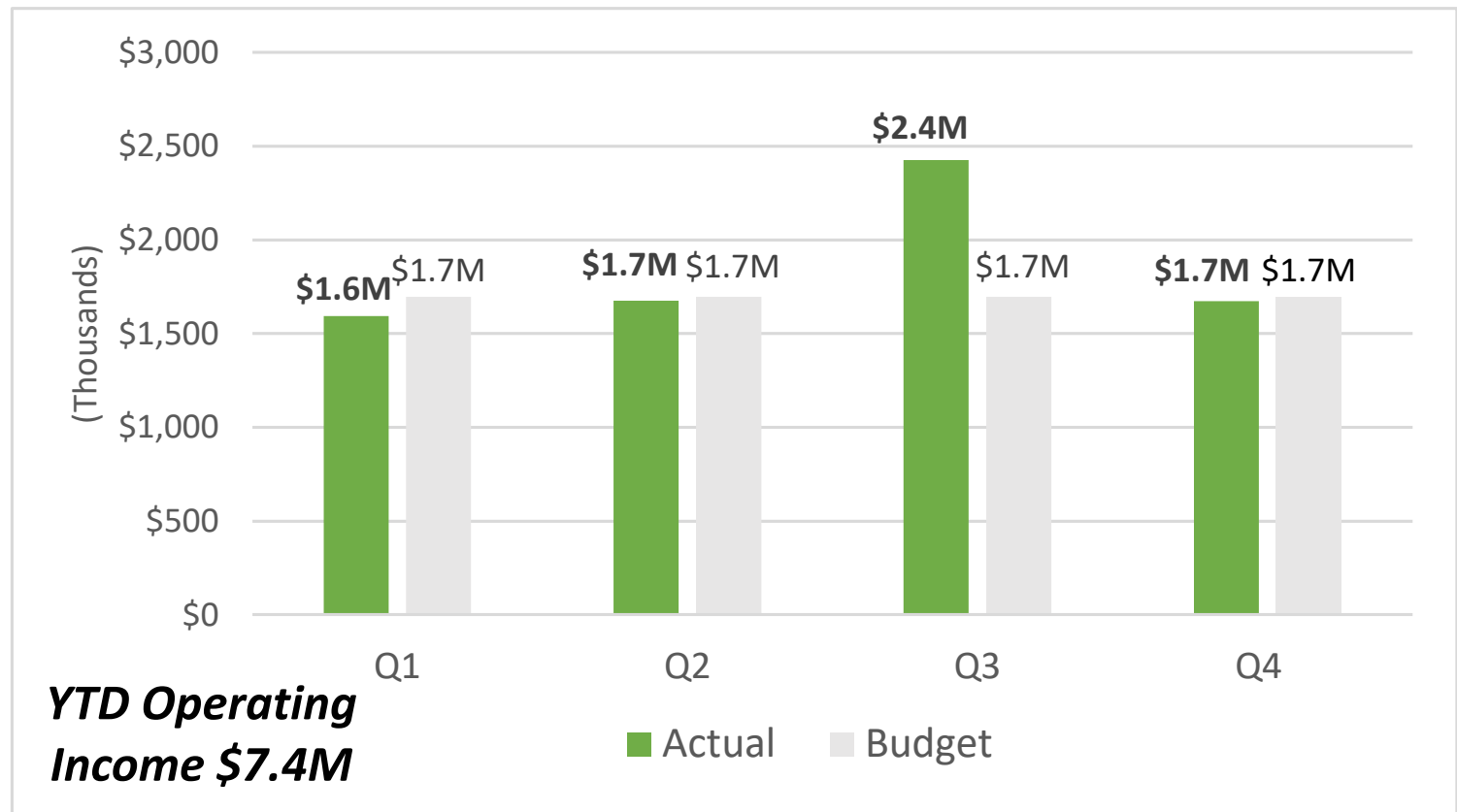
	(Thousands)		
	Actual	Budget	\$-Variance
Operating Income	\$7,367	\$6,782	\$585
Operating Expenses	7,645	9,373	(1,728)
Net Operating Income (Loss)	(278)	(2,591)	2,313
Other Income and Expenses	103	4	99
Net Income (Loss) before Income Taxes	(175)	(2,587)	2,412
Income Tax Expense	296	335	(39)
Net Income (Loss) after Income Taxes	(\$471)	(\$2,922)	\$2,451



Papago Park Center, Inc.

Operating Income

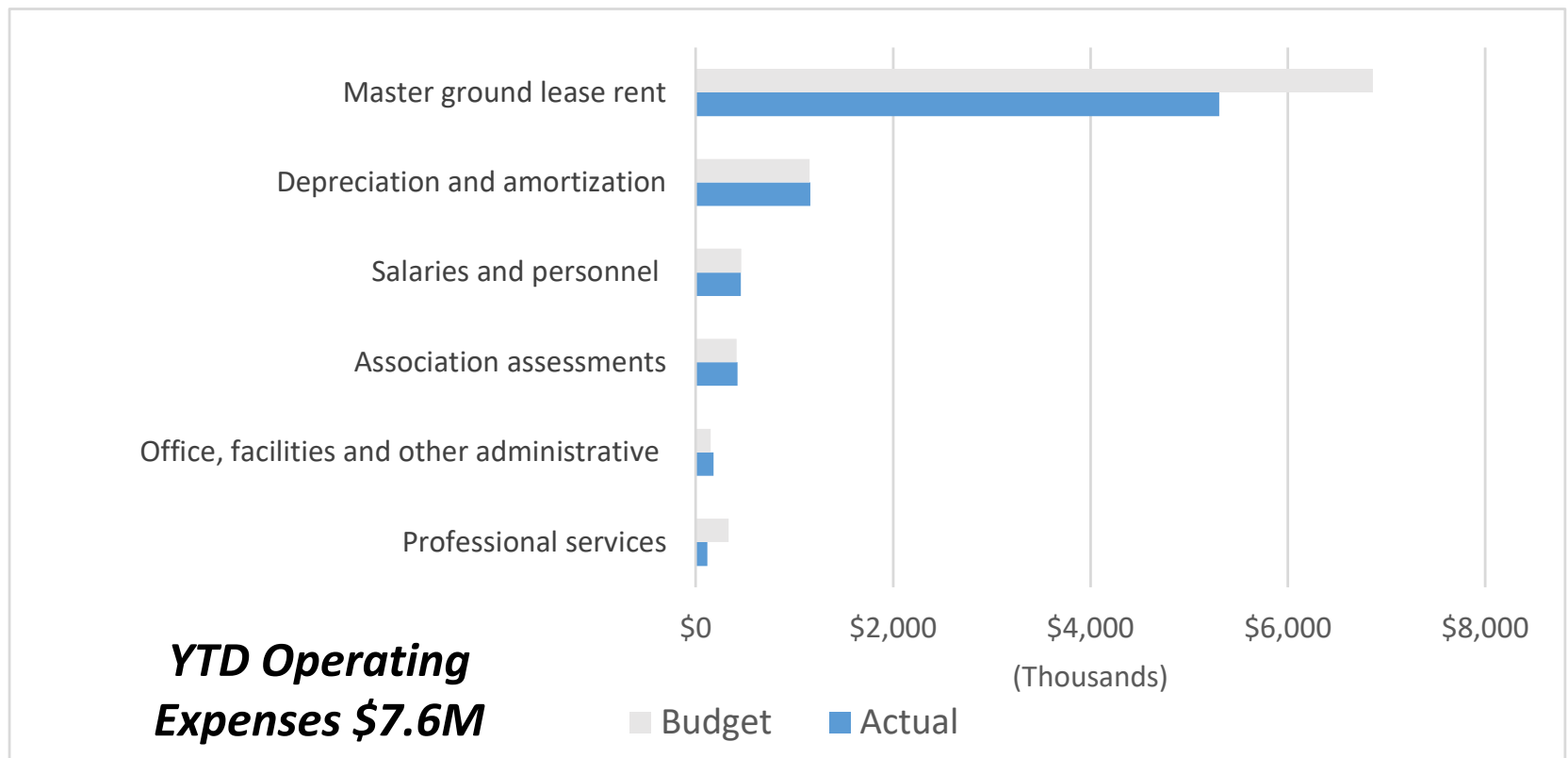
Year-to-date through April 30, 2023



Papago Park Center, Inc.

Operating Expenses – Budget v. Actual

Year-to-date through April 30, 2023

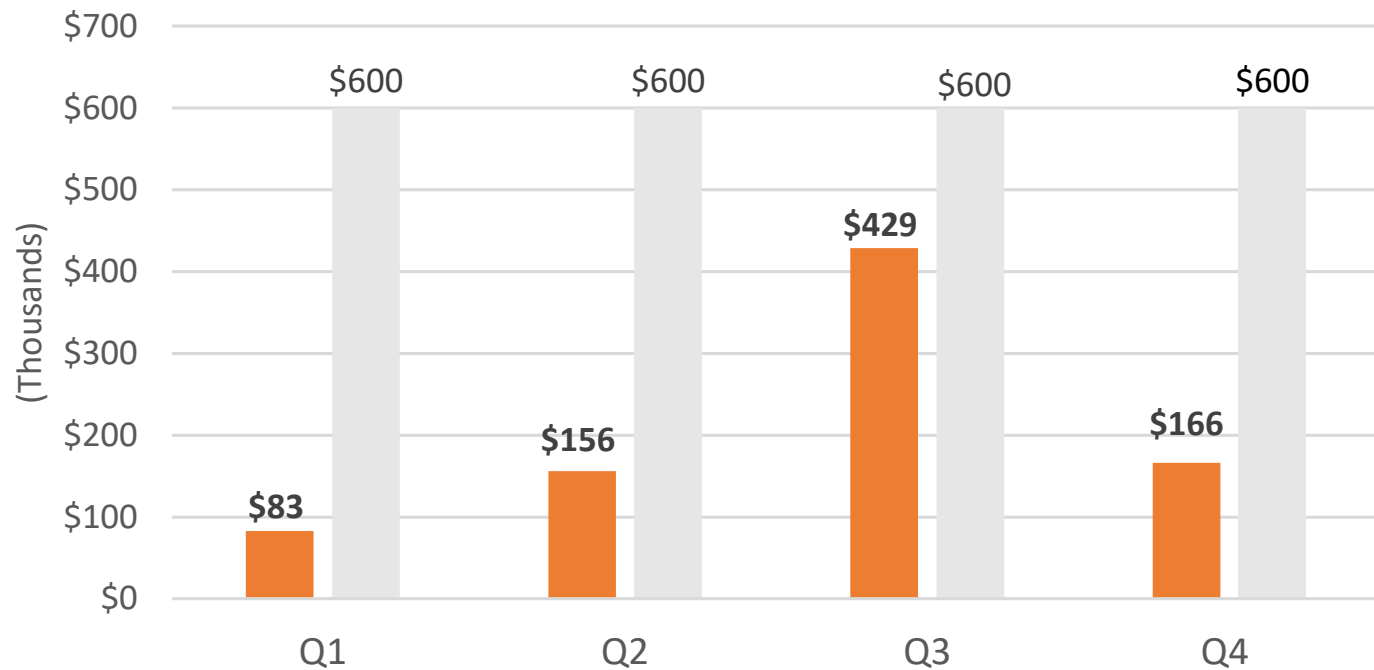


Capital Expenditures

Papago Park Center, Inc.

Capital Expenditures

Year-to-date through April 30, 2023



YTD Capital Expenditures \$0.8M

Actual Budget



Balance Sheets

Papago Park Center, Inc. Balance Sheets

(Thousands)	April 30, 2023	April 30, 2022	\$-Change
Current assets	\$8,125	\$8,682	(\$557)
Fixed assets, net	24,359	24,657	(298)
Other assets	790	845	(55)
Total Assets	\$33,274	\$34,184	(\$910)
Accrued liabilities	\$1,774	\$1,974	(\$200)
Unearned revenue	6,615	7,166	(551)
Other liabilities	1,174	862	312
Total Liabilities	9,563	10,002	(439)
Shareholder Equity	23,711	24,182	(471)
Total Liabilities & Shareholders' Equity	\$33,274	\$34,184	(\$910)





Papago Park Center, Inc.



Mitchell Rosen

Development Manager

August 3, 2023

Item 3 – The Grand Development/Marquee Theater/ISB

Provide updates on the following:

- Lincoln Property Company's proposed option on Lots 2 and 12.
- Alliance Residential's 290-unit multi-family project on Lot 5.
- Lot 7 PAD amendment.
- Marquee Theater and ISB zone change to MU-4.
- Construction of The Grand Way entry monumentation.



Lincoln Property Company Option on Lots 2 and 12



08/23-Papago Park Center, Inc. M.B. Rosen

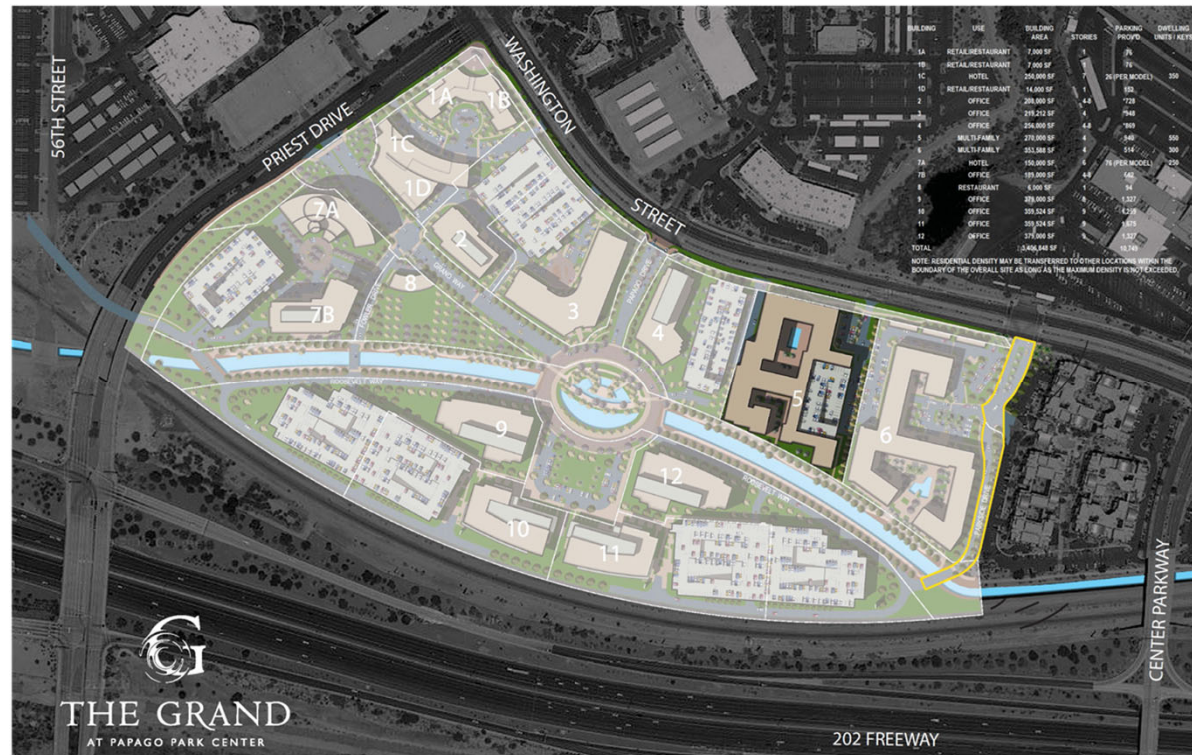
Lincoln Property Company/Goldman Sachs

Options on Lots 2 & 12

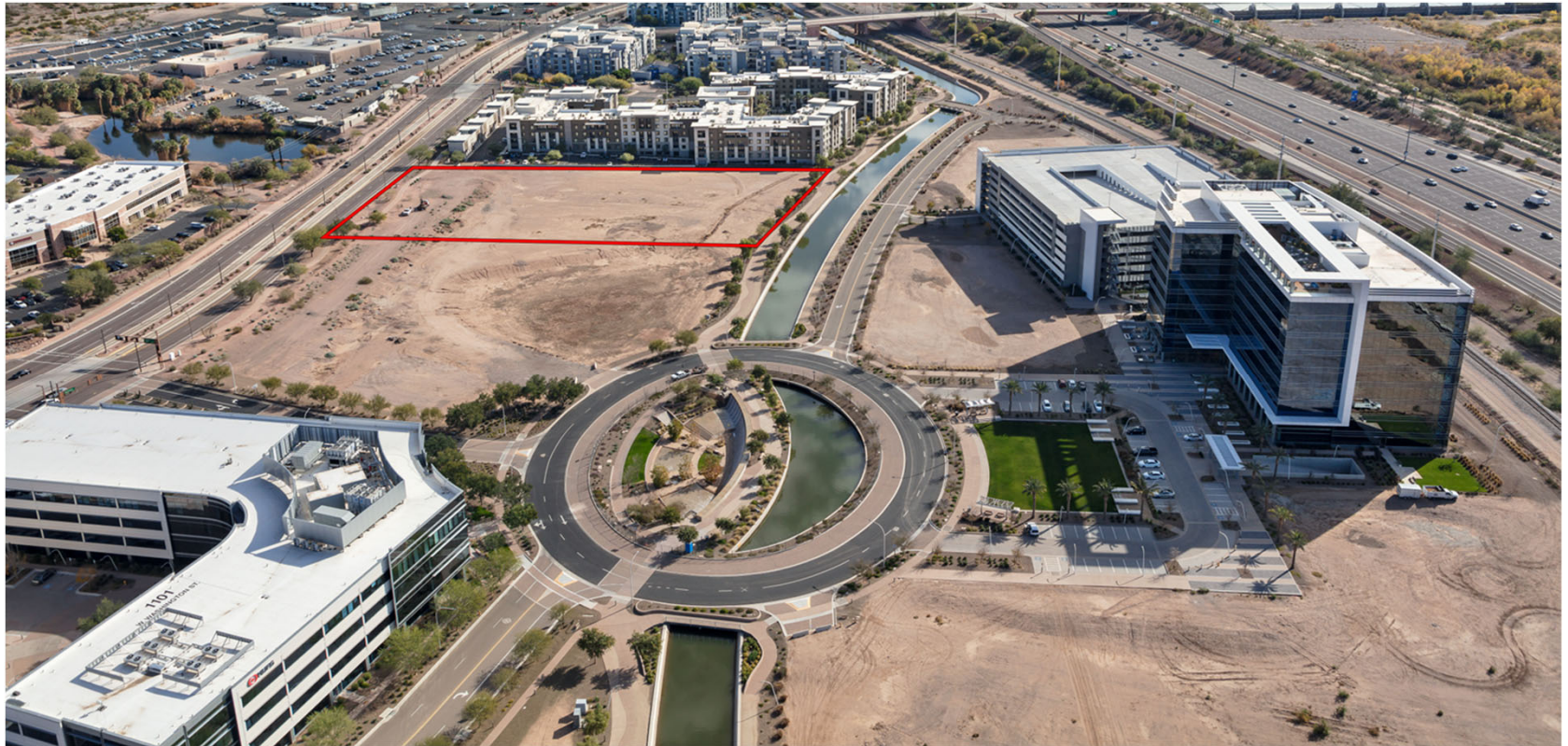
- On March 15, 2022, LPC paid \$461,187 to Papago Park Center, Inc. for an option on Lots 2 & 12 that expired on December 31, 2022.
- On July 17, 2023, Lincoln proposed an option extension on Lots 2 and 12 through December 31, 2025 (29 months). Compensation for the option to PPC, Inc. would occur by assigning \$250,000 of Lincoln's future reimbursement associated with Roosevelt Way East of \$847,533 to PPC, Inc. with an additional option to extend 12 months by assigning an additional \$100,000 of the Roosevelt Way East future reimbursement, all to be reimbursed as development occurs.



Alliance Residential on Lot 5 (290 units)



Alliance Residential on Lot 5 (290 units)



08/3/23-Papago Park Center, Inc. M.B. Rosen



Alliance Residential on Lot 5 (290 units)

Option on Lot 5

- On June 21, 2022, the PPC, Inc. Board extended the option period from August 6, 2022, to December 6, 2022 for \$279,125.
- Lease with lender (PNC Bank) has been fully review. Rent of \$609,000 annually during construction and \$1,218,000 upon completion of construction in 24 to 36 months.
- Fair Share of Common Area Improvements of \$2,144,340 to be paid when construction begins.
- Anticipate signing lease and commence construction 1st Quarter of 2024.



The Grand Development Update – Lot 7



08/3/23-Papago Park Center, Inc. M.B. Rosen

The Grand re-zoning on Lot 7 (250 units + 199 units)



08/3/23-Papago Park Center, Inc. M.B. Rosen



The Grand re-zoning on Lot 7 (250 units + 199 units)



08/3/23-Papago Park Center, Inc. M.B. Rosen



Marquee Theater lease and re-zoning to MU-4

- Tenant signed 2-year lease extension to August 5, 2024, for \$225,000 per year.
- During the lease extension period, PPC, Inc. will explore rezoning property to multi-family use. Rezoning is anticipated to take a year to accomplish with negotiating a deal and construction drawings anticipated to take an additional year thereafter.
- At \$225,000 the underlying building value is approximately \$2,250,000. Multi-family land at this location would be valued in excess of \$10,000,000.
- Extend Lease from August 5, 2024, to August 5, 2025.



Marquee Theater – 1.50 acres



08/3/23-Papago Park Center, Inc. M.B. Rosen



Marquee Theater – 15 floors/255 units



08/3/23-Papago Park Center, Inc. M.B. Rosen

Marquee Theater – 15 floors/255 units



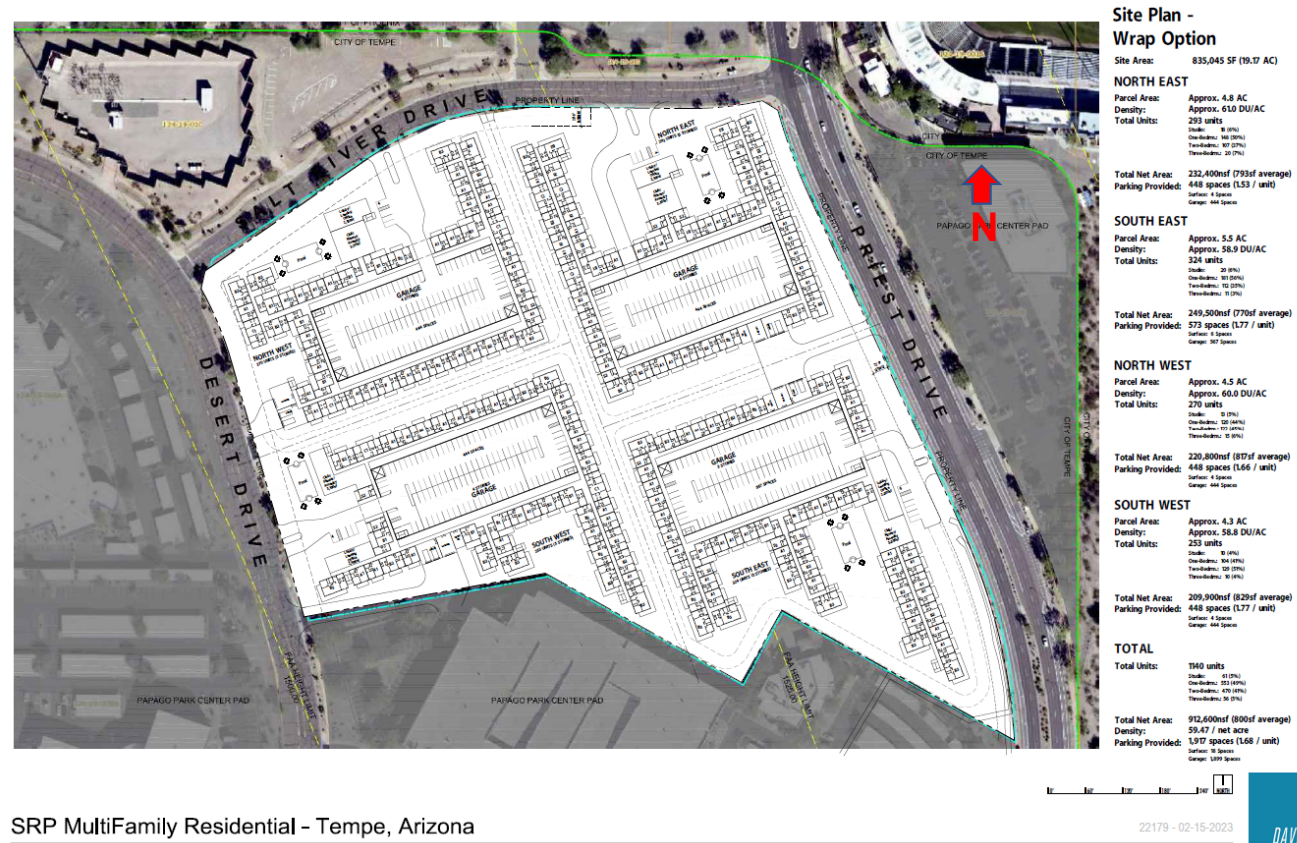
08/3/23-Papago Park Center, Inc. M.B. Rosen

Marquee Theater – 15 floors/255 units



08/3/23-Papago Park Center, Inc. M.B. Rosen

ISB rezoning to MU-4 (19.17 acres/1140 Units)



SRP MultiFamily Residential - Tempe, Arizona

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08/23-Papago Park Center, Inc. M.B. Rosen

The Grand Entry Monuments

Complete construction August 2023



The Grand Entry Monuments

Complete construction August 2023





BOARD ACTION ITEM 5

Papago Park Center, Inc.



Item 5 – Action Item for Consideration

- Board consideration to approve amending the Agreement to Sublease Unimproved Real Property with Papago Grand JV, LLC (Lincoln/Goldman) to extend its option on Lots 2 and 12.



Proposed Amendment to Agreement to Sublease Unimproved Real Property

Key Terms:

- Extend option on Lots 2 and 12 through December 31, 2025 (29 months). Compensation for the option to PPC, Inc. would occur by assigning \$250,000 of LPC's future reimbursement associated with Roosevelt Way East of \$847,533 to PPC, Inc.
- LPC would have an option to extend an additional 12 months, to December 31, 2026, by assigning an additional \$100,000 of the Roosevelt Way East future reimbursement to PPC, Inc., all to be reimbursed as development occurs.
- All other lease terms are consistent with previous office leases including (i) rent waived during construction period, (ii) 50% rent for 6 months following completion of building, and (iii) 100% rent thereafter.



Approval of Amendment to Sublease Unimproved Real Property

PPC management recommends and seeks:

- Approval to amend the Agreement to Sublease Unimproved Real Property with Papago Grand JV, LLC (Lincoln/Goldman) for options on Lots 2 (2.74 acres) and 12 (5.87 acres) at The Grand at Papago Park Center and related documents generally described in the Key Terms of this presentation, and to enter into any subsequent amendments to the sublease or related documents that do not materially modify their economic terms.
- Authorization for the President or Vice President, and the Secretary or Assistant Secretary, to execute and deliver the Amendment and related documents.





Item 6 – Election of Officers for Papago Park Center, Inc.

Proposed Slate of Officers

President

David Rousseau

Vice-President

Christopher J. Dobson

Treasurer

Brian J. Koch

Assistant Treasurer

Dale R. Politi

Secretary

John M. Felty

Assistant Secretary

Lora F. Hobaica

Assistant Secretary

Nina J. Mullins

Assistant Secretary &

Mitchell B. Rosen

Designated Broker



Item 6 – Election of Officers

Board Action Recommended

- Elect the Papago Park Center, Inc. Slate of Officers for FY24.





Item 7 – Appointment of Declarant Directors

Proposed Slate of Declarant Directors for Papago Park Center Association

➤ Appoint the following Slate of Declarant Directors:

- David Rousseau
- Christopher J. Dobson
- Kevin J. Johnson
- Leslie C. Williams



Item 7– Appointment of Declarant Directors

Board Action Recommended

- Appoint four Declarant Directors to the Papago Park Center Association Board of Directors for FY24.





Item 8 – Appointment of Declarant Directors

Proposed Slate of Declarant Directors for The Grand at Papago Park Center Association

Appoint the following Slate of Declarant Directors:

- David Rousseau
- Christopher J. Dobson
- Mark V. Pace



Item 8 – Appointment of Declarant Directors

Board Action Recommended

- Appoint three Declarant Directors for The Grand at Papago Park Center Association Board of Directors for FY24.



