

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

**BOARD OF DIRECTORS MEETING
Thursday, April 11, 2024, No Sooner Than 9:45 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 August 3, 2023
2. Review of the Treasurer’s Report SCOTT ERICKSON
3. Request for Approval of Papago Park Center, Inc. Operating and Capital Budgets for Fiscal Year 2025.....MITCHELL ROSEN
4. The Grand at Papago Park Center Development UpdateMITCHELL ROSEN
5. 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.**

MINUTES
BOARD OF DIRECTORS
PAPAGO PARK CENTER, INC.

DRAFT

August 3, 2023

A meeting of the Board of Directors of Papago Park Center, Inc. (PPC Inc.), an Arizona corporation, convened at 9:30 a.m. on Thursday, August 3, 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 Chris J. Dobson, Vice President of PPC Inc. and District Vice President of SRP; and Kevin J. Johnson, Mark V. Pace, and Leslie C. Williams of SRP.

Director of PPC Inc. absent at roll call was David Rousseau, President of PPC Inc. and SRP.

Also present were Rocky J. Shelton, Council Vice Chairman of SRP; Brian J. Koch, Treasurer of PPC Inc. and Corporate Treasurer and Senior Director of Financial Services 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 of SRP; Mmes. Melissa J. Burger and Sue Ann Perkinson of SRP; Messrs. Jayson B. Carpenter, Scott E. Erickson, Ken J. Lee, Aidan J. McSheffrey, and Jim M. Pratt of SRP; and Amanda Case O'Neil and Corie Schnee of Aubrey Apartment Homes.

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, August 1, 2023.

Vice President and Director C.J. Dobson served as Chairman.

Consent Agenda

Vice President and Director C.J. Dobson requested a motion for approval of the Consent Agenda, in its entirety.

On a motion duly made by Director M.V. Pace and seconded by Director K.J. Johnson, 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 April 13, 2023, as presented.

Secretary J.M. Felty polled the Directors on Director M.V. Pace’s motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Directors Chris J. Dobson, Vice President; and Kevin J. Johnson, Mark V. Pace, and Leslie C. Williams	(4)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Director D. Rousseau, President	(1)

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 April 30, 2023; and the Accrual Basis Balance Sheet as of April 30, 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.

The Grand at Papago Park Center Development Update

Using a PowerPoint presentation, Mitchell B. Rosen, Assistant Secretary and Designated Broker of PPC and Development Manager of PPC Inc. of SRP, stated that the purpose of the presentation was to provide an informational update regarding The Grand Development Project. He provided updates on the following: Lincoln Property Company/Goldman Sachs’ proposed options on Lots 2 and 12; Alliance Residential’s 290-unit multi-family project on Lot 5; Lot 7 Planned Area Development (PAD) amendment; Marquee Theater and Information Systems Building (ISB) site zone change to MU-4; and construction of The Grand entry monument.

Mr. M.B. Rosen stated that on March 15, 2022, Lincoln Property Company/Goldman Sachs paid \$461,187 to PPC Inc. for an option on Lots 2 & 12 that expired on December 31, 2022. He said that on July 17, 2023, Lincoln Property Company/Goldman Sachs proposed an option extension on Lots 2 and 12 through December 31, 2025, as follows: 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.

Continuing, Mr. M.B. Rosen stated that on June 21, 2022, the PPC Inc. Board extended the option period from August 6, 2022, to December 6, 2022 for \$279,125. He noted the following: the lease with the lender (PNC Bank) has been fully reviewed; the rent is

\$609,000 annually during construction and \$1,218,000 upon completion of construction in 24 to 36 months; the fair share of common area improvements of \$2,144,340 will be paid when construction begins; and it is anticipated that the lease will be signed and construction will commence in the first quarter of 2024.

Mr. M.B. Rosen provided an overview of the re-zoning of Lot 7, Marquee Theater, and ISB. He provided the following details on the Marquee Theater: the tenant signed a 2-year lease extension to August 5, 2024 for \$225,000 per year; during the lease extension period, PPC Inc. will explore re-zoning the property to multi-family use; the re-zoning is anticipated to take a year to accomplish with negotiating a deal and construction drawings anticipated to take an additional year thereafter; in its current state, the underlying building value is approximately \$2,250,000; multi-family land at this location would be valued in excess of \$10,000,000; and a lease extension from August 5, 2024, to August 5, 2025 has been discussed. Mr. M.B. Rosen concluded with images of The Grand entry monuments.

Mr. M.B. Rosen responded to question from the Board.

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.

Council Member R.W. Swier of SRP; Member Directors P. Collins and S. Guerra of Papago Park Center Association; and Ms. Monica C. Michelizzi of SRP entered the meeting during the presentation.

Executive Session: Amendment to Agreement to Sublease Unimproved Real Property Between PPC, Inc. and Papago Grand JV, LLC

Vice President and Director C.J. Dobson requested a motion to enter into executive session of the Board of Directors of PPC Inc., pursuant to A.R.S. §38-431.03 (A)(7), for discussion or 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.

On a motion duly made by Director M.V. Pace, seconded by Director K.J. Johnson and carried, the Board convened into executive session at 10:05 a.m.

Secretary J.M. Felty polled the Directors on Director M.V. Pace's motion to enter into executive session of the Board of Directors of PPC Inc. The vote was recorded as follows:

YES: Directors Chris J. Dobson, Vice President; and Kevin J. Johnson, Mark V. Pace, and Leslie C. Williams (4)

NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Director D. Rousseau, President	(1)

Member Directors P. Collins and S. Guerra of Papago Park Center Association; and Amanda Case O’Neil and Corie Schnee of Aubrey Apartment Homes left the meeting.

The Board reconvened into open session at 10:39 a.m. with the following Members and others present: Chris J. Dobson, Vice President of PPC Inc. and District Vice President of SRP; Directors Kevin J. Johnson, Mark V. Pace, and Leslie C. Williams of PPC Inc. and SRP; Rocky J. Shelton, Council Vice Chairman of SRP; Council Member R.W. Swier of SRP; Brian J. Koch, Treasurer of PPC Inc. and Corporate Treasurer and Senior Director of Financial Services 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 of SRP; Mmes. Melissa J. Burger, Monica C. Michelizzi, and Sue Ann Perkinson of SRP; and Messrs. Jayson B. Carpenter, Scott E. Erickson, Ken J. Lee, Aidan J. McSheffrey, and Jim M. Pratt of SRP.

Member Directors P. Collins and S. Guerra of Papago Park Center Association; and Amanda Case O’Neil and Corie Schnee of Aubrey Apartment Homes entered the meeting.

Lincoln Property Company / Goldman Sachs Agreement Amendment

Using a PowerPoint presentation, Mr. M.B. Rosen stated that the purpose of the presentation was to request approval to amend the agreement to sublease unimproved real property between PPC Inc. and Lincoln Property Company / Goldman Sachs for Lot 2 and Lot 12 at The Grand at PPC. Mr. M.B. Rosen concluded by requesting approval to 1) amend the agreement to sublease unimproved real property with Lincoln Property Company / Goldman Sachs for options on Lots 2 and 12 at The Grand at PPC and related documents generally described in the key terms thereof; 2) enter into any subsequent amendments to the sublease or related documents that do not materially modify the economic terms of the agreement; and 3) authorize the President or Vice President, and the Secretary or Assistant Secretary, to execute and deliver the amendment and related documents.

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

Secretary J.M. Felty polled the Directors on Director K.J. Johnson’s motion for approval. The vote was recorded as follows:

YES:	Directors Chris J. Dobson, Vice President; and Kevin J. Johnson, and Mark V. Pace	(3)
NO:	Director Leslie C. Williams	(1)
ABSTAINED:	None	(0)
ABSENT:	Director D. Rousseau, President	(1)

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.

Director Leslie C. Williams left the meeting.

Fiscal Year 2024 Election of Officers

Using a PowerPoint presentation, Mr. M.B. Rosen reminded the Board that pursuant to the Bylaws of PPC Inc., the officers of the corporation are elected on an annual basis. He stated that the proposed slate of officers included David Rousseau, President; Christopher J. Dobson, Vice President; Brian J. Koch, Treasurer; Dale R. Politi, Assistant Treasurer; John M. Felty, Secretary; Lora F. Hobaica, Assistant Secretary; Nina J. Mullins, Assistant Secretary; and Mitchell B. Rosen, Assistant Secretary and Designated Broker. Mr. M.B. Rosen concluded by recommending that the Board adopt a resolution which includes the slate of officers to serve in Fiscal Year 2024 (FY24).

On a motion duly made by Director M.V. Pace, seconded by Director K.J. Johnson and carried, the Board adopted the resolution as follows:

RESOLUTION

RESOLVED, that the following persons are hereby elected as officers of Papago Park Center, Inc. (PPC Inc.), to serve in their respective capacities in Fiscal Year 2024:

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/ Designated Broker	Mitchell B. Rosen

Secretary J.M. Felty polled the Directors on Director M.V. Pace’s motion for approval. The vote was recorded as follows:

YES: Directors Chris J. Dobson, Vice President; and Kevin J. Johnson, and Mark V. Pace (3)
 NO: None (0)
 ABSTAINED: None (0)
 ABSENT: Directors D. Rousseau, President; and Leslie C. Williams (2)

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.

Appointment of Declarant Directors for Installation on the Papago Park Center Association Board

Using a PowerPoint presentation, Mr. M.B. Rosen reminded the Board that the Papago Park Center Association (PPC Association) was formed to manage the landscape and maintenance of the common area of Papago Park Center. He stated that the Bylaws of the PPC Association provide for a Board of Directors comprised of up to six members – four Directors appointed by PPC Inc. (Declarant Directors) and two Directors elected by the members of the PPC Association at its annual meeting (Member Directors).

Continuing, Mr. M.B. Rosen stated that the proposed slate of Declarant Directors to serve in FY24 consisted of David Rousseau, Christopher J. Dobson, Kevin J. Johnson, and Leslie C. Williams. He noted that the PPC Inc. Board had already authorized President D. Rousseau to vote the shares of PPC Inc. (by proxy) at the Annual Members Meeting directly following this meeting of the Board of Directors of PPC Inc. In addition, Mr. M.B. Rosen said that the PPC Association Board had previously nominated a proposed slate of Member Directors to be elected at the Annual Members Meeting. He concluded by recommending Board approval.

On a motion duly made by Director M.V. Pace, seconded by Director K.J. Johnson and carried, the Board appointed the following Declarant Directors to serve on the Board of Directors of the PPC Association in FY24:

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

Secretary J.M. Felty polled the Directors on Director M.V. Pace’s motion for approval. The vote was recorded as follows:

YES: Directors Chris J. Dobson, Vice President; and Kevin J. Johnson, and Mark V. Pace (3)
 NO: None (0)
 ABSTAINED: None (0)
 ABSENT: Directors D. Rousseau, President; and Leslie C. Williams (2)

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.

Appointment of Declarant Directors for Installation on
The Grand at Papago Park Center Association Board

Using a PowerPoint presentation, Mr. M.B. Rosen reminded the Board that The Grand at Papago Park Center Association (The Grand at PPC) was formed to maintain, care for, and repair any and all real or personal property owned or controlled by the PPC Association, including the common areas and all improvements thereon; adopting and enforcing PPC Association rules; establishing The Grand Design Review Committee; and fixing, determining, levying, and collecting assessments from the Members of Papago Park Center. He stated that the Bylaws of The Grand at PPC provide for a Board of Directors comprised of three Directors appointed by PPC Inc. (Declarant Directors).

Continuing, Mr. M.B. Rosen stated that the proposed slate of directors to serve in FY24 consisted of David Rousseau, Christopher J. Dobson, and Mark V. Pace. He concluded by recommending Board approval.

On a motion duly made by Director M.V. Pace, seconded by Director K.J. Johnson and carried, the Board appointed the following Declarant Directors to serve on the Board of Directors of The Grand at PPC in FY24:

David Rousseau
Christopher J. Dobson
Mark V. Pace

Secretary J.M. Felty polled the Directors on Director M.V. Pace’s motion for approval. The vote was recorded as follows:

YES:	Directors Chris J. Dobson, Vice President; and Kevin J. Johnson, and Mark V. Pace	(3)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Directors D. Rousseau, President; and Leslie C. Williams	(2)

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 10:44 a.m.

John M. Felty
Secretary

Papago Park Center, Inc.

Treasurer's Report



Scott Erickson

Senior Manager

Corporate Accounting Services

April 11, 2024

Agenda

Papago Park Center, Inc.

Year-to-date through January 31, 2024

- 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 January 31, 2024

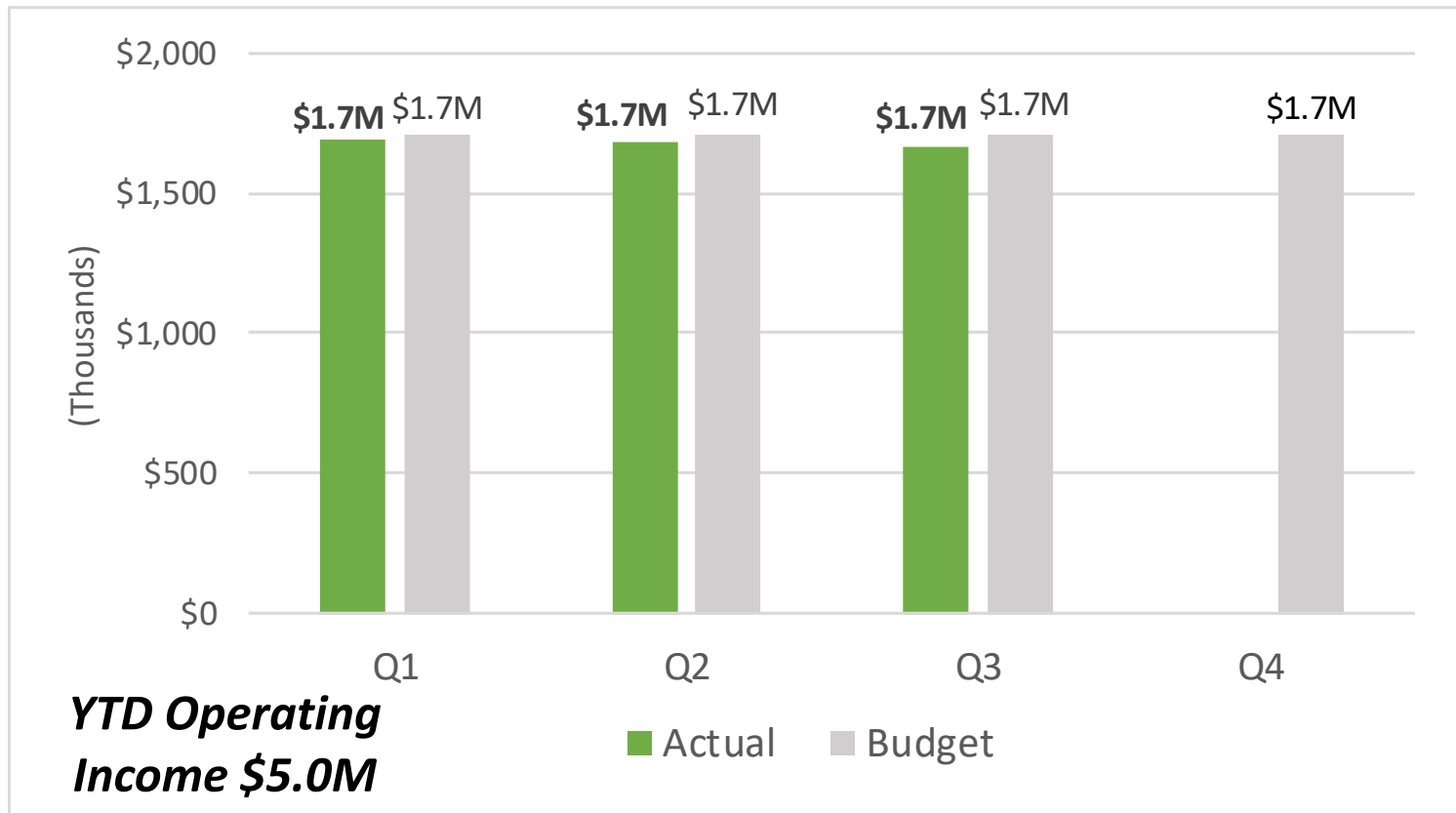
(Thousands)	<u>Actual</u>	<u>Budget</u>	<u>\$-Variance</u>
Operating Income	\$ 5,034	\$ 5,124	\$ (90)
Operating Expenses	5,604	5,745	(141)
Net Operating Income (Loss)	(570)	(621)	51
Other Income and Expenses	172	58	114
Net Income (Loss) before Income Taxes	(398)	(563)	165
Income Tax Expense	97	30	67
Net Income (Loss) after Income Taxes	\$ (495)	\$ (593)	\$ 98



Papago Park Center, Inc.

Operating Income

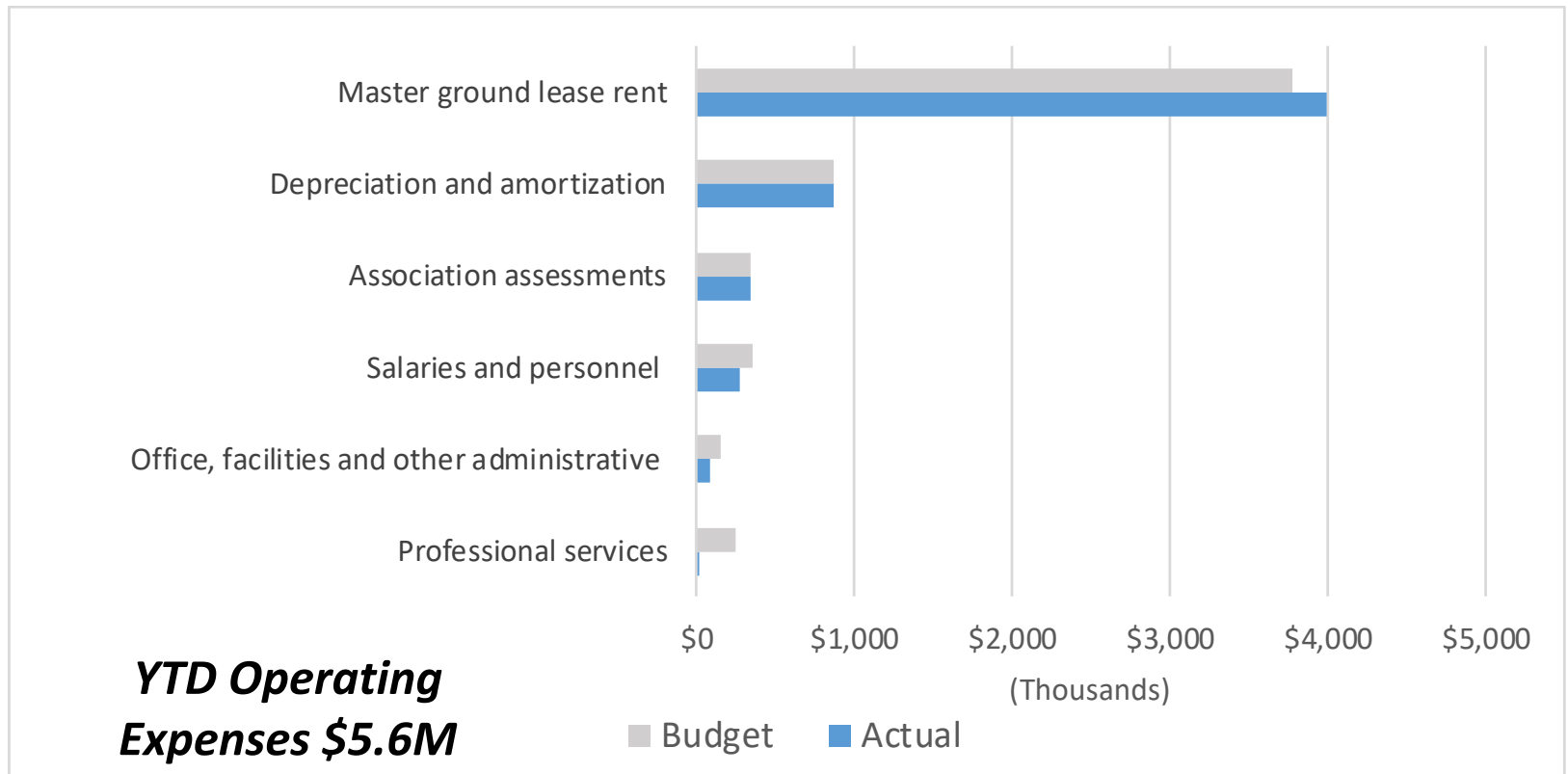
Year-to-date through January 31, 2024



Papago Park Center, Inc.

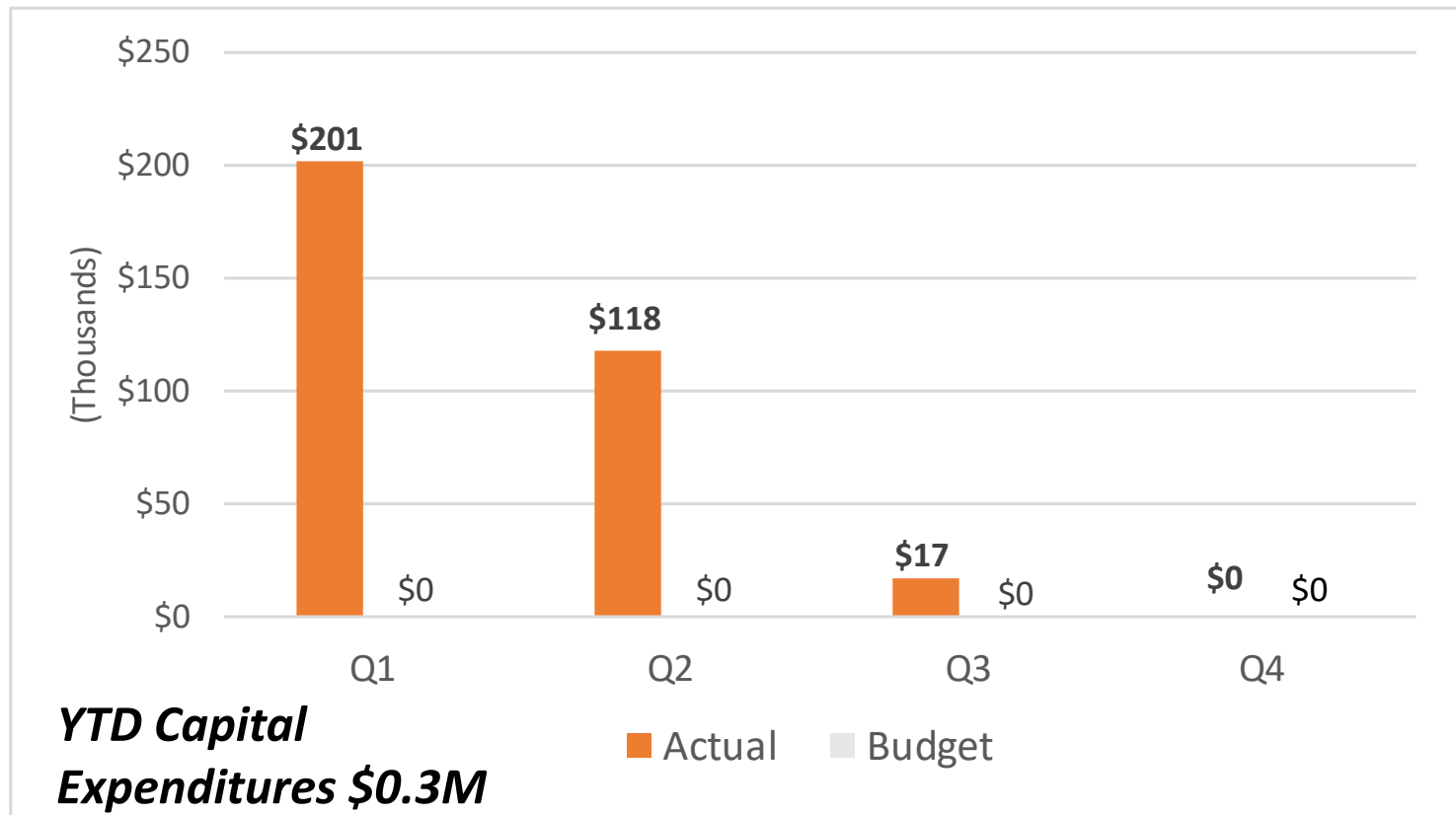
Operating Expenses – Budget v. Actual

Year-to-date through January 31, 2024



Capital Expenditures

Papago Park Center, Inc. Capital Expenditures Year-to-date through January 31, 2024



Balance Sheets

Papago Park Center, Inc. Balance Sheets

(Thousands)	1/31/2024	4/30/2023	\$-Change
Current assets	\$ 8,055	\$ 8,125	\$ (70)
Fixed assets, net	23,844	24,359	(515)
Other assets	768	790	(22)
Total Assets	\$ 32,667	\$ 33,274	\$ (607)
Accrued liabilities	\$ 1,592	\$ 1,774	\$ (182)
Unearned revenue	6,595	6,615	(20)
Other liabilities	1,264	1,174	90
Total Liabilities	9,451	9,563	(112)
Shareholder Equity	23,216	23,711	(495)
Total Liabilities & Shareholders' Equity	\$ 32,667	\$ 33,274	\$ (607)





Papago Park Center, Inc.



Mitchell Rosen
Development Manager
April 11, 2024

Papago Park Center, Inc. Operating & Capital Budgets

- PPC management recommends approval of the FY25 Operating & Capital Budgets



Papago Park Center, Inc. Operating & Capital Budgets

PPC Inc. FY25 Budget

(in Thousands)

	FY25 Budget	FY24 Budget	\$ Variance
OPERATING INCOME			
Land Lease	\$6,740	\$6,833	(\$93)
OPERATING EXPENSES			
Master Ground Lease Rent	5,079	5,029	50
Professional Services	332	332	0
Salaries and Personnel	390	470	(80)
Association Assessments	495	452	43
Office, Facilities, Other Administrative	161	211	(50)
Depreciation and Amortization	1,225	1,164	61
Total Operating Expenses	7,682	7,658	24
Net Operating Income (Loss)	(942)	(825)	(117)
OTHER INCOME AND EXPENSES			
Interest Income	230	175	55
Net Operating Income (Loss) Before Taxes	(\$712)	(\$650)	(\$62)

CAPITAL EXPENDITURES*

	\$0	\$0	\$0
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*Approximately \$2.4M anticipated for future capital projects



Papago Park Center, Inc. Operating & Capital Budgets

Board Action Recommended

- PPC management recommends approval of the FY25 Operating & Capital Budgets





Papago Park Center, Inc.



Mitchell Rosen
Development Manager
April 11, 2024

The Grand Development Update

Provide updates on the following:

- Lincoln Property Company's options on Lots 2 and 12
- Alliance Residential's 290-unit multi-family project on Lot 5
- Marquee Theater
- Construction of The Grand Way entry monumentation



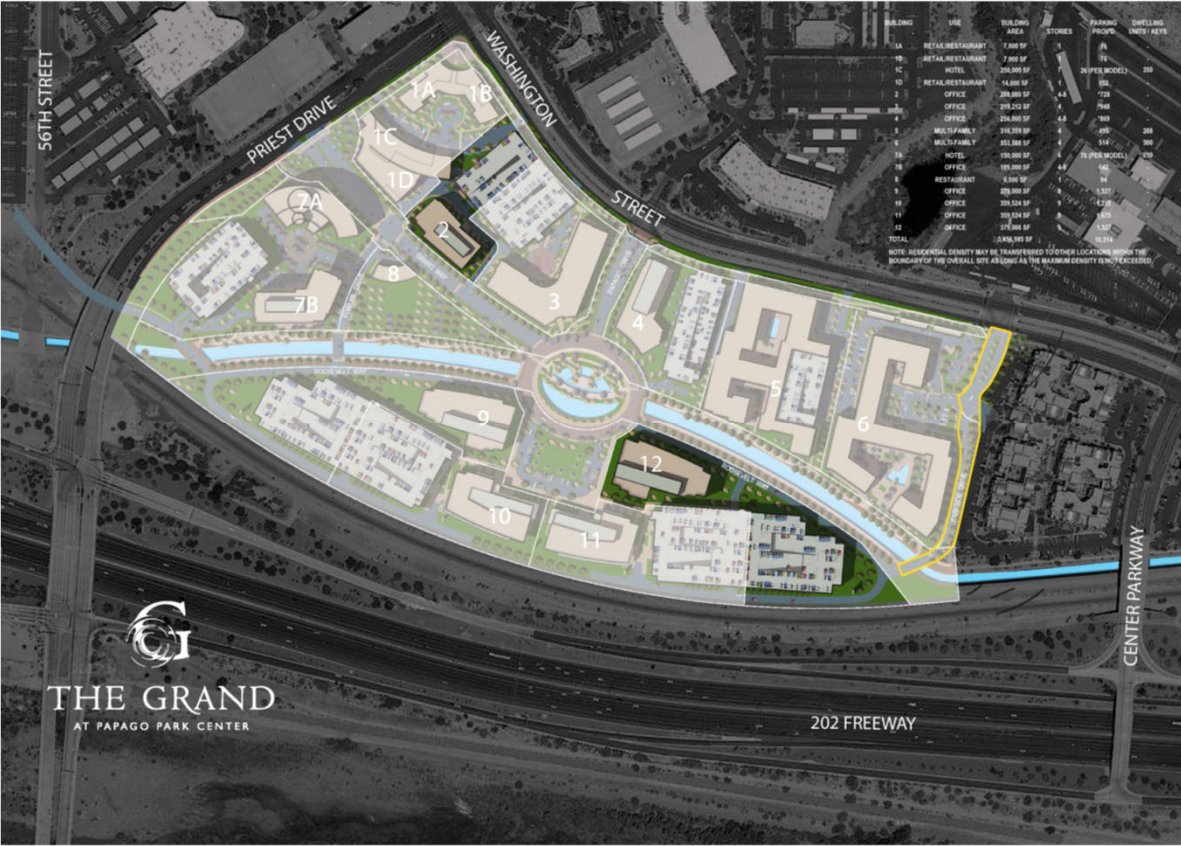
The Grand Development Update

Lincoln Property Company (“Lincoln”)

- During August 3, 2023, Board meeting PPC, Inc.’s Board extended options on Lots 2 and 12 through December 31, 2025 (29 months)
- LPC has an option to extend an additional 12 months, to December 31, 2026, by assigning \$100,000 of the Roosevelt Way East future reimbursement to PPC, Inc.
- Continue to monitor office market demand



The Grand Site Map – Lots 2 and 12



04/11/2024

Papago Park Center, Inc. M.B. Rosen

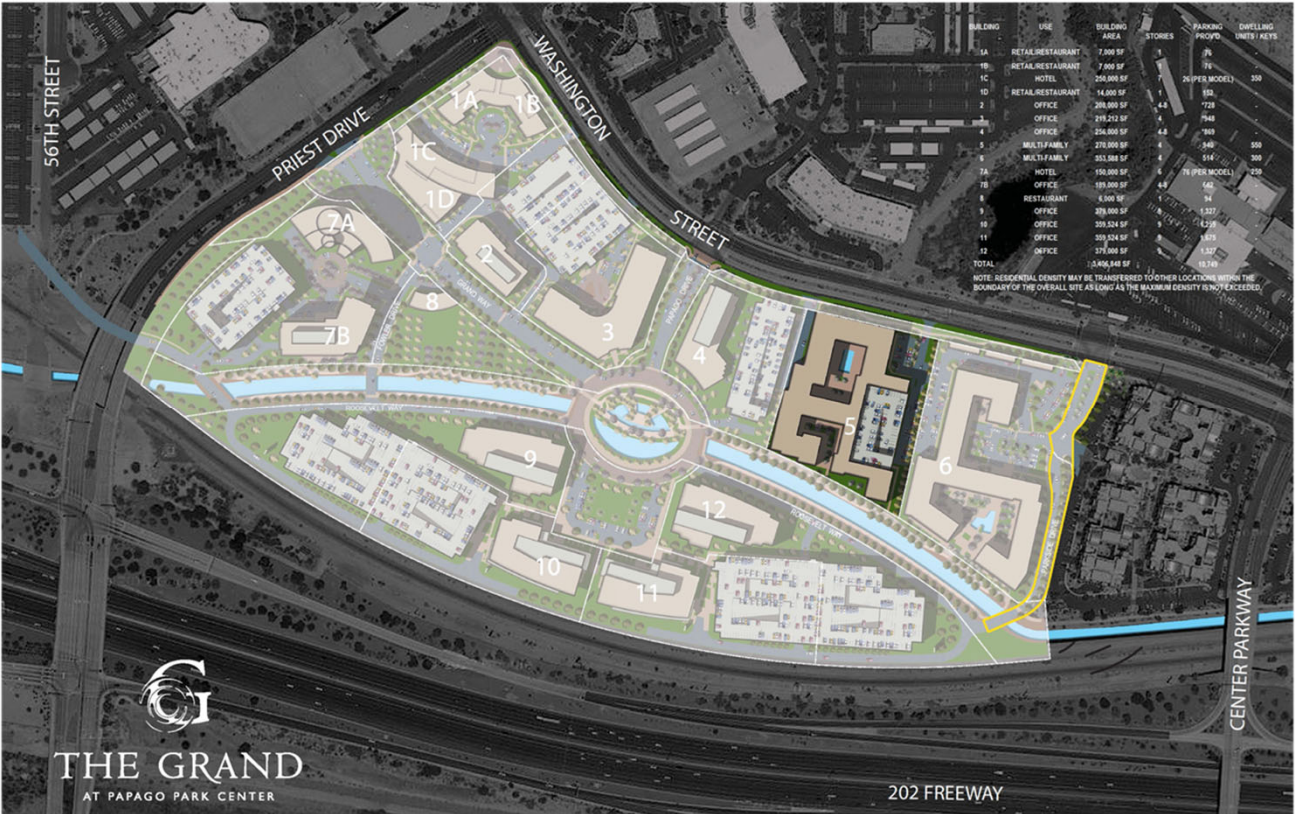
The Grand Development Update

Alliance Residential

- Loan documents with PNC Bank completed in 2023. Equity partner raised \$30M
- Anticipate PNC Investment Committee action May 2024 and Term Sheet June 2024
 - Phase I Cost of Debt – 3.5%
 - Phase II Cost of Debt – 8.5%
- Summary of amount invested by Alliance as of April 1, 2024 – \$2.8M
 - Permitted Construction Documents: \$1,895,000
 - City of Tempe DR & Permit: \$365,000
 - Lender, Legal, and Lease Deposits: \$555,000
 - Fair Share reimbursement to PPC, Inc. approximately \$2.1M



The Grand Site Map – Lot 5



The Grand Site Map – Lot 5 Elevation



04/11/2024

Papago Park Center, Inc. M.B. Rosen



The Grand Development Update

Marquee Theater

- Ground sublease with Marquee Theater expires August 24, 2024
- Tenant requested a 2-year extension to August 24, 2026. Lease extension for 2-years offered with rent increase from \$225,000 to \$355,774
- Met with the City of Tempe Mayor – supportive of multifamily project
- Met with Lee Chesnut (owner of First Solar building) – supportive of project



The Grand Development Update

Entry Monuments

- The entry monuments at Grand Way/Priest Drive are complete



Entry Monument Improvements



04/11/2024

Papago Park Center, Inc. M.B. Rosen



