

July 8, 2025

Dear Sir or Madam:

Rio Nuevo Multipurpose Facilities District, a special taxing district and political subdivision of the State of Arizona (the “**District**”), hereby provides notice that it intends to formally vote upon and approve a certain transaction with Tucson Urban LLC, an Arizona limited liability company, or an affiliate thereof (collectively, the “**Prime Lessee**”) to build a new hotel, bar, and related improvements at 55 N. Fifth Avenue, Tucson, Arizona 85701 (the “**Premises**”) while also preserving the block’s retail and historic past (such planned improvements, the “**Project**”). Construction and development for the Project will comply with all applicable codes and ordinances relating to the surrounding properties’ historic past. Moreover, the Project will include a development agreement and/or government property lease (the “**Lease**”), whereby the Prime Lessee will lease the Premises from the District. The Lease will comply with the Government Property Lease Excise Tax (“**GPLET**”) statutes, A.R.S. § 42-6201 *et seq.* and will increase sales taxes, foot traffic, improve and enhance the economic welfare of, and stimulate further economic development in and around downtown Tucson, the Tucson Convention Center, the primary component of the District, and the District itself, in general.

Section 42-6206(B)(1)(a) of Arizona Revised Statutes requires that, as the government lessor, the District must notify the governing bodies of the county and any city, town, and school district in which the government property improvement is located at least sixty (60) days before a Lease is considered for final approval by the District’s Board of Directors. The Lease will contemplate that the Prime Lessee will not seek an abatement of excise taxes from the City of Tucson.

The name and address of the contact for the Prime Lessee is: Tucson Urban LLC or an affiliate thereof, Attn: Werner Meyer, Esq., 1300 E. Missouri Avenue, Suite 200, Phoenix, Arizona 85014.

The term of the Lease will be for up to a period of twenty-five (25) years and will commence upon (i) execution of the Lease, (ii) substantial completion of construction as evidenced by a Certificate of Occupancy, or (iii) ten (10) years from the date upon which the Lease is approved by District’s Board of Directors.

Pursuant to A.R.S. § 42-6206(B)(1)(b), before approving any GPLET transaction, a government lessor must find that, within the term of the lease or development agreement, the economic and fiscal benefit to this state and the county, city, or town in which the government property improvement is located will exceed the benefits received by the Prime Lessee as a result of any development agreement or lease on the basis of an estimate of those benefits prepared by an independent third party. Rio Nuevo has commissioned such a study, a copy of which, once completed, will be available on the District’s website <https://rionuevo.org>.

Assuming the Economic Analysis finds that the benefits to the public from the Lease will exceed those received by the Prime Lessee, the District will move forward with a vote to approve the Lease, no earlier than sixty (60) days from the date hereof. A hard copy of the Economic Analysis will be sent to the recipients of this notice at least thirty (30) days before any such formal vote and approval by the District.

If you have any questions, please contact me at (520) 214–2000 or by e-mail at tmedcoff@farhangmedcoff.com.

Timothy Medcoff

A handwritten signature in blue ink, appearing to read 'Timothy Medcoff', followed by a horizontal line.

Attorney for the District