



**NOTICE OF EXPENDITURES OF \$500,000 OR MORE OF TIF REVENUE  
PURSUANT TO A.R.S. §48-4204  
(DEPOT PLAZA)**

Commencing in September of 2003 and continuing through November 8, 2006, the Rio Nuevo Board of Directors (“Board”) passed various “Resolutions” to fund or support improvements to the real property generally known as the “Depot Plaza Project.” Depot Plaza Investors, LLC (“DPI”), the City of Tucson and the Rio Nuevo District (“District”) entered into an Amended and Restated Development Agreement for The Depot Plaza Project, recorded November 26, 2008, at Docket 13442, page 4607, official records of Pima County, Arizona (“Development Agreement”). Pursuant to the Resolutions and the Development Agreement, the District expended funds to support improvements in or related to The Depot Plaza Project (“Expenditures”). Good faith disagreements exist between the Developer and the District Board on whether and to what extent, if at all, the District has any remaining obligation to the Developer in connection with the Depot Plaza Project (“Disagreements”).

The Developer now intends to expend approximately \$23,877,000 to improve “Unit 3” of the Depot Plaza Project with a Moxy Hotel with adjacent retail (the “Moxy Project”). In an effort both to resolve the Disagreements and to support the Moxy Project, the Developer and the District intend to enter into an agreement that will include a reciprocal release of all claims and the District’s pledge to pay to the Developer the incremental site specific sales tax revenue up to the lesser of twenty percent (20%) of the Developers’ substantiated, actual out-of-pocket costs and expenses or (ii) \$4,775,000 (the “Rebate Cap”).

This anticipated expenditure exceeds the \$500,000 threshold set forth in A.R.S. §48-4204.

If you have any questions or concerns, please contact your appointee or the Chairman of the Board.

[SIGNATURES ON SEPARATE PAGE]

STATEMENTS OF BOARD MEMBERS' FINANCIAL INTERESTS IN SUBJECT  
OF PROPOSED EXPENDITURE

*Board Members Having No Financial Interest:*



\_\_\_\_\_  
Fletcher McCusker - Chairman

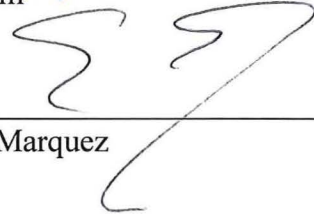


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Mark Irvin, Secretary

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Jannie Cox



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Jeffrey Hill



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Edmund Marquez

*Board Members Having Financial Interest:*

Based upon Board counsel's opinion that Board member Christopher Sheafe has a disqualifying conflict of interest, he did not participate in the foregoing matter in any fashion. A.R.S. §38-501, *et seq.*

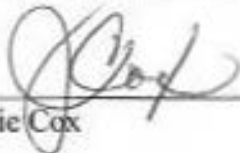
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Christopher Sheafe – Treasurer

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Christopher Sheafe – Treasurer

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Christopher Sheafe – Treasurer