



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

Hexagon Mining Inc. (“Hexagon”) is an information technology provider of planning, operations and safety solutions for the mining industry. Hexagon, which currently employs approximately 140 people in Tucson, has been considering whether to remain in Tucson and, if so, whether to place its North American headquarters in Tucson. Placing the headquarters in Tucson would add approximately 120 jobs to its Tucson workforce.

District representatives worked with representatives of Sun Corridor, the City of Tucson, and Pima County to assemble a valuable package of potential economic incentives to induce Hexagon to relocate its headquarters to downtown Tucson. After a highly competitive process, with Tucson vying for Hexagon Mining’s business against Denver, London and Chicago, Hexagon announced the expansion of its Tucson presence to include its North American headquarters.

Hexagon’s headquarters will be located in the new “City Park” development in downtown Tucson. The District holds fee title to the City Park development and has leased the property to the developer which, in turn, has agreed to sublease approximately 26,000 square feet of this new multipurpose facility to Hexagon at a below market rate (“Hexagon Sublease”). The City is providing Hexagon with job based incentives, and the County is providing Hexagon with parking benefits. The District will make parking assistance payments to Hexagon in the total sum of \$750,000 over eighty-four (84) months which Hexagon will be required to use to defray its employee parking expenses at publicly owned parking facilities located in the vicinity of City Park. Additionally, the District will make a one-time rental assistance payment to Hexagon in the amount of \$539,500 to be used by Hexagon to pay “Base Rent” as that term is defined in the Hexagon Sublease. Together with Hexagon’s anticipated capital investment of approximately \$9.4 million, it has been estimated that this will result in a total economic impact of \$224 million.

These anticipated expenditures exceed 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:

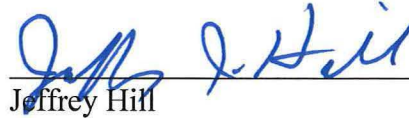


Fletcher McCusker – Chairman



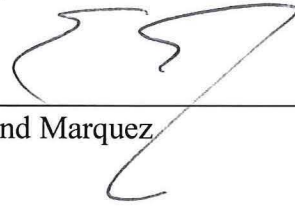
Mark Irvin, Secretary

Jannie Cox



Jeffrey Hill

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.*

Christopher Sheafe - Treasurer

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OF PROPOSED EXPENDITURE

Board Members Having No Financial Interest:

Fletcher McCusker - Chairman

Jannie Cox

Mark Irvin, Secretary

Jeffrey Hill

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.*

Christopher Sheafe - Treasurer

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Christopher Sheafe - Treasurer