



December 17, 2015, 2015

Rep. David M. Gowan Sr.
Speaker of the House
Arizona House of Representatives
1700 W Washington, Room 223
Phoenix, Arizona 85007

Re: A.R.S. 48-4204 Notice [Gadsden Project/ Greyhound Bus Terminal / Granada Alignment]

Dear Rep Gowan:

I have enclosed a fully executed copy of the A.R.S. 48-4204 Notice to Appointing Authorities in connection with the [Gadsden / Greyhound Bus Terminal / Granada Alignment] project. If you have any questions, please feel free to contact either Chairman McCusker or your appointee.

Sincerely yours,

Michele Bettini
Rio Nuevo Multipurpose Facilities District
Operations Administrator

**NOTICE OF EXPENDITURES OF \$500,000 OR MORE OF TIF REVENUE
PURSUANT TO A.R.S. §48-4204
(MERCADO ANNEX-THE GADSDEN COMPANY, LLC)**

The Rio Nuevo Multipurpose Facilities District ("District") Board of Directors ("Board") is actively exploring participation in a new multi-use development proposed by The Gadsden Company, LLC ("Gadsden"). This public/private development ("Mercado Annex") lies within the District's TIF boundaries and adjacent to Gadsden's very successful west-side Mercado project, as well as along Tucson's street-car line south of the Mercado.

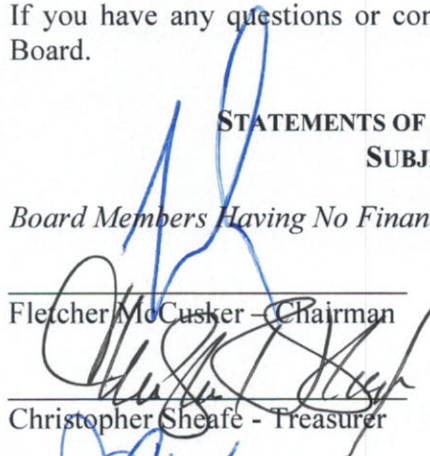
The Mercado Annex is a \$4.4 million project that is predicted to generate over \$400,000 a year in new sales tax revenue, activate the vacant property along the street-car and expand the success Gadsden has enjoyed with the very popular Mercado. This public/private development will require an agreement among the District, Gadsden and the City of Tucson ("City"). The precise structure of this agreement remains subject to discussion among the parties. Regardless of the precise structure of the agreement, the Board's participation will exceed the \$500,000 threshold set forth in A.R.S. §48-4204.

Currently, the Board is considering an investment, in the form of a loan, of up to one-half of the Mercado Annex costs (not to exceed \$2.2 million) subject to City GPLET approval and financing. This loan would be evidenced by a promissory note, secured by a deed of trust and personally guaranteed by the Gadsden principals. Repayment would be amortized over the life of the note, with payments to be made quarterly. Annually, Gadsden would receive credit against the then-principal balance due under the note for 50% of the validated new sales tax revenue produced by the Project during the preceding 12 months.

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

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

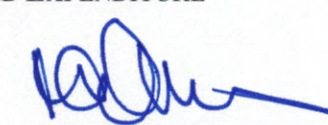
Board Members Having No Financial Interest:

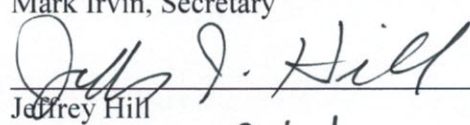

Fletcher McCusker - Chairman


Christopher Sheafe - Treasurer


Jannie Cox


Edmund Marquez


Mark Irvin, Secretary


Jeffrey Hill


Cody Ritchie

Board Members Having Financial Interest:

Based upon the opinion of counsel, none of the Board members have or had an A.R.S. §38-501 *et seq.* conflict of interest.

**NOTICE OF EXPENDITURES OF \$500,000 OR MORE OF TIF REVENUE
PURSUANT TO A.R.S. §48-4204
(ARENA SITE – GREYHOUND TERMINAL RELOCATION)**

As part of the 2013 settlement between the City of Tucson ("City") and the Rio Nuevo Multipurpose Facilities District ("District"), the City conveyed to the District an 8.4 acre parcel of property located on the Westside of downtown Tucson commonly known as the "Arena Site." After issuing an RFP for the sale or long term lease of the Arena Site, the District's Board of Directors ("Board") evaluated the responses and ultimately agreed to sell the Arena Site to Nor-Generations, LLC in exchange for payment of \$5,600,000, which purchase price was paid in full at the close of escrow.

When the District acquired title to the Arena Site, a portion of the property served as Tucson's Greyhound Bus Terminal. In connection with its sale of the Arena Site, the District agreed to work with Greyhound to provide a "Substitute Terminal." Based upon the Board's subsequent meetings and discussions with Greyhound, it appears that a suitable Substitute Terminal within the confines of the TIF boundaries can be acquired for between \$1.4 and \$1.7 M, which amount includes both the acquisition of the land and the construction of the necessary improvements. Once the Substitute Terminal is constructed, the District will recoup its investment through a long-term lease with Greyhound.

The precise cost of acquiring and constructing the Substitute Terminal remains to be determined. Nevertheless, the Board will certainly expend in excess of the \$500,000 threshold set forth in A.R.S. §48-4204.

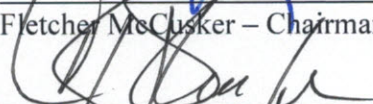
If you have any questions or concerns, please contact your appointee or the Chairman of the Board.

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

Board Members Having No Financial Interest:




Fletcher McClusker – Chairman



Christopher Sheafe – Treasurer



Jannie Cox



Mark Irvin, Secretary



Jeffrey Hill



Edmund Marquez

Board Members Having Financial Interest:

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



Cody Ritchie

**NOTICE OF EXPENDITURES OF \$500,000 OR MORE OF TIF REVENUE
PURSUANT TO A.R.S. §48-4204
(ARENA SITE – GRANADA SEWER ALIGNMENT)**

As part of the 2013 settlement between the City of Tucson ("City") and the Rio Nuevo Multipurpose Facilities District ("District"), the City conveyed to the District an 8.4 acre parcel of property located on the Westside of downtown Tucson commonly known as the "Arena Site." Adjacent to the eastern edge of the Arena Site is a parcel of property that has long been used by Allan Norville or one of his companies to erect a large tent to host many of the vendors that attend Tucson's annual Gem Show (the "Exhibition Hall"). Because of the importance of the Gem Show, both for Tucson in general and the District in particular, in 2013 the District's Board of Directors ("Board") voted to assist Mr. Norville in his efforts to construct a permanent Exhibition Hall facility.

More specifically, the Board voted to contribute up to \$855,000 to the realignment of a culvert system that would help divert surface waters from property to the northeast (including the District's primary component, the TCC) around the Exhibition Hall parcel (the "Granada Contribution"). This Granada Contribution would allow the development of Mr. Norville's Exhibition Hall and benefit the District's Arena Site as well.

For a variety of reasons, the Board did not make the contemplated Granada Contribution. After selling the Arena Site to Mr. Norville's entity Nor-Development, LLC ("Nor-D"), however, the Board is again prepared to make this contribution. Although the District no longer owns the Arena Site, its development as a secondary component to the TCC is vital to the District's purpose of revitalizing downtown Tucson. For that reason, the Board is working with Nor-D to prepare the agreements necessary to effectuate the Granada Contribution. Once those documents are prepared, the District will decide whether to proceed with the Granada Contribution. If it does, A.R.S. §48-4204 requires that the Board's appointing authorities be provided with this notice.

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

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

Board Members Having No Financial Interest:



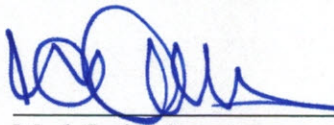
Fletcher McCusker – Chairman



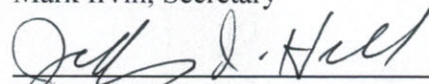
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Cody Ritchie