

AGREEMENT TO PROVIDE ECONOMIC BENEFITS
410 N. Toole Avenue

This Economic Benefit Agreement (this “**Agreement**”) is effective as of the date set forth on the signature page hereof (“**Effective Date**”) between El Ritual, LLC, an Arizona limited liability company (“**El Ritual**”), and Rio Nuevo Multipurpose Facilities District, a special taxing district of the State of Arizona (the “**District**”). El Ritual and the District are sometimes referred to in this Agreement, collectively, as the “**Parties**” or, individually, as a “**Party**.”

RECITALS

- A.** The District is a Tax Increment Finance District (“**TIF**”) which is funded in part through a share of the Transaction Privilege Taxes (“**TPT**”) collected by the Arizona Department of Revenue (“**AZDOR**”) from retail sales within the District’s boundaries. To receive such funds, the District relies on the proper reporting of TPT by merchants within the District, as further set forth in Section 3(c) herein.
- B.** El Ritual has a commercial lease agreement (“**Lease**”) with the City of Tucson (“**Landlord**” or “**City**”). Landlord owns the real property and building located at 410 North Toole Avenue, Suite 115, Tucson, Arizona 85705 (such real property and improvements thereon, the “**Premises**”), Pima County Assessor parcel number 11706081G, which is legally described in Exhibit A, attached hereto. The Premises is comprised of land and improvements including, without limit, the approximately 1,560 square feet of rental space leased by El Ritual pursuant to the Lease (among other improvements).
- C.** El Ritual will invest at least \$550,000.00 into the Premises to renovate and remodel the Premises as described and depicted in Exhibit B (the construction proposal, architectural drawings, and renderings—all of which shall be produced and shall be consistent with the presentation made by El Ritual at the District’s January 13, 2026 board meeting—collectively, the “**Construction Proposal**”) to create a boutique wellness studio with a sauna, cold plunge, hyperbaric chamber, meditation space, retail, and a lobby cafe (collectively, the “**Project**”).
- D.** After the Project’s completion, El Ritual anticipates that the Premises will immediately generate substantial revenue that will produce TPT revenues for the District.
- E.** At the Rio Nuevo District’s public meeting on January 27, 2026, El Ritual requested the District’s financial assistance to complete construction, remodeling, and repurposing of the above-referenced areas in the Premises. El Ritual’s goal is to complete development and commence its expanded operations before August 31, 2026.
- F.** The District’s board members (the “**Board Members**”) have determined that the remodeling, repurposing, and development of the above-referenced areas in the Premises and the District’s support of the Project in the Premises, will generate substantial taxable revenue, appreciably increase employment opportunities, and will therefore benefit downtown Tucson, the Convention Center, and the District, in general.

- G.** During the public meeting on January 27, 2026, the District approved—subject to other language and restrictions herein—a grant in the form of construction cost reimbursements and equivalent sales tax rebates (as described further below) up to, **but not to exceed**, \$250,000.00 (the “**Economic Incentive**”) to El Ritual for the purpose of reimbursing El Ritual for as-completed hard construction draw costs (*i.e.*, costs other than architectural/design work, legal fees, permits and furniture, fixtures, or equipment) and/or other improvements to the Project in compliance with the Construction Proposal.
- H.** The Parties agree that the purpose of this Agreement is to detail the terms and conditions of the Economic Incentive that the District has agreed to provide El Ritual for assistance with completing the Project in the Premises, and to generally describe the terms and conditions that the Parties will incorporate into their relationship thereafter with respect to the Project.

AGREEMENT

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, and in consideration of the mutual covenants, promises, and agreements herein, the Parties agree as follows:

- 1. Recitals.** The Parties hereto acknowledge the accuracy of the Recitals and understand that each Party is relying on the truth of the other Party’s representations in the Recitals to support the Economic Incentive herein, which are incorporated herein by this reference.
- 2. Definitions.** Each term defined in the Recitals and preamble of this Agreement has its assigned meanings, and each of the following terms, unless a different meaning clearly appears from the context, has the meaning assigned to it below:

“**Affiliate**” as applied to any person, means any person directly or indirectly controlling, controlled by or under common control with, that person or a blood relative or spouse of such person, if such person is a natural person. For the purposes of this definition: (i) “control” (including, with correlative meaning, the terms “controlling,” “controlled by,” and “under common control”), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities, by contract, or otherwise; and (ii) “person” means and includes natural persons, corporations, limited partnerships, general partnerships, joint stock companies, joint venture associations, limited liability companies, limited liability partnerships, trusts, land trusts, business trusts, or other organizations, whether or not legal entities.

“**Applicable Laws**” means the federal, state, county, and local laws (statutory and common law), ordinances, rules, regulations, permit requirements, and other requirements and official policies of the City which apply to the development of the Premises from time to time.

“**Architect**” means the architect engaged by El Ritual to complete the formal plans and specifications for the Project as detailed in the Construction Proposal.

“**City**” means the City of Tucson, Arizona.

“**Contractor**” means El Ritual’s general contractor engaged for completion of the Project, at all times in accordance with the accepted Construction Proposal.

“**Convention Center**” means the Tucson Convention Center, constituting the primary component of the District as that term is defined in A.R.S. § 48-4201.

“**Cure Period**” has the meaning assigned in Section 6 hereof.

“**Default**” means a default by a Party of any term, condition, obligation, warranty, representation, or covenant of this Agreement that: (i) is not reasonably capable of being cured or (ii) otherwise remains uncured after the applicable Cure Period.

“**Draw Notice**” has the meaning assigned in Section 5(j) hereof.

“**Economic Incentive**” has the meaning assigned in the recitals of this Agreement but subject to other language and restrictions herein.

“**Enforced Delay**” has the meaning assigned in Section 8(a) hereof.

“**Improvements**” means El Ritual’s planned improvements to the Premises, in compliance with the descriptions, plans, and other information in the Construction Proposal.

“**Minimum Requirements**” means certain continuing obligations and requirements of El Ritual, applicable at all times during the Term of this Agreement and as specifically set forth in Section 3(a) and Section 3(b) of this Agreement.

“**Notice**” means any objection, approval, disapproval, demand, document, or other notice permitted or required under this Agreement.

“**Order**” means the order, judgment, action, or determination of any court, administrative agency, governmental authority or other governmental body.

“**Permitted Assignee**” has the meaning given in Section 9(m) hereof.

“**Term**” means the term of this Agreement, beginning upon the Effective Date and terminating in accordance with Section 9(n) hereof.

“**Third Party**” means any person or entity other than a Party or an Affiliate of a Party.

3. El Ritual’s Minimum Requirements. To be eligible for the Economic Incentive provided by the District, El Ritual shall at all times satisfy the following Minimum Requirements:

(a) **Timing of Improvements.** The Improvements to the Premises and Project contemplated by this Agreement must be completed, and a Certificate of Occupancy issued, no later than August 31, 2026, subject to reasonable extensions as the result of Enforced Delay.

(b) **Insurance.** In addition to any insurance required under the Lease, El Ritual shall maintain at its own cost and expense the following: (i) Causes of Loss-Special Form (formerly “all-risk”) Property Insurance against loss or damage to the existing and new improvements and

betterments on the Premises, written at replacement cost value and with a replacement cost endorsement, covering the Premises for the Lease's term (as provided in the Lease); and (ii) builder's risk insurance to be maintained during the construction by Contractor, as contemplated by this Agreement, in the full amount of the cost of the improvements, and El Ritual shall further cause all its contractors and subcontractors to maintain insurance reasonably required by the District. The above-referenced insurance policies shall include an endorsement to provide a waiver of subrogation in favor of the District and shall be endorsed to include the District as "an additional insured," and El Ritual and Contractor shall maintain such policies with responsible insurance companies with an A.M. Best's rating of A-VIII or better, authorized to do business in the State of Arizona. El Ritual shall provide a copy of such policies with the appropriate endorsements and additional insured designations upon execution of this Agreement.

(c) **Tax Reporting.** El Ritual shall file with the AZDOR a Form TPT-EZ on a monthly basis, and a Form TPT-1 on an annual basis (collectively, the "**TPT Forms**"), until the latter of: (a) the District sunsets (i.e., is no longer authorized to accept TPT or operate); or (b) El Ritual stops operating within the District. For both of these filings, El Ritual shall identify the region code as "PAD." El Ritual also acknowledges, agrees, and understands that for the District to receive TIF funding, it is imperative that El Ritual properly file all tax forms to memorialize all appropriate sales made within the District's district. In the event that it is determined by the District, the Arizona Department of Revenue, or the City of Tucson, that El Ritual has failed to properly or timely file any of the TPT Forms or stopped operating in the district before generating TPT revenues that match the Economic Incentive provided by the District to El Ritual hereunder, such failure shall be considered an event of Default hereunder, and the District shall have all rights available to it pursuant to Section 6(b)(i) including, without limit, the right to claw back from El Ritual the difference between any and all Economic Incentive payments made to El Ritual at the time of such Default minus any TPT funds originating from El Ritual's operation/sales, and cease any pending or future distributions of any requested Economic Incentive payments to El Ritual. Further information regarding TPT funds and tax filings is included in Exhibit C.

(d) **Conditions Precedent.** For the duration of this Agreement and the Project, the foregoing Minimum Requirements are, and shall at all times remain, express conditions precedent to the District's obligation to provide (or continue to provide) any amount of the Economic Incentive funding for the construction, renovation, and remodeling of the Premises.

4. **The District's Findings.** The District has determined that El Ritual's satisfaction of the Minimum Requirements: (a) will benefit the District, the Convention Center, and the City in numerous ways including, without limitation, (i) increasing TPT revenues and other revenues, (ii) increasing the District's and City's employment base, (iii) stimulating further economic development in and around the Convention Center and within the District's district, and (iv) otherwise improving or enhancing the economic welfare of the downtown Tucson area, the Convention Center, and the District, in general; (b) is not likely to occur (or to occur at this time and/or in this manner and/or in the Premises) without the benefits provided in this Agreement; and (c) demonstrates the potential to generate revenues and other benefits (both tangible and intangible) to the District that outweigh, or are not disproportionate to, the costs associated with those benefits.

5. **Economic Incentive for El Ritual.**

(a) **Release of Funds.** Based upon the District’s findings in Section 4, and subject to El Ritual’s continuing satisfaction of the Minimum Requirements in Section 3, the District will pay the Economic Incentive as described in this Section 5.

(b) **[Reserved].**

(c) **Amounts & Limitations.** The total Economic Incentive eligible to be paid to El Ritual shall not exceed \$250,000.00, comprised of the Construction Cost Reimbursement (as defined below), and Equivalent Tax Rebates (as defined below) equal to the lesser of: (i) 50% of the total construction costs actually paid by El Ritual to complete the Improvements and Project, as described in the Construction Proposal; or (ii) \$250,000.00. The Construction Cost Reimbursement shall not exceed the lesser of: (i) 50% of the total construction costs actually paid by El Ritual to complete the Improvements related to the Project, as described in the Construction Proposal; or (ii) \$200,000.00. The total Equivalent Tax Rebates shall not exceed the lesser of: (i) 50% of the total construction costs actually paid by El Ritual to complete the Improvements related to the Project, as described in the Construction Proposal, minus the Construction Cost Reimbursement; or (ii) \$50,000.00.

(d) **Construction Cost Reimbursement.** The first \$200,000.00 of the Economic Incentive will be payable in *pro rata* installments, proportional to actual work and construction progress completed on the Project (the “**Construction Cost Reimbursement**”). Accordingly, the District will release each installment of funds in an amount consistent with the latest construction draw submitted by El Ritual’s Contractor up to the Construction Cost Reimbursement and only upon completion of the following required conditions:

(i) El Ritual and/or Contractor shall deliver to the District a signed construction draw (“**Draw Notice**”) proving the Improvements have been made in the Premises in compliance with the applicable Draw Notice and Construction Proposal;

(ii) For each Draw Notice submitted by El Ritual or Contractor, El Ritual (or its architect) shall further provide written verification that: (X) certain improvements and work consistent with the applicable Draw Notice number have been made in the Premises in compliance with the Construction Proposal, and (Y) proof of payment to Contractor and each of the applicable subcontractors and suppliers for Economic Incentive draws previously paid by the District. For the avoidance of doubt, the requisite proof of payment shall include the lien waivers as elsewhere described in this Section;

(iii) Upon completion of the foregoing, the District shall have 10 business days from the date of receipt of El Ritual’s applicable Draw Notice to inspect the construction work and confirm such work is in accordance with the Construction Proposal, if applicable, and the submitted Draw Notice. Within 7 business days of such inspection, the District shall notify El Ritual in writing if the work (or any portion thereof) is not approved, and the District may withhold any Economic Incentive payment to El Ritual until such time as the work has been corrected or performed in accordance with the District’s notice and to its satisfaction. If the District fails to inspect the property or provide notice within the time

periods specified, the District will conclusively be deemed to have approved the Draw Notice; and

(iv) As a further condition for release of each installment, El Ritual shall provide applicable lien waivers including, without limit, Conditional Lien waivers from all contractors, subcontractors, and suppliers with each Draw Notice as a condition for release of any Economic Incentive payment(s) by the District, and Unconditional Lien waivers evidencing such payments for each subsequent Draw Notice. All such lien waivers shall be in the form prescribed in A.R.S. § 33-1008.

(e) **Distribution Procedure for Any Potential Equivalent Tax Rebates.** For the avoidance of doubt, in addition to the Construction Cost Reimbursement, El Ritual is eligible to recover an additional \$50,000.00 of the Economic Incentive in monthly installments¹ equal to the amount of Transaction Privilege Tax revenues (the “**TPT Revenue**”) that the construction and retail sales of the Project generates and contributes to the District via construction and retail/food sales taxes (the “**Equivalent Tax Rebate**”). The total Equivalent Tax Rebate shall not exceed the lesser of: (i) fifty percent (50%) of the total construction costs actually paid by El Ritual to complete the Improvements related to the Project, as described in the Construction Proposal, minus the Construction Cost Reimbursement; or (ii) \$50,000.00. El Ritual further agrees that it will be responsible for providing the name of its Contractor (whom the District will work with to ensure all eligible TPT Revenue is accounted for and tracked) and the amount of each construction draw during the Term, providing evidence of said TPT Revenue to the District, and to cooperate with the District to identify all TPT Revenue generated each month from the Project before the release of any Equivalent Tax Rebates from the District to El Ritual. Upon verification of actual TPT Revenue generated from the Project, the District will: (1) track the Equivalent Tax Rebate monthly in a form similar to the exemplar Rebate Form contained in Exhibit C; (2) deposit the monthly Equivalent Tax Rebate into a District owned and controlled clearinghouse bank account monthly; and (3) promptly release each installment of Equivalent Tax Rebate (from its non-TPT designed funds) on a quarterly basis in compliance with the monetary caps herein and so long as El Ritual remains in compliance with the terms and conditions in this Agreement.

Subject to the other terms and conditions in this Agreement, if El Ritual satisfies each of the foregoing conditions in this Section 5(e), as well as the other applicable terms and conditions in Section 5, the District shall release the applicable installment of Economic Incentive funds. For any work approved by the District, each such installment shall be released no later than 14 business days following the date the District inspects and approves the construction work in the Premises and work pursuant to Section 5(j).

(f) **Tax Filings.** El Ritual hereby understands and agrees that a precondition to its eligibility for the Economic Incentive is to file the Tax Forms according to the terms and procedures set forth in Section 3(c) and Exhibit C hereof.

¹ The Parties acknowledge and agree that there is a two- or three-month lag in the Arizona Department of Revenue’s reporting of TPT Revenue. Consequently, El Ritual acknowledges and agrees that it may not receive its first quarterly Equivalent Tax Rebate until two or three months after its initial submission for this Project. El Ritual further acknowledges and agrees that it will not receive actual TPT Revenue, but the equivalent of same from Rio Nuevo’s non-TPT designated funds.

(g) **Sole Use.** El Ritual hereby irrevocably covenants and agrees to use the Economic Incentive solely to defray El Ritual's actual costs for the construction, renovation, and repurposing of the Premises in compliance with the Project and Construction Proposal.

(h) **Documentation.** El Ritual shall promptly provide the District with any and all documentation and/or evidence that the District requests to establish that the Economic Incentive granted herein, and each installment of Economic Incentive funds made to El Ritual hereunder, is used consistently with the District's stated purpose and goals, this Agreement, and the Construction Proposal documents.

(i) **No Material Change in Scope.** El Ritual agrees that it shall not materially change the scope of this Project without first notifying the District in writing and negotiating with the District before any material changes are made to the Project.

(j) **Termination of Right to Economic Incentive.** In addition to such other restrictions and conditions expressly contained in this Agreement, El Ritual's right to Economic Incentive funds will terminate at the earlier of: (i) the completion date of the Improvements and payment by the District of the Economic Incentive pursuant to Section 5(c), or (ii) August 31, 2026, as such date may be extended as the result of any delays in completion as a result of any Enforced Delay.

6. Default, Cure & Remedies.

(a) **Party Default.** If either Party violates any term or condition of this Agreement or fails to perform its obligations under this Agreement and such violation and/or failure continues for a period of 30 days after written notice thereof from the other Party (the "**Cure Period**"), such failure shall constitute a Default under this Agreement; *provided*, however, that, if the violation or failure is such that more than 30 days would reasonably be required to perform such action or comply with any term or provision hereof, then such Party shall have such additional time as may be necessary to perform its obligations so long as such Party commences performance or compliance within said Cure Period and diligently proceeds to complete such performance. Any notice of a Default shall specify the nature of said Default and the manner in which said Default may be satisfactorily cured, where possible. If said Default is not cured within the Cure Period, or by its nature cannot be cured, the non-defaulting Party shall have the remedies available to them in Section 6(b) or Section 6(c) of this Agreement, as applicable.

(b) **The District's Remedies.** Whenever a Default occurs and is not cured (or, if appropriate, such cure is not undertaken by mutual consent of the Parties) by El Ritual in accordance with this Agreement, the District's remedies shall include, without limit, the following:

(i) Upon any Default which continues for 30 days or more after the Cure Period (unless additional time is required to cure such Default as provided elsewhere in this Section), the District shall—without incurring any penalty or liability whatsoever—be entitled to, in all cases, recover from El Ritual any and all Economic Incentive payments made during the period of any properly noticed and uncured Default, and immediately cease all future Economic Incentive payments to El Ritual;

(ii) In addition to all other rights and remedies available to the District, the following uncured events of Default shall give the District the right to claw back from El Ritual an amount equal to (i) all Economic Incentive payments previously disbursed to El Ritual less (ii) amounts of TPT funds originating from El Ritual's operations:

- (x) Misuse or misappropriation, or material misrepresentation or omission as to the use or purpose, of any Economic Incentive funds received hereunder, irrespective of when during the term such misuse, misappropriation or misrepresentation occurred;
- (y) Failure to properly and timely file TPT Forms as set forth in Section 3(c); and/or
- (z) Material misrepresentation or omission on the part of El Ritual to induce and/or secure the Economic Incentive or regarding the Construction Proposal, claw back from El Ritual all Economic Incentive payments previously disbursed.

(iii) Upon any Default, the District shall be entitled to any other remedies as may be available at law or in equity. All remedies of the District shall be cumulative and not exclusive of one another, and the District's exercise of any remedy (or remedies) shall not constitute a waiver or election with respect to any other available remedy (or remedies). For the avoidance of doubt, the foregoing rights and remedies of the District shall be available after the Term for any Default unless otherwise expressly agreed in a separate writing signed by the District.

(c) **El Ritual's Remedies.** Whenever a Default occurs and is not cured (or, if appropriate, cure undertaken) by the District in accordance with the requisite notice and Cure Period provisions of this Agreement, the District expressly acknowledges and agrees that El Ritual may seek specific performance, an injunction, special action, declaratory relief, or other similar relief requiring the District to undertake and fully and timely perform its obligations under this Agreement and/or El Ritual may seek damages from the District limited to the amount of any undisbursed funds that a court determines should properly be disbursed to El Ritual and not for any other damages of any kind or nature.

(d) **Limitation on Damages.** Except as limited herein, claims for damages (when and if permitted) shall be limited to actual damages as of the time of entry of judgment. The Parties each hereby waive any and all rights to seek or receive punitive, multiple, exemplary, consequential, or other damages. In no event will El Ritual be liable for amounts in excess of the amount of Economic Incentive Payments actually received hereunder, less the aggregate amount of all TPT funds originating from El Ritual.

(e) **Delays; Waivers.** Except as otherwise expressly provided in this Agreement, any delay by any Party in asserting any right or remedy under this Agreement shall not operate as a waiver of any such rights nor limit such rights in any way; and any waiver in fact made by such Party with respect to any Default by the other Party shall not be considered as a waiver of rights with respect to any other Default by the performing Party or with respect to the particular Default,

except to the extent specifically waived in writing. It is the intent of the Parties that this provision will enable each Party to avoid the risk of being limited in the exercise of any right or remedy provided in this Agreement by the doctrine of waiver.

7. Representations and Warranties and Covenants.

(a) **Of El Ritual.** El Ritual represents, warrants, and covenants to the District that:

(i) Organization. El Ritual is a limited liability company, duly organized, validly existing, and in good standing under the laws of the State of Arizona, and El Ritual has the power, right, and authority to enter into this Agreement, and consummate the transaction contemplated hereby, without the consent or joinder of any other party or order or approval of any court, and this Agreement shall constitute a legal, valid, and binding obligation of El Ritual, enforceable against it in accordance with the terms and conditions herein.

(ii) Performance. El Ritual shall execute and acknowledge, when appropriate, all documents and instruments and take all actions necessary to implement and evidence this Agreement and shall timely perform all of its obligations under the Lease and this Agreement.

(iii) Litigation. As of the date of this Agreement, El Ritual knows of no litigation, proceeding, or official investigation contesting the powers of El Ritual or its officers with respect to this Agreement, including El Ritual's execution, delivery, and performance hereof, that has not been disclosed in writing to the District.

(iv) Contracts. Except as provided in this Agreement, neither this Agreement nor anything required to be done hereunder violates or shall violate any contract or agreement to which El Ritual is a party.

(v) Indemnification. Upon the filing by any Third Party of any action at law or in equity or the assertion of any claim, cause of action, or judicial or non-judicial proceeding relating or pertaining to El Ritual's performance or failure to perform its obligations under this Agreement, whether or not El Ritual is a party to such claim, action, or proceeding, and whether or not negligence or gross negligence by the District is alleged, El Ritual shall cause such action or proceeding (including all claims against the District, its directors, officers, agents, or employees) to be timely defended by counsel selected by El Ritual and acceptable to the District in its reasonable discretion. The District shall fully cooperate in the defense of such action or proceeding in coordination with El Ritual's counsel, at El Ritual's sole cost and expense. The District may, in its sole discretion, select its own counsel to defend the District, at the District's own cost and expense. In addition to the foregoing, El Ritual shall indemnify, defend, and hold the District, its Board Members, officers, representatives, agents, attorneys, and employees, harmless for, from, and against any liability, loss, claim, action, or demand, including attorneys' fees and costs that may arise out of or is connected (A) with El Ritual's breach of any covenant, representation, warranty, or term in this Agreement, or (B) to the Improvements to the Project or the Economic Incentive provided by the District to El Ritual. Notwithstanding

anything in this Agreement to the contrary, El Ritual's obligations in this Section 7(a)(v) shall survive termination and/or the expiration of this Agreement.

(vi) No Consideration to Third Parties. El Ritual has not paid or given, and will not pay or give, any Third Party any money or other consideration for obtaining this Agreement other than normal costs of conducting business and costs of professional services such as the services of architects, engineers, and attorneys.

(b) The District.

(i) Organization. The District is a special taxing district of the State of Arizona, duly organized, validly existing, and in good standing under the laws of the State of Arizona and has the power, right, and authority to enter into this Agreement and to consummate the transaction contemplated hereby, without the consent or joinder of any other party, or order or approval of any court, and this Agreement shall constitute a legal, valid, and binding obligation of the District, enforceable against the District, in accordance with the terms and conditions herein.

(ii) Performance. The District will execute and acknowledge, when appropriate, all documents and instruments and take all actions necessary to implement and evidence this Agreement.

(iii) Litigation. As of the date of this Agreement, the District knows of no litigation, proceeding, initiative, referendum, or official investigation contesting the powers of the District or its officials with respect to this Agreement, including the District's execution, delivery, and performance hereof, that has not been disclosed in writing to El Ritual.

(iv) Other Contracts. Except as provided in this Agreement, neither this Agreement nor anything required to be done hereunder violates or shall violate any contract or agreement to which the District is a party.

(v) Indemnification. The District shall indemnify and defend El Ritual, its managers, members, representatives, agents, and employees from and against any liability, loss, claim, action, or demand, including reasonable attorneys' fees and costs, which arise out of or is connected with the District's breach of any covenant, representation, warranty, or term in this Agreement. The District's indemnification obligation above shall survive the termination or expiration of this Agreement for a period equal to the applicable statute of limitations period.

(c) **Limitation on Representations.** Except as expressly stated herein, no Party has made any representation regarding the validity, enforceability, tax effect, or any other aspect of this Agreement.

8. Enforced Delay.

(a) **Events Constituting Enforced Delay.** Whether stated or not, all periods of time in this Agreement are subject to this Section. Neither Party, as the case may be, shall be considered

to have caused a Default, nor shall El Ritual be deemed to have failed to satisfy El Ritual Minimum Requirements with respect to its obligations under this Agreement, in the event of a delay (an “**Enforced Delay**”) due to causes beyond its control and without its fault, negligence, or failure to comply with the Applicable Laws including, but not restricted to:

(i) acts of God; acts of the Federal or State government; acts of a Third Party; litigation or other action authorized by law concerning the validity and enforceability of this Agreement or relating to transactions contemplated hereby; fires, floods, pandemics, epidemics, quarantine, restrictions, strikes, embargoes, labor disputes, and unusually severe weather, or the delays of subcontractors or materialmen due to such causes; act of a public enemy; war, terrorism or act of terror (including, but not limited to, bio-terrorism or eco-terrorism); nuclear radiation; declaration of national emergency or national alert; blockade, insurrection, riot, labor strike, labor or contractor shortages, or interruption, unexpected unavailability of materials or supplies, extortion, sabotage, or similar occurrence; any exercise of the power of eminent domain by any governmental body on behalf of any public, quasi-public, or private entity; or declaration of moratorium or similar hiatus directly affecting the Premises and property by any governmental entity; or

(ii) any Order which delays the completion of the work or other obligation of the Party claiming the delay, unless it is shown that such Order is the result of the failure to comply with Applicable Laws by the Party claiming the delay; *provided*, however, that the contesting, in good faith, of any such Order shall not constitute or be construed or deemed as a waiver by a Party of Enforced Delay. In no event will Enforced Delay include any delay resulting from general economic or market conditions, from the unavailability of financing or financing on terms acceptable to El Ritual, or investors, or lenders desired by El Ritual. It is understood and agreed that El Ritual will bear all risks of delay which is not Enforced Delay.

(b) **Notice of Enforced Delay.** In the event of the occurrence of any such Enforced Delay, the time or times for performance of the obligations of the Party claiming delay shall be extended for a period equal to the duration of the Enforced Delay. The Party seeking the benefit of this Section shall, within 30 days after such Party knows or reasonably should know of any such Enforced Delay, first notify the other Party of the specific delay in writing and claim the right to an extension for the period of the Enforced Delay.

9. **General Provisions.**

(a) **Waivers.** No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. Unless expressly provided for in this Agreement, no waiver shall be binding unless executed in writing by the Party making the waiver. Any Party may waive any provision of this Agreement intended for its sole benefit; however, unless otherwise provided for herein, such waiver shall in no way excuse the other Party from the performance of any of its other obligations under this Agreement.

(b) **Construction, Governing Law, and Venue.** This Agreement shall be interpreted according to Arizona law and shall be construed as a whole and in accordance with its fair meaning

and without regard to, or taking into account, any presumption or other rule of law requiring construction against the Party preparing this Agreement or any part hereof. Any dispute or controversy relating to this Agreement, including the breach and enforcement thereof, shall take place in the Superior Court of Pima County, Arizona.

(c) **Time.** Time is strictly of the essence for each and every provision of this Agreement.

(d) **No Commission.** Both Parties represent that no unpaid commission is outstanding with respect to this Agreement, and each Party indemnifies the other against brokerage or commission claims arising out of the indemnifying Party's actions.

(e) **Attorneys' Fees.** If any action is brought by any Party in respect to its rights under this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees and court costs as determined by the court, including reasonable attorneys' fees incurred before any court or enforcement action that relate to the enforcement hereof.

(f) **Binding Effect.** This Agreement and all instruments or documents entered into pursuant hereto are binding upon and shall inure to the benefit of the Parties (as applicable) and their respective permitted successors and assigns.

(g) **Further Assurances and Documentation.** Each Party agrees in good faith to take such further actions and execute such further documents as may be necessary or appropriate to fully carry out the intent and purposes of this Agreement and to effectuate the provisions of this Agreement and the rights of each Party.

(h) **Time Periods.** If the time for the performance of any obligation under this Agreement expires on a Saturday, Sunday, or legal holiday, the time for performance shall be extended to the next succeeding day which is not a Saturday, Sunday, or legal holiday.

(i) **Headings.** The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement.

(j) **Entire Agreement.** This Agreement, together with all exhibits referred to herein, which are incorporated herein and made a part hereof by this reference, constitutes the entire agreement between the Parties pertaining to the subject matter in this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless in writing and executed by the Parties.

(k) **Counterparts.** This Agreement may be executed by the exchange of faxed or electronic signatures and in any number of counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

(l) **Approvals and Notices.** Any Notice that any Party may desire or may be obligated to give to any other Party shall be in writing and may be given by personal delivery; registered or certified mail (return receipt requested); email transmission (with delivery receipt); or by commercial courier to the Party, or its successors or assigns, to whom the Notice is intended at the

address of the Party set forth below or at any other address as the Parties may later designate in writing. Change of address by a Party shall be given by Notice as provided in this Section:

If to the District: Rio Nuevo Multipurpose Facilities District
Attn: Fletcher McCusker
1703 East Broadway Boulevard
Tucson, Arizona 85719
Email: fjmccusker@gmail.com

With a copy to: Farhang & Medcoff, PLLC
Attn: Timothy Medcoff, Esq.
100 South Church Avenue, Suite 100
Tucson, Arizona 85701
Email: tmedcoff@farhangmedcoff.com

If to El Ritual: El Ritual, LLC
Attn: Jaqueleen Larson
135 South Longfellow Avenue
Tucson, Arizona 85711
Email: jaqueleen@mac.com

With a copy to: Hecker Pew PLLC
Attn: Will Pew
300 N. Main Avenue, Suite 105
Tucson, Arizona 85701
Email: will@heckerpew.com

(m) Successors and Assigns. All of the provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the Parties; *provided*, however, that El Ritual's rights and obligations hereunder may be assigned or transferred only at any time the assignor is not in Default under any provision of this Agreement to a single person or entity that has acquired the entirety of such rights and obligations as a successor in interest to El Ritual; and, *provided further*, that the successor has expressly and in writing, for the benefit of the District, assumed all of the obligations of the assignor under this Agreement. An assignee pursuant to an assignment or transfer made in compliance with all of the terms and provisions of this Agreement may be referred to as a "**Permitted Assignee**." Any assignment or transfer not made in compliance with all of the terms and provisions of the Agreement shall be void *ab initio*, and not voidable, and shall vest no rights in the purported assignee or transferee.

(n) Term. Subject to any express provision to the contrary, the Term shall automatically expire and terminate, without further act or notice required, upon the occurrence of the events contemplated in Section 5(j). Following the Term, the Parties shall have no rights or obligations hereunder; *except* that, notwithstanding anything in this Section or Agreement to the contrary, the Parties' indemnification obligations set forth in Section 7 shall survive along with any other rights and obligations of the Parties as may be otherwise expressly provided in this Agreement.

(o) **No Partnership; Third Parties.** Nothing in this Agreement shall create, or be deemed to create, any partnership, joint venture, or other similar arrangement between the Parties. No term or provision of this Agreement is intended to or shall be for the benefit of any person, firm, organization, or corporation not a Party hereto, and no such other person, firm, organization, or corporation shall have any right or standing to any cause of action hereunder; *except* that the protection of the indemnification provisions of this Agreement shall extend to all agents, attorneys, Board Members, officers, and employees of the District acting in the course and scope of their employment or engagement and all such persons shall be, and are intended to be, third party beneficiaries of such indemnification provisions.

(p) **Limited Severability.** The Parties agree that, in the event that any provision of this Agreement is declared void or unenforceable (or is construed as requiring the District to do any act in violation of any Applicable Law), such provision shall be deemed severed from this Agreement, and this Agreement shall otherwise remain in full force and effect; *provided*, that this Agreement shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed agreement provides essentially the same rights and benefits (economic and otherwise) to the Parties as if such severance and reformation were not required. Further, the Parties shall perform all acts and execute all amendments, instruments, and consents necessary to accomplish and to give effect to the purposes of this Agreement, as and if reformed in accordance with this Section 9(p).

(q) **No Liability of the District Officials.** No director, officer, official, representative, agent, attorney, or employee of the District shall be personally liable to El Ritual, or to any successor in interest to El Ritual, in the event of any Default by the District, or for any amount which may become due to El Ritual or its successors, or with respect to any obligation of the District pursuant to this Agreement.

(r) **The District Expenditures.** Notwithstanding anything to the contrary herein, the District's cumulative financial responsibility for all payments, expenses, and costs incurred under this Agreement shall, in all cases, be less than the expenditure thresholds set forth in A.R.S. §§ 48-4203(E) and 48-4204(C).

(s) **Sunset Provision.** Notwithstanding anything to the contrary herein, under no circumstances shall District be subject to any liability to El Ritual under this Agreement that arises or results from District's termination or dissolution pursuant to applicable law and/or any actions taken by District in compliance with any applicable statutory mandate (including without limit those set forth in A.R.S. § 48-4202) or intergovernmental agreement relating to the District.

(t) **Construction with Applicable Law.** This Agreement shall be at all times construed in a manner consistent with the Arizona laws including, without limit, those applicable to multipurpose facilities districts at A.R.S. § 48-4201 *et seq.*

(u) **Conflict of Interest.** This Agreement is subject to and may be terminated by the District in accordance with the provisions of A.R.S. § 38-511.

(v) **No Offer.** The Parties acknowledge and agree that this Agreement shall not constitute an offer or be binding upon either Party until it is fully executed and delivered by the District.

(w) **Israel Boycott.** If and to the extent that A.R.S. § 35-393 *et seq.* is applicable, El Ritual certifies that it is not currently engaged in, and agrees for the duration of this Agreement to not engage in, a boycott of goods or services from Israel as that term is defined in A.R.S. § 35-393.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates set forth with their respective signatures, effective as of the Effective Date below.

Effective Date: 5/7/2026

EL RITUAL, LLC

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

By: 

Name: Jaqueleen Larson

Title: Member

Date: 04 / 14 / 2026

By: 

Name: Fletcher McCusker

Title: Chairman

Date: 04 / 15 / 2026

By: 

Name: Taunya Villicana

Title: Secretary

Date: 04 / 14 / 2026

APPROVED AND CONSENTED TO BY LANDLORD:

City of Tucson

By: _____

Name: Timothy Thomure

Its: City Manager

Date: _____

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates set forth with their respective signatures, effective as of the Effective Date below.

Effective Date: _____

EL RITUAL, LLC

RIO NUEVO MULTIPURPOSE FACILITIES
DISTRICT

By: _____

Name: Jaqueleen Larson

Title: Member

Date: _____

By: _____

Name: Fletcher McCusker

Title: Chairman

Date: _____

By: _____

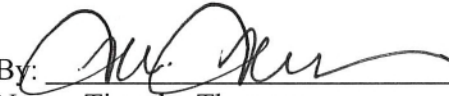
Name: Taunya Villicana

Title: Secretary

Date: _____

APPROVED AND CONSENTED TO BY LANDLORD:

City of Tucson

By:  _____

Name: Timothy Thomure

Its: City Manager

Date: 05/07/2026

EXHIBIT A
LEGAL DESCRIPTION

All those portions of Blocks 82, 83, 84, 90, 91, and 94, and of the alleys traversing said Blocks, and of Fourth Avenue, Fifth Avenue, Ninth Street, Tenth Street, and Eleventh Street, all as recorded as City of Tucson in Book 3 of Maps and Plats at Page 70 and Page 71, Records of Pima County, Arizona, more particularly described as follows:

Beginning at the intersection of the northeasterly right of way of Toole Avenue, as recorded in Docket 1972 at Page 13, with easterly right of way of Sixth Avenue, as recorded in Book 3 of Maps and Parts at Page 71 and shown in Book 13 of Record of Survey at Page 64; Thence N 00° 52' 37" W along said easterly right of way, 22.62 feet to an angle point thereof; Thence continuing along said easterly right of way N 00° 54' 00" W, 204.87 feet; Thence S 45° 35' 35" E 40.00 feet southwesterly of an parallel with the centerline of the Union Pacific Railroad Company (formerly Southern Pacific Transportation Company) 100 foot wide right of way as recorded in Dockey 1860 at Page 166 and shown in Book 13 of Record of Survey at Page 64, 1914.22 feet to the westerly right of way of Third Avenue, as recorded in Book 3 of Maps and Plats at Page 71 and shown in Book 13 of Record of Survey at Page 64; Thence S 00° 56' 52" E along said westerly right of way, 227.69 feet to the northeasterly right of way of said Toole Avenue; Thence N 45° 35' 35" W along said northeasterly right of way 1914.50 feet to the Point of Beginning.

EXHIBIT B
CONSTRUCTION PROPOSAL PLANS AND DOCUMENTS

[Economic Benefits Agreement

–

Exhibit B]



EL RITUAL

WELLNESS

COMMUNITY

LONGEVITY

HI, I'M JAQUELEEN.



15+
YRS

MULTI-MILLION
DOLLAR BEAUTY
BRANDS

10
YRS

GROUP FITNESS
INSTRUCTOR

30K+

LOCAL SOCIAL
NETWORK

*El Ritual is my love letter to Tucson
and the women who raised me.*



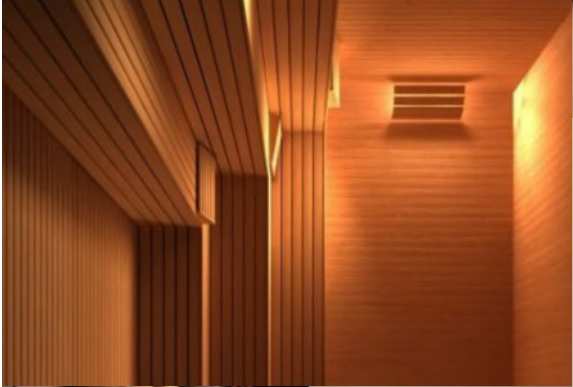
OUR CONCEPT

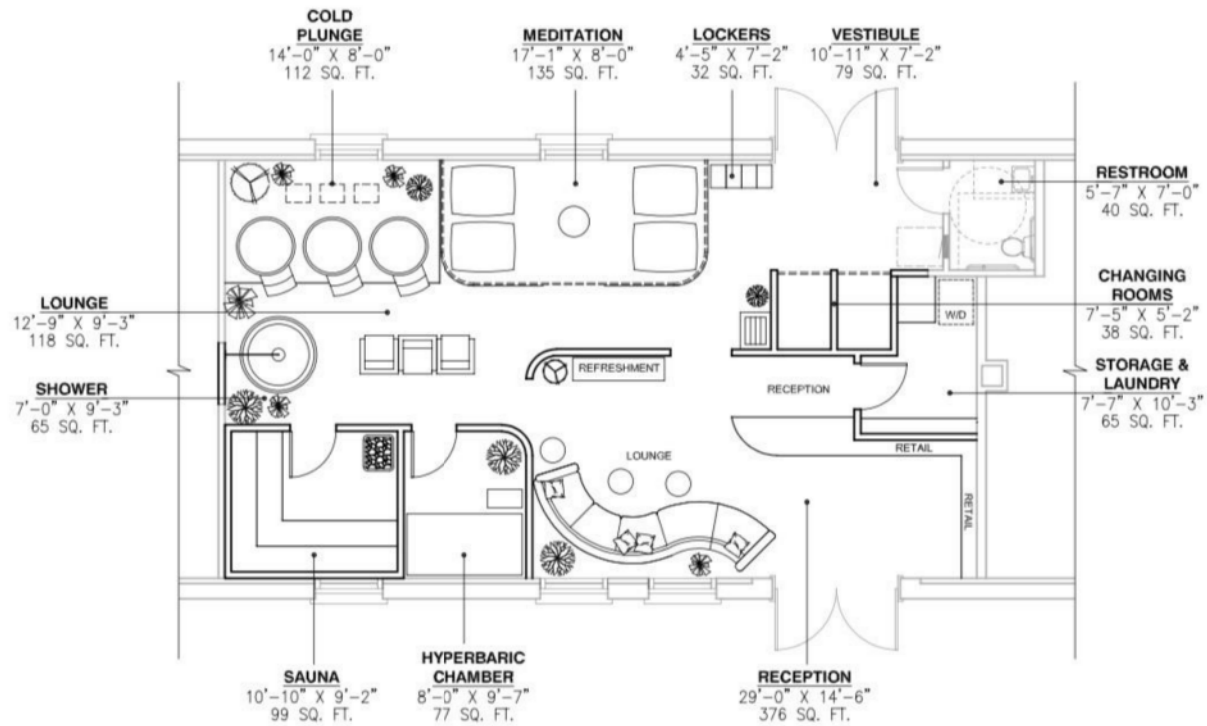
El Ritual is a boutique wellness studio born of the Sonoran Desert.

Our Signature Ritual of **contrast therapy (sauna + cold plunge), sound, breathwork, and meditation** is designed to restore the mind, body and nervous system.

El Ritual is projected to generate ~\$600K-\$1M annually in taxable gross receipts through monthly memberships (taxable as “access to amusement”), retail & market.

Wellness studios are rapidly growing in other US cities, and El Ritual is proudly local—both inspired by and built for Tucson. Our wellness flagship in Downtown will invite new foot traffic to the area and complement neighboring businesses like Salon Salon, Friday Pilates, Corbett’s, and local hotels.





DATE: **12/18/25**

SHT. NO.
**SPACE PLAN
2**

09663.000

EL RITUAL

410 N TOOLE AVE SUITE 110



SCALE: 1/8" = 1'-0"
TUCSON, ARIZONA

INTERTECH
ARCHITECTURAL INTERIORS, INC
8088 EAST GRANT ROAD
TUCSON, ARIZONA 85712
18201298-8308

THE SIGNATURE EXPERIENCE

CHECK IN (10)

- WELCOME + CHECK IN
- SET INTENTION
- PHONE LOCKER
- SHOWER + ROBE
- INTENTION-DRIVEN AROMATHERAPY



CONTRAST THERAPY (20)

- FINNISH SAUNA
- COLD PLUNGE OR SHOWER
- WARM PLUNGE
- INFRARED HEATED ROOM

60 MIN RITUAL

CLOSING (10)

- AFFIRMATION
- INTENTION-DRIVEN TEA BLEND
- CHANGE & GO, OR LOUNGE



MEDITATION LOUNGE (15)

- INTENTION-DRIVEN GUIDED BREATH + MEDITATION
- RED LIGHT THERAPY + PEMF
- CONNECT TO SELF + OTHERS

BINAURAL SOUNDSCAPE + AROMATHERAPY + CALMING DESERT AESTHETIC THROUGHOUT

OTHER AMENITIES: LOBBY CAFE • RETAIL SPACE • COMMON SPACE FOR EVENT PROGRAMMING

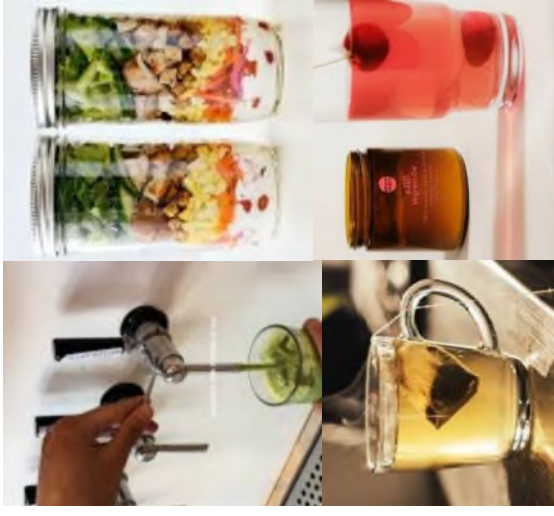
MULTIPLE REVENUE STREAMS



RITUAL MEMBERSHIPS
& DROP-INS



WELLNESS RETAIL



MARKET / FUNCTIONAL BEVS

TARGET MEMBER PERSONAS



Segment

Students (18–24)

Who They Are

U of A students with time and family support

Needs

REPLENISH & EASE ANXIETY. Social connection, trendy wellness, aesthetic spaces

Why EI Ritual?

Engaging, Instagram-friendly wellness experiences



Busy, Driven Professionals & Moms (25–50)

Middle-aged women managing careers, families, and perimenopause shifts

NERVOUS SYSTEM RESET. Stress relief, hormonal balance, easy self-care

Convenient, restorative wellness in supportive space



Menopause & Beyond (50–65+)

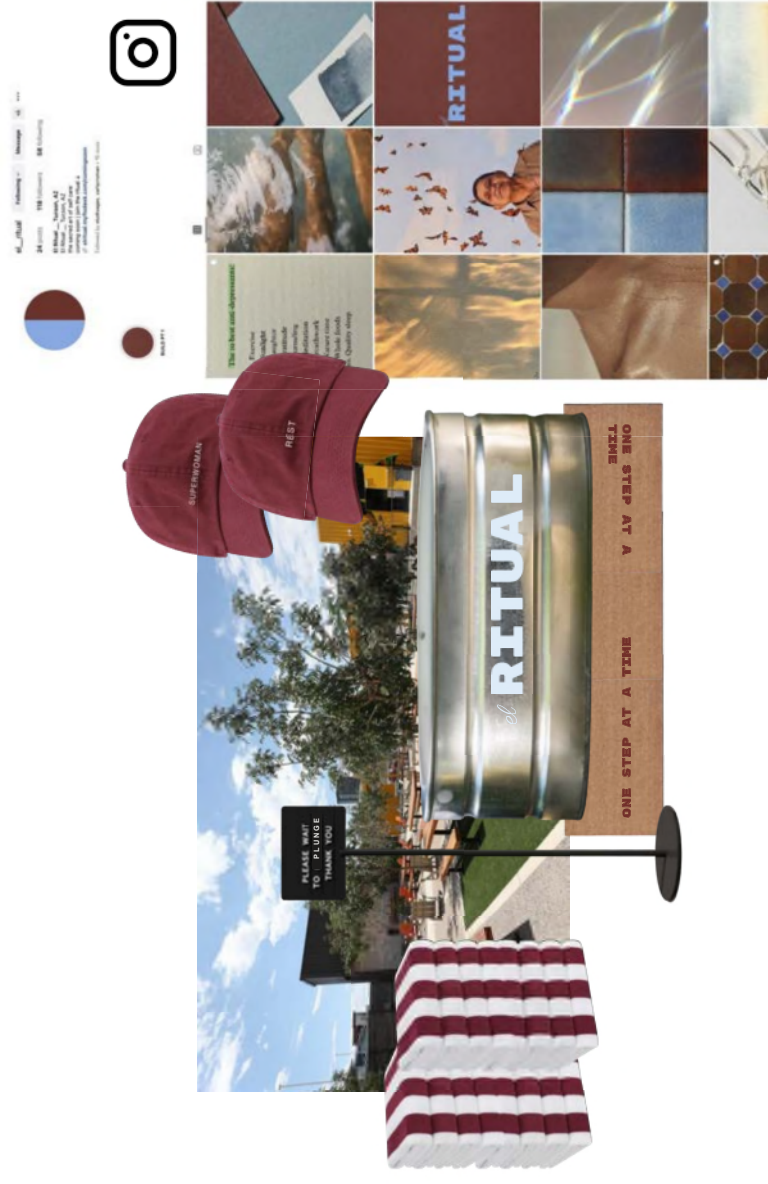
Women focused on longevity and healthy aging

WELLNESS & CONNECTION. Symptom relief, advanced wellness solutions, community

Advanced wellness practices for vibrant aging

MARKETING TACTICS FOR LAUNCH

- Social Media**
Social media is active and growing on Instagram and TikTok, collaborative posting to grow following will begin after space is secured.
- Email Marketing**
Monthly newsletter updates to keep community engaged & informed
- Pop-Up Events & Partnerships**
Get into the community and help people experience the feeling of El Ritual before the space is fully functional
- Early Memberships Drop**
Build membership -2 months to launch. Goal = 100 memberships sold prior to launch, 300 sold by end of year 1
- Corporate and Hotel Partnerships**
Partner with downtown businesses and hotels on corporate memberships that serve guests and employees while delivering consistent monthly revenue
- Influencer Marketing**
Events featuring local tastemakers, student leaders and influencers to build buzz and drive membership growth



REVENUE & TPT GENERATION

Gross Revenue & TPT – Initial Lease Term

Year	Gross Revenue	Estimated Total TPT (8.7%)
Year 1	\$600,000	\$52,200
Year 2	\$750,000	\$65,250
Year 3	\$937,500	\$81,563
Year 4	\$1,050,000	\$91,350
4-Year Total	\$3,337,500	\$290,363

\$290K TPT
IN INITIAL LEASE TERM

\$100K TPT
IN INCREMENTAL YEARS

Long-Term Stabilization (Renewed Lease Terms)

Year	Gross Revenue	Estimated Total TPT (8.7%)
Years 8-12	\$1,200,000	\$104,400

REVENUE MODEL YEARS 1-2

Revenue Category	Annual Revenue	Monthly Revenue	Unit Price (AOV)	Monthly Units / Transactions	Share
Memberships <i>(Fully taxable as Admission to Amusement)</i>	\$240,000	\$20,000	\$200 / member	100 memberships	50%
Walk-In Ritual Access	\$90,600	\$7,500	\$75 / session	100 sessions	20%
Event Buy-Outs	\$48,000	\$4,000	\$2,000 / event	2 events	10%
Retail Sales	\$96,000	\$8,000	\$45 / transaction	177 transactions	20%
Food & Bev "Market" <i>(On-Site Consumption)</i>	\$39,000	\$3,250	\$10 / transaction	325 transactions	5%
TOTAL TAXABLE REVENUE	\$513,600	\$42,750	—	—	100%

REVENUE MODEL YEARS 3-5

Revenue Category	Annual Revenue	Monthly Revenue	Unit Price (AOV)	Monthly Units / Transactions	Share
Memberships <i>(Fully taxable as Admission to Amusement)</i>	\$660,000	\$55,000	\$200 / member	275 memberships	65%
Walk-In Ritual Access	\$54,000	\$4,500	\$75 / session	60 sessions	5%
Event Buy-Outs	\$84,000	\$7,000	\$2,000 / event	3-4 events / month	8%
Retail Sales	\$156,000	\$13,000	\$45 / transaction	290 transactions	15%
Food & Bev "Market" <i>(On-Site Consumption)</i>	\$66,000	\$5,500	\$10 / transaction	550 transactions	7%
TOTAL TAXABLE REVENUE	\$1,020,000	\$85,000	—	—	100%

MY ASK

El Ritual seeks Rio Nuevo's partnership to fund \$200K in hard construction costs for buildout at 401 N Toole to generate \$290K in TPT over 4 years, and incremental \$100K TPT ROI years 5+.

Item	Cost
Build Out (Hard Construction) <i>GC: Caylor</i> <i>Architect: Wayne Swan, Intertech</i>	400,000
Machines / Devices / Furnishings	100,000
Start up costs <i>Architect Fee</i> <i>Legal Fees</i> <i>Booking software</i> <i>Marketing</i> <i>Retail and Market Stock</i>	50,000
TOTAL INVESTMENT	\$550,000

Proposal	EL RITUAL	RIO NUEVO
<ul style="list-style-type: none"> 50% self-funded 50% Rio Nuevo funded 	200,000	200,000
<ul style="list-style-type: none"> 100% self-funded 	100,000	0
<ul style="list-style-type: none"> 100% self-funded 50% complete 	50,000	0
INVESTMENT BY PARTY		\$200,000 36% RIO NUEVO
		64% SELF FUNDED

TIMELINE TO LAUNCH

JAN 2026

RIO NUEVO PITCH
1/13

ROE - 1/15
(BUILD OUT
BEGINS)

RAMP UP SOCIAL
MEDIA

FEB 2026

BUILD OUT
POP-UP EVENTS

FOUNDING
MEMBERSHIP
SALES

PR BEGINS

MAR 2026

BUILD OUT
COMPLETES

COE

PR PUSH

SOFT OPEN

APR 2026

GRAND
OPENING
EVENT

1st MONTHLY
COMMUNITY
EVENT

THANK YOU

WELLNESS

COMMUNITY

LONGEVITY



EL RITUAL

BORN OF THE HEALING SONORAN DESERT
ROOTED IN SCIENCE AND ANCIENT WISDOM OUR
SELF-GUIDED SELF-CARE STUDIO
IS A SPACE TO RECOVER
MIND, BODY, AND NERVOUS SYSTEM



[FIND MORE](#)

[@EL_RITUAL](#)

[ELRITUAL.STUDIO](#)



Customer

Robert Caylor Construction Company
2 E. Congress, Suite 900
Tucson, AZ
85701, US
(520) 298-2200

Prepared By:
Pedro Gastelum
(520) 490-6487
pedro@caylor.net

Intertech Architectural Interiors, Inc.
Intertech Architectural Interiors, Inc. 6089
East Grant Road
Tucson, AZ
85712, US

Wayne Swan

wswan@intertecharchitecture.com

Project: **EI Ritual Spa**

Scope of Work

Thank you for the opportunity to provide you a budgetary proposal for work at the above mentioned project. Our estimate is per the plans preliminary plans fro EI Ritual Spa by Intertech Architectural Interiors dates 10.15.2025

Includes (1) Daikin 5-ton Rebel Dehumidification package unit to be mounted on factory roof curbs

Pricing is budgetary and subject to change based on Construction Documents being finalized.

00 00 00 Procurement Req.	Total Cost
	\$2,500.00
01 00 00 General Requirements	Total Cost
	\$42,272.75
02 00 00 Ext. Conditions	Total Cost
	\$5,400.00
03 00 00 Concrete	Total Cost
	\$24,864.20



05 00 00 Metals	Total Cost
	\$2,200.00
06 00 00 Wood, Plastics, Comp	Total Cost
	\$52,113.90
07 00 00 Thermal Protection	Total Cost
	\$2,212.00
08 00 00 Openings	Total Cost
	\$10,050.00
09 00 00 Finishes	Total Cost
	\$72,023.00
10 00 00 Specialties	Total Cost
	\$48,844.00
13 00 00 Construction Supply	Total Cost
	\$1,750.00
22 00 00 - Plumbing	Total Cost
	\$39,463.00
23 00 00 HVAC	Total Cost
	\$78,380.00
26 00 00 Electrical	Total Cost
	\$75,850.00



Quote: 2137 / Date: 1/27/2026
Project Number: 8204

Excluded (-)

1. Architecture, engineering, phone or data cabling, fire alarms, sprinklers, water meters, utilities, utility fees, structural work, roofing, exterior work to building, items listed as excluded and anything not explicitly listed in the following bid breakdown. Additional exclusions are listed on Exhibit "AA".

Notes

Summary

Subtotal	\$457,922.85
Profit	\$36,633.83
Taxes	\$0.00
General Liability	\$6,379.78
Overhead	\$30,167.96

\$531,104.42

Accepted By

Date

.....



EXHIBIT AA

CONTRACTOR: ROBERT CAYLOR CONSTRUCTION CO.

This Exhibit AA is attached and made a part of the construction documents for all projects.

EXCLUSIONS:

Listed herein are items specifically excluded for the work of this contract and contract sum:

- Remediation or handling of hazardous materials including, but not limited to asbestos and lead.
- Remediation of mold, fungi or bacteria.
- Any and all overtime or after hours work including all punch list or warranty issues after client has moved in unless specifically included in the estimate.
- Damage to any work installed over existing concrete or sub-base materials caused by moisture contained therein.
- Corrections of existing unforeseen building discrepancies not drawn on plans, including unlevelled floors, floor patching, and floor leveling.
- Discrepancies in plans and changes required after plans are submitted for permit.
- Costs of moisture testing of floors or remediation / preparation thereof.
- Sealing of VCT, vinyl and ceramic materials.
- Public Utility charges are excluded unless specifically included in the estimate.
- Course of construction utilities including but not limited to electric and water. Installation of communications systems, cabling, phone wiring or similar work.
- Installation or modification of alarm systems, key pads, magnetic locks, control entry systems or similar work.
- Re-keying of any locks.
- Moving of furniture or equipment is specifically excluded.
- Costs associated with shipping and handling to out-of-town Owners, Architects, Designers, and Agents will be billed at cost plus 20%.
- Owner's builder's all-risk or course of construction insurance.
- Handy-man labor i.e. hanging of pictures, moving furniture, etc. will be billed at \$100.00 per hour. Additional cost incurred due to material or shipping cost increase if job commences more than 20 days from this proposal or if material prices increase more than 3% after the start of the project.

SCHEDULE:

Listed herein are certain items that may cause delays and extend construction schedule:

- Contractor requires confirmation and communication within a reasonable time period, including answers and or approvals of RFI's, submittals and shop drawings to Owner, Tenant, Architect or Change Orders.
- Selection of material not available to meet the schedule of construction.
- Owner's or Tenant's vendors furnishing material or labor which may interfere with other trades and Contractor's schedule.
- Any damage caused by Owner, Tenant or Agents shall extend construction schedule and repair cost shall be added to contract price.
- Doors, frames, millwork, trusses, restroom partitions and other specialty items are considered long lead items and may have the potential for delaying the job. Time is of the essence for the Owner or its Agent to select the products. All colors shall be submitted to contractor within five (5) days of start of project. Check with your architect. In comparing stain samples, please be aware, most stain samples submitted by the manufacturer are done with a computer-assisted application to the wood. This cannot be duplicated in the field. Bear in mind the wood species, as well as veneer and hardwood grains will vary the appearance of the stain color using the same stain.

ESCALATION CLAUSE:

If, during the performance of this Contract, the cost of materials significantly increases through no fault of Contractor, the price of this Contract shall be equitably adjusted by an amount necessary to cover any such significant increase in the costs of materials/equipment. As used herein, a significant cost increase shall mean any increase in the cost of materials/equipment exceeding 3%, as experienced by Contractor at the time of material receipt. Where the delivery of materials is delayed through no fault of the Contractor, as a result of the shortage or unavailability of the materials, Contractor shall not be liable for any additional costs or damages associated with such delay(s), provided that Contractor has; 1) provided all submittals required for the Contract Work and ordered the materials in a timely manner, 2) notified Owner in writing within 48 hours' of Contractor's notice of any such delay and 3) taken all reasonable measures to mitigate delays caused hereunder.

This would apply, but not be limited to, price increases in lumber, pipe, concrete, asphalt, steel, roofing materials, fuel, manufactured products, and/or equipment. Contractor is entitled to demonstrate these price increases using quotes, supplier list prices, invoices, and/or receipts. This documentation will be provided by the Contractor to the Owner upon Contractor's request for an equitable adjustment to the price of this Contract, for verification by Owner.

EXHIBIT C
MERCHANT INFORMATION GUIDE



Rio Nuevo District Sales Tax Reporting Information

TPT AND TIF INFORMATION FOR RIO NUEVO DISTRICT MERCHANTS
RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

(520) 623-7336 | 1703 E. Broadway Blvd, Tucson, AZ 85719 | www.RioNuevo.org



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TIF District Boundaries	3
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Sales Tax	4
Online Filing.....	5
Amendments	5
Our Ask	5
Resources	5
Contacts.....	6

The Rio Nuevo District is an economic development agency that provides long-term growth by helping defray the steep costs of major projects, new development, and property improvements, benefiting the Tucson community.

ABOUT

The Rio Nuevo District is a Tax Increment Finance District (TIF) funded by a share of state sales tax dollars and held accountable to the Arizona State Legislature for use of the funds. In 1999 voters approved the creation of the district that allows TIF funds to be reinvested into the Tucson community. TIF funds are managed by the Rio Nuevo District Board of Directors who as of 2010 are appointed by the State Governor, President of the Senate, and Speaker of the House of Representatives.

In partnership with private sector developers, commercial lenders, real estate investment firms and others, Rio Nuevo invests in projects that expand the tax base and bring people and new businesses to downtown Tucson and the Sunshine Mile. This investment helps to defray the steep costs of projects, events, new development, and property improvements.

Rio Nuevo District's mission is to revitalize downtown Tucson and the Sunshine Mile to create a vibrant, urban environment where residents and visitors can live, stay, work and play.

TAX INCREMENT FINANCE (TIF)

A tax increment finance district (TIF) is a public financing method that is used for redevelopment, infrastructure, and other community-improvement projects in many states. TIF funding is generated by growth in sales tax revenues, called the tax increment.

TIF's help local governments attract private development and new businesses by adding more jobs, more customers, and more private investment. TIF's create short- and long-term benefits for communities including:

- No tax increases
- Increased property values
- Private investment and development
- New jobs
- Job retention
- Stronger, broader tax base
- Stronger economic base
- Locally controlled development
- Incremental revenue reinvested into the TIF district
- Stimulates investment outside TIF district boundaries

TIF DISTRICT BOUNDARIES



The TIF District, <https://rionuevo.org/about/tif-district/district-map/>, approximately 7 miles in length, encompasses the Mercado on the west side of I10, downtown Tucson, and Broadway Blvd from downtown to Park Place Mall.

YOUR ROLE

A majority of Rio Nuevo funding is generated by a splitting of the transaction privilege taxes (TPT) paid by District merchants to the Arizona Department of Revenue. Merchants within the District complete sales tax reports by using the code 'PAD' in the Region Code section of the sales tax form. By using code 'PAD' on the form, this instructs the Arizona Department of Revenue to direct funds to Rio Nuevo, which are invested into the community.

Per the Arizona Department of Revenue:

*“Effective October 1, 2002, taxable activity and collections occurring in the Rio Nuevo District must be reported separately. The code **PAD** should be used in place of PMA for all business activity occurring within Rio Nuevo in the Business Classes listed below. Activity will continue to be reported by TPT class. The tax rate applied to **PAD** Business Classes will remain the same as that applied to PMA Business Classes.*

*For example, if your business has activity within the Rio Nuevo District in Pima County and it has taxable retail transactions, that activity should be listed on the TPT-EZ return in **PAD 017** instead of PMA 017. All transactions not located in the Rio Nuevo District should continue to be filed under the specific county code. If your business has multiple locations within Pima County, only the taxable transactions at the locations within the Rio Nuevo District should be filed under **PAD**. All remaining taxable activity should be filed under PMA.”*

This does not increase your tax and does not raise rates.

SALES TAX (TPT)

Transaction Privilege Tax (TPT) is commonly referred to as sales tax and is a tax on a vendor for the privilege of doing business in the state. Various business activities are subject to sales tax and must be licensed.

Form TPT-EZ, <https://azdor.gov/forms/tpt-forms/tpt-ez-transaction-privilege-use-and-severance-tax-return>, is the form that merchants must submit to the Arizona Department of Revenue. And is where the code 'PAD' will be used in the Region Code section.

If you are correctly completing your sales tax reports, we sincerely thank you. If for some reason you are not, we strongly encourage you to correctly complete the TPT Form. Rio Nuevo District staff are available to assist you if you have any questions. You can also amend prior filings for up to four years.

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-EZ)

Arizona Department of Revenue
 PO Box 20070 Phoenix, AZ 85068-0070
 For assistance call 1-800-4-AZ-TAXES (800-428-8282) or
 download our free app azdor.az.gov (800-428-8282)

Print All Pages
 Calculate Next

Form TPT-EZ is for filing periods beginning on or after June 1, 2019.

TPT-EZ return is due the 20th day of the month following the month in which the transactions were conducted.

Questions? Please contact Rio Nuevo at (520) 623-7336 or BrandiHB@rionuevo-tucson.org.
 www.RioNuevo.org

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-EZ)

STATE (AZ) COUNTY TRANSACTION DETAIL (See Table 1 on the Tax Rate Table, www.azdor.gov)

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
REG. CODE	NAME OF REGION	BUS. CODE	DESC. OF BUS. ACTIVITY	GROSS RECEIPTS	DEDUCTIONS FROM SCHEDULE A	(F) - (G) = (H) NET TAXABLE	AZ / COUNTY TAX RATE	(H) X (I) = (J) TOTAL TAX	ACCTG. CREDIT RATE	(K) X (J) = (L) ACCOUNTING CREDIT	(M) - (L) = (N) COUNTY TAX DUE			
PAD														

Business activity and tax collections occurring within the Rio Nuevo District must be reported separately on the State of Arizona TPT-1 Return.

The Region Code "PAD" should be used in the place of "PMA" for all business activity occurring within the Rio Nuevo District. Activities will continue to be reported by TPT class. The tax rate applied to Region Code "PAD" business classes will remain the same as that applied to "PMA" Business Classes.

For example, if your business has retail activity within the Rio Nuevo District in Pima County, that activity should be listed on the State of Arizona TPT-1 Return as "PAD 017" instead of "PMA 017". All transactions not located in the Rio Nuevo District should continue to be filed under the specific county code. If your business has multiple locations within Pima County, only the transactions at the locations within the Rio Nuevo District should be filed under Region Code "PAD". All remaining taxable activity should be filed under "PMA".

SCHEDULE A - DEDUCTION DETAIL INFORMATION

STATE (AZ) COUNTY DEDUCTIONS DETAIL

(A)	(B)	(C)	(D)	(E)
REGION CODE	BUS. CODE	DEDUCTION CODE	DEDUCTION AMOUNT	DESCRIPTION OF DEDUCTION CODE
1			\$	
2			\$	
3			\$	
4			\$	
5			\$	
6			\$	
7			\$	
8			\$	
9			\$	
10			\$	
11			\$	
12			\$	
13			\$	
14			\$	
15			\$	
16			\$	
17			\$	
18			\$	
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99			\$	
100			\$	

SCHEDULE A - DEDUCTION DETAIL INFORMATION

CITY DEDUCTIONS DETAIL

(A)	(B)	(C)	(D)	(E)
LOC. CODE	CITY CODE	BUS. CODE	DEDUCTION CODE	DEDUCTION AMOUNT
1				\$
2				\$
3				\$
4				\$
5				\$
6				\$
7				\$
8				\$
9				\$
10				\$
11				\$
12				\$
13				\$
14				\$
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92				\$
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94				\$
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96				\$
97				\$
98				\$
99				\$
100				\$

NOTE: The deduction amounts that have been listed on the lines in column G must be itemized by category for each region code and business code reported. The total of the amounts listed in Schedule A must equal the total of the Deduction Amounts listed in column G.

Calculate

ONLINE FILING

If your business reports sales tax online and is not currently using code “PAD” please use the following link to update the Region code: **AZDOR – Updating a TPT Account**
<https://azdor.gov/transaction-privilege-tax/tpt-license/updating-tpt-account>

Detailed instructions to fix your code online is available at: **Step By Step Instructions**
https://azdor.gov/sites/default/files/2023-03/PUBLICATION_TPT_TPT2-stepbystep.pdf

AMENDMENTS

Amendments to sales tax reports can be made by using the TPT-1 form and placing a checkmark in the ‘Amended Return’ box: **AZDOR TPT-1** <https://azdor.gov/forms/tpt-forms/tpt-1-transaction-privilege-use-and-severance-tax-return-filing-periods-june-1-2016>

The TIF keeps money in Tucson and allows Rio Nuevo to invest in the community.

OUR ASK

We ask that you assist the Rio Nuevo District by correctly completing your TPT form by using the code ‘PAD’.

RESOURCES

- Arizona Department of Revenue – Taxpayer Education and Information
<https://azdor.gov/taxpayer-education/online-tutorials/tpt-tutorials>
- Arizona Department of Revenue Tax Rate Table
https://modelcitytaxcode.az.gov/Tax_rate/PDF/201909.pdf
- Arizona Department of Revenue – Determine if you are in the Rio Nuevo District
<https://www.aztaxes.gov/Home/Address?Length=13>
- Arizona Department of Revenue – Update Online State/Region Code
<https://azdor.gov/transaction-privilege-tax/tpt-license/updating-tpt-account>



- Arizona Department of Revenue – Amendments to Sales Tax Reports TPT-1 Form
<https://azdor.gov/forms/tpt-forms/tpt-1-transaction-privilege-use-and-severance-tax-return-filing-periods-june-1-2016>
- Rio Nuevo District - Learn more about Rio Nuevo District projects
www.RioNuevo.org

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If you would like updates on Rio Nuevo projects, please sign up for our board meeting agenda notification at www.RioNuevo.org.