MEMORANDUM

Date: February 27, 2024

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Lesher
County Administrator

Re: **Additional Information for the March 5, 2024 Board of Supervisors Meeting - Consideration of Leases for Phase I of Mosaic Quarter**

Background

Beginning with construction of a community center in 1996, Pima County has invested over $100 million in the development of the Kino Sports Complex (KSC), which serves as the location for a wide variety of community, sports and entertainment activities. Building on this investment, Pima County initiated a solicitation for qualifications and request for proposals in 2020 for the last undeveloped 90 acres of the KSC located south of Interstate 10.

This competitive procurement process resulted in the selection of Knott Development as a master developer partner, and the Board of Supervisors approved the Master Developer Partnership Agreement (MDPA) with Knott Development in 2021, which established a public-private partnership between the two parties. Following its amendment in 2022, the MDPA was subsequently assigned by Knott Development to its project-specific entity, Mosaic Quarter Development LLC.

Since this time, the County and Mosaic Quarter (MQ) Development have been engaged in conducting substantial pre-development work, community outreach, lease preparation, and cost, economic and credit rating reviews in preparation for presenting leases to the Board for consideration. These efforts have been highlighted in regular updates to the Board of Supervisors.

Mosaic Quarter Project Elements

The MQ project elements have been refined through the work of the County and Mosaic Quarter Development. The overall project is structured in 3 phases including the following anchor elements:

- MQ Iceplex
- MQ Fieldhouse
- MQ Central Utility Plant
- MQ Sportsplex
- MQ Stadium
- MQ Parking

The project also includes support elements, including 3 hotels, 14 restaurants, public gathering spaces and outdoor entertainment venues. Phase I of the project is focused on MQ Iceplex, MQ Fieldhouse, MQ Central Utility Plant and related site amenities.

MQ Iceplex – MQ Iceplex is a 175,000 square foot facility with 3 ice rinks. One rink is a 3,000-seat arena primarily for use by the University of Arizona hockey program and ancillary community use. The 2 other rinks are community focused ice rinks. The facility will have public locker rooms and University of Arizona dedicated locker, film, training and hockey administration space. MQ Iceplex also includes party rooms, a pro shop and team store, concessions and a full-service restaurant. In addition to hockey and skating, the facility will host other publicly available activities like bumper ice cars, broom ball, curling, cornhole and movies.

MQ Fieldhouse – MQ Fieldhouse is a 131,000 square foot facility with interchangeable flooring systems to accommodate multiple sports such as basketball, volleyball, indoor soccer, football and lacrosse, pickleball, badminton, pilates, yoga, wrestling, judo, ultimate frisbee and others. Various configurations of the athletic space can provide 8 NCAA basketball courts, up to 16 volleyball courts, 24 pickleball or badminton courts, 4 indoor soccer fields, 2 lacrosse or 7 v 7 football fields, or 24 mats for wrestling, judo or jujitsu. MQ Field House also includes an event center, party rooms, a rooftop event patio and concessions.

Central Utility Plant – MQ Central Utility Plant (CUP) includes a natural gas-fired cogeneration plant linked to a solar parking canopy array that supplies electricity and chilled water to the MQ complex. The CUP provides 1.5 megawatts (MW) cogeneration (electricity and heat/steam to produce chilled water) and 1 MW of solar for Phase I with the ability to expand to 6 MW cogeneration and 3.5 MW solar for Phase II and III. Use of the CUP provides reduced utility supply costs and cost volatility as well as energy supply redundancy.

Lease Structure and Consideration

The MDPA provides for a series of interrelated leases between Pima County and various Mosaic Quarter Development affiliated entities. Based on this structure, Pima County Administration and Mosaic Quarter Development, along with the County Attorney's Office, Pima County Finance and Risk Management, Pima County's outside legal counsel Osborn Maledon, and Pima County's financial advisor RBC Capital Markets, have prepared leases consisting of the following:

Master Ground Lease – The Master Ground Lease is between Pima County (Landlord) and Mosaic Quarter Development (Tenant). The term remains in effect for 40 years after completion of Mosaic Quarter Phase III. The annual rent under this lease is $565,500 based on appraisal conducted July 13, 2023. The purpose of this lease is for Mosaic Quarter Development to pay ground rent and receive its 45 percent share of net cash

flow (Pima County receives 55 percent of net cash flow under the Phase I Lease described below).

Phase I Ground Lease – The Phase I Ground Lease is between Mosaic Quarter Development (Landlord) and MQD Phase I LLC (Tenant) for a period that remains in effect for 30 years during the duration of the MQ project financing beginning with the first debt service payment. This lease segregates Phase I from other phases for the construction and covers development of MQ Iceplex, MQ Fieldhouse and MQ Central Utility Plant and associated site amenities. MQD Phase I LLC pays its rent to Mosaic Quarter Development under this lease using pass-through cash flows received as landlord under the Phase I Lease (described below). A portion of the pass-through cash flows received by MQD Phase I LLC from the Phase I Lease are used to pay rent to Mosaic Quarter Development equal to ground rent and the 45 percent net cash flow allocation for Mosaic Quarter Development. The remaining pass-through cash flows are utilized by MQD Phase I LLC to directly pay CTL Capital (Mosaic Quarter Development's lender) and the Pima County Assessor MQ debt service and property taxes, respectively.

Phase I Lease – The Phase I Lease is between MQD Phase I LLC (Landlord) and Pima County (Tenant) for a period that remains in effect for 30 years during the duration of the MQ project financing beginning with the first debt service payment. Pima County pays its rent to MQD Phase I LLC under this lease using pass-through cash flows received by Pima County as landlord under the Phase I Sublease (described below). The rent paid under this lease passes through project net cash flow for debt service, property taxes, ground rent and the ultimate allocation of Mosaic Quarter Development's 45 percent share of net cash flow. The lease also distributes 55 percent of net operational cash flow to Pima County.

Phase I Sublease – The Phase I Sublease is between Pima County (Landlord) and MQD Phase I Operations LLC (Tenant) for a period that remains in effect for 30 years during the duration of financing beginning with the first debt service payment. MQD Phase I Operations LLC pays rent to Pima County under this lease using pass-through cash flows generated by the operation of MQ Iceplex, MQ Field House and MQ Central Utility Plant. The rent paid under this lease passes through 100 percent of MQ Iceplex, MQ Field House and MQ Central Utility Plant cash flow so that debt service, property taxes, ground rent, Pima County's 55 percent allocation of net cash flow and Mosaic Quarter Development's allocation of 45 percent of net cash flow may be paid as the cash flows make their way upwards through each of the leases.

The flow of funds between these leases is shown in the financial projection summary provided as (Attachment 1).

Financing and Debt Service Safeguards

Mosaic Quarter Development's financing is provided by CTL Capital, a national provider of credit lease financing. The financing for Phase I totals, subject to the setting of the final interest rate, an estimated $411.4 million consisting of $259.5 million Guaranteed Maximum Price (GMP) construction agreement between Mosaic Quarter Development and MQ Phase I LLC and the project design-builder and general contractor Hensel Phelps Construction, plus predevelopment expense reimbursements, construction contingency and interest amounts, a debt service reserve of $36.7 million and additional amortization, transaction and bonding fees.

Debt service on the MQ financing will be repaid over a 30-year period following completion of MQ Iceplex, MQ Field House and MQ Central Utility Plant. A summary of the debt service payments over the 30-year repayment period is contained in (Attachment 1). Final debt service payments will be calculated when the interest rate is locked, which requires the execution of the MQ leases.

The MQ leases require that debt service payments are paid as the priority expense from aggregate cash flows (net of operations expense) generated from the operation of MQ Iceplex, MQ Fieldhouse and MQ Central Utility Plant, totaling a projected $2.3 billion over the master ground lease term. Net cash flows are expected to be generated from up to 183 lines of business revenue including both contractual revenue (49.7 percent) and non-contractual revenue (50.3 percent) programing at MQ Iceplex and MQ Fieldhouse. A summary of cash flow assumptions is included in (Attachment 1).

In addition to making debt service payments, MQ Iceplex, MQ Field House and MQ Central Utility Plant cash flows are expected to fund Phase I operating expenses, ground rent and property taxes. Net cash flow after debt service, ground rent, property taxes and operating expense will be split with Pima County receiving 55 percent which is projected to be $673.8 million during master ground lease term.

Pima County is not a party to the MQ financing provided by CTL Capital. Pima County's only potential financial involvement in the project is in the form of a contingent liability through the MQ leases should net cash flows and the following debt service safeguards not be sufficient:

Net Cash Flow Prioritization – Debt service is prioritized over any other use of net cash flow. The priority of payments from net cash flow is debt service, then property taxes, then ground rent.

Developer Cash Flow Reserve – Mosaic Quarter Development will create a debt service reserve consisting of 100 percent of its share of net cash flow (45 percent) during the time frame between completion of Phase I and the first debt service payment due September 15, 2027. It is estimated that this reserve will total $19.68 million.

Developer Debt Service Reserve – As required by the MDPA and MQ lease terms, Mosaic Quarter Development is required to establish a debt service reserve that is equal to 3 times each prospective debt service payment. The reserve value is required to be validated semi-annually in advance of the next debt service payment and supplemental contributions are required when necessary to maintain the required reserve value. The estimated total value of this reserve at its peak, including projected growth through interest, will be $99.5 million.

Pima County Cash Flow Reserve – Pima County has pledged to allocate 100 percent of its share of net cash flow (55 percent) from 2026 – 2056 to a Pima County cash flow reserve. Based on projected net cash flows, this reserve is expected to grow to $199.65 million during the 30-year debt service period. This reserve is a restricted reserve, and these funds will only be utilized upon exhaustion of the Mosaic Quarter Development cash flow and debt service reserves and provides a buffer to any required direct payments by the County. Until the debt has been retired, these funds are unavailable to be used for other purposes.

Additional details on the debt reserves and safeguards are shown in (Attachment 2).

Financial Risks and Revenue Reduction Tests

Aggregate net cash flows from Phase I over the master ground lease term are projected to be approximately $2.3 billion. Projected operating, debt service and other expenses during this period total approximately $1.3 billion (Operations - $317.4 million; debt service - $1.04 billion; property taxes - $7.3 million; and ground rent – $25.5 million). Based on these projections, net cash flow sharing is forecasted to be $673.8 million for Pima County (55 percent) and $551.2 million for Mosaic Quarter Development (45 percent). The Pima County 55 percent Share of net cash flow will remain in a cash flow reserve fund until the debt has been expired.

Several risk scenarios have been evaluated to test the developer's ability to meet the operational, debt service, property tax and ground rent expense obligations if there is a decline in cash flow revenues, including the risk of delayed completion of the facilities, a substantial decline in non-contractual revenue, and a substantial decline in revenue across all sources.

Completion Delay – MQ Iceplex and MQ Central Utility Plant are scheduled to open May 1, 2026. MQ Fieldhouse is scheduled to open September 1, 2026. The first debt service payment is due September 15, 2027. In the case of construction delay, there is $60.9 million ($24.2 million construction contingency; $36.7 million debt service reserve) that could cover a 36-month completion delay through September 15, 2029.

Decline in Non-Contractual Revenue – As noted above, MQ Iceplex and MQ Field House revenues are expected to be generated from up to 183 lines of business revenue including both contractual (49.7 percent) and non-contractual (50.3 percent) programing

at MQ Iceplex and MQ Fieldhouse. Mosaic Quarter Development has demonstrated that all financial obligations can be satisfied even with a 44.2 percent average reduction of non-contractual revenue.

Decline in all Revenue - Using a potential 40 percent decline in all revenue sources results in a reliance on the Developer Cash Flow Reserve and Developer Debt Service Reserve to cover debt service through the majority of 2040. At this point, the County cash flow reserve would be relied on to cover debt service through a portion of 2044. A County direct payment of approximately $3 million would be required in 2044, and the total direct payment liability to the County through the end of debt service obligations in 2056 is estimated to be approximately $76 million.

Information and illustrations on the revenue reduction scenarios is shown in (Attachment 3).

Benefits to Pima County

The Mosaic Quarter project represents a transformational opportunity for Pima County and its residents. Direct benefits to Pima County from Phase I over the master ground lease period are projected to come in the form of ground lease payments ($25.5 million), property tax payments ($7.3 million shared amongst taxing jurisdictions) and a 55 percent of net project cash flow ($673.8 million). The average annual Pima County allocation of net cash flow during the 30-year debt service period is projected to be $6.4 million. The overall annual average allocation over the 40-year master ground lease period is projected to be $15.6 million. The Pima County 55 percent share of net cash flow will remain in a cash flow reserve fund until the debt has been expired.

Beyond these benefits, there are significant broader effects in the form of increased local spending, community jobs supported, community earnings supported and new sales tax revenue from local usage and travel events. While travel events represent less that 12 percent of the projected gross revenue of the facility, they are projected to generate the following significant economic benefits:

New Local Spending – Mosaic Quarter Phase I travel sports events are projected to generate $8.3 billion of new local spending across the hotel, restaurant, retail attractions, transportation and other miscellaneous and Mosaic Quarter categories.

Community Jobs and Local Earnings Supported - Mosaic Quarter Phase I travel sports events are forecasted to support 92,300 new and existing jobs across categories of initial jobs, direct jobs, indirect jobs and induced jobs. The associated community earnings from these supported new and existing jobs are projected to be $3.7 billion.

New Tax Revenue – New tax revenues generated from Mosaic Quarter Phase I in the areas of property taxes, and sales taxes to the State of Arizona, City of Tucson and the Regional Transportation Authority are projected to be $917.7 million.

Summary information and illustrations on the economic benefits are shown in (Attachment 4).

Third-Party Construction Pricing and Economic Review

As part of the County's evaluation for entering into the proposed lease arrangement with Mosaic Quarter Development, Pima County contracted with third-party consulting firms Rider Levett Bucknall and Rounds Consulting Group for an independent review of the project construction pricing and the operational projects and economic impacts associated with the project. The February 2024 report detailing the review methodology and conclusions is attached (Attachment 5).

The RLB review primarily focused on construction pricing based on 60 percent construction plans, construction schedule and construction cash flow, with some additional commentary provided on subcontractor bid coverage, certain indirect and other costs, and other items recommended for Pima County to track. Based on the items reviewed and discussed in the report, the conclusion from RLB indicated:

- RLB believes that the Phase 1 60% Construction Documents pricing presented by Knott (Mosaic Quarter Development) for Phase 1 of Mosaic Quarter is generally reasonably consistent with current and local market conditions, but likely at the higher end of the expected pricing range.

- RLB believes that the Phase 1 Schedule durations presented by Knott (Mosaic Quarter Development) may be attainable if [Mosaic Quarter Development's] team executes proactively.

The Rounds Consulting Group review focused on the operating revenue assumptions (license agreements, marketing rights and sponsorships, event participation levels, leases), operating expense assumptions (staffing, utilities, repair and maintenance, insurance, management fees, operating reserves), and the economic spending and impact projection assumptions (community spending in the hospitality, dining, retail, attractions, transportation and miscellaneous market sectors as well as jobs and earnings support). The Rounds Consulting Group overall conclusion indicated:

- "After a thorough independent review of the assumptions used to develop the projected operating revenues and expenses of the proposed Mosaic Quarter project, it has been determined that the methodology employed in forecasting such revenues and expenditures is well-founded, the assumptions align closely with established data and expectations, and no substantial risk that would materially impact the project's financial projections was identified."

- "Subject to the items reviewed and discussed above, it is the opinion of RCG that the provided: 1) operating revenue projections are within a +/- 5% margin of error,

2) operating expenditure projections are within a +/- 2% margin of error, and 3) spending/impact projections are within a +/- 5% margin of error. Based on standard practices, an acceptable margin of error lies between +/- 3% and +/- 8%."

- "After conducting a detailed analysis of the assumptions utilized in the financial projections, including the 5% margin of error in revenue forecasts and the 2% margin of error in expenditure estimates, our firm has found no significant vulnerabilities that would materially impact the project's financial forecasting and includes a manageable level of risk associated with the estimated figures."

Credit Rating Agency Review and Determination

A condition of the MDPA is that the County's credit rating is not negatively affected by entering into the proposed MQ leases as structured. As part of the County's evaluation of the MQ lease structure, we utilized the services of our financial advisor, RBC Capital Markets, to review the lease structure, project cash flows and operating expenses, the County's potential risk exposure, and to assist with conducting the credit rating agency review meetings. Pima County has received rating assessments from both Standard and Poor's Global Ratings and Fitch Ratings that state that the County entering into the MQ leases at this time will not result in a reduction or withdrawal of any of the County's existing credit ratings.

Plan Review, Permitting and Construction Contracting

The 100 percent construction plans for MQ Iceplex, MQ Fieldhouse, MQ Central Plant, and Phase I associated site work have been reviewed and approved by County departments and are awaiting approval of the MQ leases. Subject to lease approval, permits will be issued to begin construction of Phase I.

Construction contracting has been awarded for Phase I work subject to approval of the MQ leases. As reported by Mosaic Quarter Development, the following is a breakdown of Phase I work to be completed by local contractors:

- 42 percent of design and engineering
- 80 percent of professional services
- 75 percent of site-related construction work
- 74 percent of concreter-related construction work
- 60 percent of building exterior construction work
- 83 percent of mechanical/electrical/plumbing work
- 44 percent of building interior work

Based on a potential April 2024 construction start date, MQ Iceplex and MQ Central Utility Plant are scheduled to open May 1, 2026. MQ Fieldhouse is scheduled to open September 1, 2026.

Recommendation

Pima County and its independent third-party consultants have evaluated the plan documents, lease structure, leases, cash flow projections, operating expense assumptions, financing, contracting, and the associated financial and economic benefits and risk exposure to Pima County related to Mosaic Quarter Phase I.

As required by the MDPA, Pima County has received ratings assessments from Standard and Poor's Global Ratings and Fitch Ratings that the County entering into the MQ leases at this time will not result in a reduction of the County's existing credit ratings. As also required by the MDPA, Mosaic Quarter Development has demonstrated that both its debt service coverage ratio and debt service reserves exceed the mandatory ratios of 1.05 and 3.0 respectively.

Based on the various reviews and metrics contemplated in the MDPA, I recommend that the Board of Supervisors approve the leases for Mosaic Quarter Phase I to enable this transformative project to move forward.

Should the Board of Supervisors decline to approve the leases as structured, the terms of the MDPA provide that the County must pay Mosaic Quarter Development $10.5 million and enter into the master ground lease, and Mosaic Quarter Development would have a period of 12 months to obtain alternate financing without any County participation in net cash flows from Phase I, Phase II or Phase III of the MQ project.

Attachments

JKL/je

c: Carmine DeBonis, Jr., Deputy County Administrator
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer
Steve Holmes, Deputy County Administrator
Diane Frisch, Director, Attraction & Tourism Department
Ellen Moulton, Director, Finance Department
Heath Vescovi-Chiordi, Director, Economic Development Department
Jeff Teplitsky, Director, Real Property Services Department
Terri Spencer, Director, Procurement Department
Sarah Horvath, Deputy Director, Kino Sports Complex and Stadium District

ATTACHMENT 1

MOSAIC QUARTER

FINANCIAL PROJECTIONS

2026-2068 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE CASH FLOW

PIMA COUNTY MQD PHASE I OPERATIONS LLC	LANDLORD TENANT	
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$1,700,808,289	
MQ FIELD HOUSE	$918,496,577	
TOTAL TENANT OPERATIONS REVENUE		$2,619,304,866
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$182,684,169	
UTILITIES & INSURANCE	$81,615,851	
RESERVES & CAM	$53,159,181	
TOTAL TENANT OPERATIONS EXPENSE		$317,459,202
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$1,043,835,012
SECOND LEVEL RENT *(Equal to Property Taxes)*		$7,391,781
THIRD LEVEL RENT *(Equal to Ground Rent)*		$25,513,540
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$1,225,105,331
CASH FLOW RENT *(Equal to 100% Remaining Cash Flow)*		$1,225,105,331

PHASE I LEASE CASH FLOW

MQD PHASE I LLC PIMA COUNTY	LANDLORD/OWNER TENANT	
TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$1,043,835,012	
SECOND LEVEL RENT	$7,391,781	
THIRD LEVEL RENT	$25,513,540	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$1,225,105,331	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$2,301,845,664
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$1,043,835,012
SECOND LEVEL RENT *(Equal to Property Taxes)*		$7,391,781
THIRD LEVEL RENT *(Equal to Ground Rent)*		$25,513,540
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$1,225,105,331
CASH FLOW RENT *(Equal to 45% Remaining Cash Flow)*		$551,297,399
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$673,807,932

PHASE I GROUND LEASE CASH FLOW

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC	LANDLORD TENANT	
TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$1,043,835,012	
SECOND LEVEL RENT	$7,391,781	
THIRD LEVEL RENT	$25,513,540	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$551,297,399	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$1,628,037,732
TENANT EXPENSES		
DEBT SERVICE		$1,043,835,012
PROPERTY TAXES		$7,391,781
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$25,513,540
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$551,297,399
CASH FLOW RENT *(Equal to 100% Remaining Cash Flow)*		$551,297,399

MASTER GROUND LEASE CASH FLOW

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC	LANDLORD TENANT	
TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$25,513,540	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$551,297,399	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$576,810,939
TENANT RENT TO LANDLORD		
GROUND RENT		$25,513,540
ADDITIONAL RENT		$0

2026 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE CASH FLOW

PIMA COUNTY
MQD PHASE I OPERATIONS LLC

LANDLORD
TENANT

TENANT FACILITIES OPERATIONS REVENUE

MQ ICEPLEX	$18,392,129	
MQ FIELD HOUSE	$8,550,612	
TOTAL TENANT OPERATIONS REVENUE		$26,942,741

TENANT OPERATIONS EXPENSE

MANAGEMENT EXPENSE	$1,442,080	
UTILITIES & INSURANCE	$897,163	
RESERVES & CAM	$297,767	
TOTAL TENANT OPERATIONS EXPENSE		$2,637,009

TENANT RENT TO LANDLORD

BASIC RENT *(Equal to Debt Service)*	$0
SECOND LEVEL RENT (*Equal to Property Taxes)*	$0
THIRD LEVEL RENT (*Equal to Ground Rent*)	$0
ADDITIONAL RENT	$0
REMAINING CASH FLOW	$24,305,732
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*	$24,305,732

PHASE I LEASE CASH FLOW

MQD PHASE I LLC
PIMA COUNTY

LANDLORD/OWNER
TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*

BASIC RENT	$0	
SECOND LEVEL RENT	$0	
THIRD LEVEL RENT	$0	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$24,305,732	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$24,305,732

TENANT RENT TO LANDLORD

BASIC RENT (*Equal to Debt Service)*	$0
SECOND LEVEL RENT *(Equal to Property Taxes)*	$0
THIRD LEVEL RENT (*Equal to Ground Rent*)	$0
ADDITIONAL RENT	$0
REMAINING CASH FLOW	$24,305,732
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*	$10,937,579
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) (*transferred to Pima County Phase I Lease Reserve)*	$13,368,153

PHASE I GROUND LEASE CASH FLOW

MOSAIC QUARTER DEVELOPMENT LLC
MQD PHASE I LLC

LANDLORD
TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*

BASIC RENT	$0	
SECOND LEVEL RENT	$0	
THIRD LEVEL RENT	$0	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$10,937,579	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$10,937,579

TENANT EXPENSES

DEBT SERVICE	$0
PROPERTY TAXES	$0

TENANT RENT TO LANDLORD

BASIC RENT *(Equal to Ground Rent)*	$0
ADDITIONAL RENT	$0
REMAINING CASH FLOW	$10,937,579
CASH FLOW RENT *(Equal to 100% Remaining Cash Flc*	$10,937,579

MASTER GROUND LEASE CASH FLOW

PIMA COUNTY
MOSAIC QUARTER DEVELOPMENT LLC

LANDLORD
TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*

BASIC RENT	$0	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$10,937,579	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$10,937,579

TENANT RENT TO LANDLORD

GROUND RENT	$0
ADDITIONAL RENT	$0

2027 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY
MQD PHASE I OPERATIONS LLC

LANDLORD
TENANT

TENANT FACILITIES OPERATIONS REVENUE

MQ ICEPLEX	$23,471,540	
MQ FIELD HOUSE	$13,297,505	
TOTAL TENANT OPERATIONS REVENUE		$36,769,044

TENANT OPERATIONS EXPENSE

MANAGEMENT EXPENSE	$2,362,343	
UTILITIES & INSURANCE	$1,244,464	
RESERVES & CAM	$814,980	
TOTAL TENANT OPERATIONS EXPENSE		$4,421,787

TENANT RENT TO LANDLORD

BASIC RENT *(Equal to Debt Service)*	$12,025,000
SECOND LEVEL RENT (*Equal to Property Taxes)*	$142,481
THIRD LEVEL RENT (*Equal to Ground Rent*)	$741,754
ADDITIONAL RENT	$0
REMAINING CASH FLOW	$19,438,022
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*	$19,438,022

PHASE I LEASE

MQD PHASE I LLC
PIMA COUNTY

LANDLORD/OWNER
TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*

BASIC RENT	$12,025,000	
SECOND LEVEL RENT	$142,481	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$19,438,022	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$32,347,257

TENANT RENT TO LANDLORD

BASIC RENT (*Equal to Debt Service)*	$12,025,000
SECOND LEVEL RENT *(Equal to Property Taxes)*	$142,481
THIRD LEVEL RENT (*Equal to Ground Rent*)	$741,754
ADDITIONAL RENT	$0
REMAINING CASH FLOW	$19,438,022
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*	$8,747,110
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*	$10,690,912

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC
MQD PHASE I LLC

LANDLORD
TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*

BASIC RENT	$12,025,000	
SECOND LEVEL RENT	$142,481	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$8,747,110	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$21,656,345

TENANT EXPENSES

DEBT SERVICE	$12,025,000
PROPERTY TAXES	$142,481

TENANT RENT TO LANDLORD

BASIC RENT *(Equal to Ground Rent)*	$741,754
ADDITIONAL RENT	$0
REMAINING CASH FLOW	$8,747,110
CASH FLOW RENT *(Equal to 100% Remaining Cash Flc*	$8,747,110

MASTER GROUND LEASE

PIMA COUNTY
MOSAIC QUARTER DEVELOPMENT LLC

LANDLORD
TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*

BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$8,747,110	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$9,488,864

TENANT RENT TO LANDLORD

GROUND RENT	$741,754
ADDITIONAL RENT	$0

2028 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$24,076,364	
MQ FIELD HOUSE	$13,604,385	
TOTAL TENANT OPERATIONS REVENUE		$37,680,748
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$2,403,730	
UTILITIES & INSURANCE	$1,269,353	
RESERVES & CAM	$831,280	
TOTAL TENANT OPERATIONS EXPENSE		$4,504,363
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$24,651,250
SECOND LEVEL RENT (*Equal to Property Taxes)*		$143,906
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$7,639,476
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$7,639,476

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$24,651,250	
SECOND LEVEL RENT	$143,906	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$7,639,476	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$33,176,386
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$24,651,250
SECOND LEVEL RENT *(Equal to Property Taxes)*		$143,906
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$7,639,476
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$3,437,764
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$4,201,712

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$24,651,250	
SECOND LEVEL RENT	$143,906	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$3,437,764	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$28,974,674
TENANT EXPENSES		
DEBT SERVICE		$24,651,250
PROPERTY TAXES		$143,906
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$3,437,764
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$3,437,764

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$3,437,764	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$4,179,518
TENANT RENT TO LANDLORD		
GROUND RENT		$741,754
ADDITIONAL RENT		$0

2029 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$25,036,726	
MQ FIELD HOUSE	$13,895,731	
TOTAL TENANT OPERATIONS REVENUE		$38,932,456
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$2,445,835	
UTILITIES & INSURANCE	$1,294,740	
RESERVES & CAM	$847,905	
TOTAL TENANT OPERATIONS EXPENSE		$4,588,480
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$25,267,532
SECOND LEVEL RENT (*Equal to Property Taxes)*		$145,345
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$8,189,345
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$8,189,345

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$25,267,532	
SECOND LEVEL RENT	$145,345	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$8,189,345	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$34,343,976
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$25,267,532
SECOND LEVEL RENT *(Equal to Property Taxes)*		$145,345
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$8,189,345
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$3,685,205
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) (*transferred to Pima County Phase I Lease Reserve)*		$4,504,140

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$25,267,532	
SECOND LEVEL RENT	$145,345	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$3,685,205	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$29,839,836
TENANT EXPENSES		
DEBT SERVICE		$25,267,532
PROPERTY TAXES		$145,345
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$3,685,205
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$3,685,205

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$3,685,205	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$4,426,959
TENANT RENT TO LANDLORD		
GROUND RENT		$741,754
ADDITIONAL RENT		$0

2030 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$25,859,356	
MQ FIELD HOUSE	$14,107,130	
TOTAL TENANT OPERATIONS REVENUE		$39,966,486
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$2,488,671	
UTILITIES & INSURANCE	$1,320,635	
RESERVES & CAM	$864,863	
TOTAL TENANT OPERATIONS EXPENSE		$4,674,170
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$25,899,220
SECOND LEVEL RENT *(Equal to Property Taxes)*		$146,799
THIRD LEVEL RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$8,504,544
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$8,504,544

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$25,899,220	
SECOND LEVEL RENT	$146,799	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$8,504,544	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$35,292,316
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$25,899,220
SECOND LEVEL RENT *(Equal to Property Taxes)*		$146,799
THIRD LEVEL RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$8,504,544
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$3,827,045
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$4,677,499

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$25,899,220	
SECOND LEVEL RENT	$146,799	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$3,827,045	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$30,614,817
TENANT EXPENSES		
DEBT SERVICE		$25,899,220
PROPERTY TAXES		$146,799
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$3,827,045
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$3,827,045

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$3,827,045	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$4,568,799
TENANT RENT TO LANDLORD		
GROUND RENT		$741,754
ADDITIONAL RENT		$0

2031 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$26,758,151	
MQ FIELD HOUSE	$14,637,295	
TOTAL TENANT OPERATIONS REVENUE		$41,395,447
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$2,784,362	
UTILITIES & INSURANCE	$1,347,048	
RESERVES & CAM	$882,161	
TOTAL TENANT OPERATIONS EXPENSE		$5,013,570
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$26,546,700
SECOND LEVEL RENT *(Equal to Property Taxes)*		$148,267
THIRD LEVEL RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$8,945,156
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$8,945,156

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments*)		
BASIC RENT	$26,546,700	
SECOND LEVEL RENT	$148,267	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$8,945,156	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$36,381,876
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$26,546,700
SECOND LEVEL RENT *(Equal to Property Taxes)*		$148,267
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$8,945,156
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,025,320
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$4,919,836

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments*)		
BASIC RENT	$26,546,700	
SECOND LEVEL RENT	$148,267	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,025,320	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$31,462,041
TENANT EXPENSES		
DEBT SERVICE		$26,546,700
PROPERTY TAXES		$148,267
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,025,320
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$4,025,320

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments*)		
BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,025,320	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$4,767,074
TENANT RENT TO LANDLORD		
GROUND RENT		$741,754
ADDITIONAL RENT		$0

2032 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$27,438,891	
MQ FIELD HOUSE	$14,945,572	
TOTAL TENANT OPERATIONS REVENUE		$42,384,463
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$2,834,792	
UTILITIES & INSURANCE	$1,373,989	
RESERVES & CAM	$899,804	
TOTAL TENANT OPERATIONS EXPENSE		$5,108,585
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$27,210,368
SECOND LEVEL RENT (*Equal to Property Taxes)*		$149,749
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$9,174,007
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$9,174,007

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$27,210,368	
SECOND LEVEL RENT	$149,749	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$9,174,007	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$37,275,878
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$27,210,368
SECOND LEVEL RENT *(Equal to Property Taxes)*		$149,749
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$9,174,007
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,128,303
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$5,045,704

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$27,210,368	
SECOND LEVEL RENT	$149,749	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,128,303	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$32,230,174
TENANT EXPENSES		
DEBT SERVICE		$27,210,368
PROPERTY TAXES		$149,749
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,128,303
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$4,128,303

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,128,303	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$4,870,057
TENANT RENT TO LANDLORD		
GROUND RENT		$741,754
ADDITIONAL RENT		$0

2033 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$28,121,501	
MQ FIELD HOUSE	$15,257,935	
TOTAL TENANT OPERATIONS REVENUE		$43,379,436
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$2,885,993	
UTILITIES & INSURANCE	$1,401,468	
RESERVES & CAM	$917,800	
TOTAL TENANT OPERATIONS EXPENSE		$5,205,261
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$27,890,626
SECOND LEVEL RENT (*Equal to Property Taxes)*		$151,247
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$9,390,548
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$9,390,548

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$27,890,626	
SECOND LEVEL RENT	$151,247	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$9,390,548	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$38,174,175
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$27,890,626
SECOND LEVEL RENT *(Equal to Property Taxes)*		$151,247
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$9,390,548
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,225,747
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$5,164,801

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$27,890,626	
SECOND LEVEL RENT	$151,247	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,225,747	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$33,009,373
TENANT EXPENSES		
DEBT SERVICE		$27,890,626
PROPERTY TAXES		$151,247
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,225,747
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$4,225,747

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,225,747	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$4,967,501
TENANT RENT TO LANDLORD		
GROUND RENT		$741,754
ADDITIONAL RENT		$0

2034 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$28,785,735	
MQ FIELD HOUSE	$15,770,826	
TOTAL TENANT OPERATIONS REVENUE		$44,556,561
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$2,939,740	
UTILITIES & INSURANCE	$1,429,498	
RESERVES & CAM	$936,156	
TOTAL TENANT OPERATIONS EXPENSE		$5,305,394
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$28,587,892
SECOND LEVEL RENT (*Equal to Property Taxes)*		$152,759
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$9,768,762
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$9,768,762

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$28,587,892	
SECOND LEVEL RENT	$152,759	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$9,768,762	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$39,251,167
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$28,587,892
SECOND LEVEL RENT *(Equal to Property Taxes)*		$152,759
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$9,768,762
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,395,943
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$5,372,819

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$28,587,892	
SECOND LEVEL RENT	$152,759	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,395,943	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$33,878,348
TENANT EXPENSES		
DEBT SERVICE		$28,587,892
PROPERTY TAXES		$152,759
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,395,943
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$4,395,943

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,395,943	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$5,137,697
TENANT RENT TO LANDLORD		
GROUND RENT		$741,754
ADDITIONAL RENT		$0

2035 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$29,451,537	
MQ FIELD HOUSE	$16,093,674	
TOTAL TENANT OPERATIONS REVENUE		$45,545,212
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$2,992,341	
UTILITIES & INSURANCE	$1,458,088	
RESERVES & CAM	$954,879	
TOTAL TENANT OPERATIONS EXPENSE		$5,405,308
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$29,302,590
SECOND LEVEL RENT (*Equal to Property Taxes)*		$154,287
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$9,941,273
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$9,941,273

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$29,302,590	
SECOND LEVEL RENT	$154,287	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$9,941,273	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$40,139,904
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$29,302,590
SECOND LEVEL RENT *(Equal to Property Taxes)*		$154,287
THIRD LEVEL RENT (*Equal to Ground Rent*)		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$9,941,273
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,473,573
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$5,467,700

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$29,302,590	
SECOND LEVEL RENT	$154,287	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,473,573	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$34,672,204
TENANT EXPENSES		
DEBT SERVICE		$29,302,590
PROPERTY TAXES		$154,287
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,473,573
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$4,473,573

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,473,573	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$5,215,327
TENANT RENT TO LANDLORD		
GROUND RENT		$741,754
ADDITIONAL RENT		$0

2036 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$30,309,770	
MQ FIELD HOUSE	$16,419,438	
TOTAL TENANT OPERATIONS REVENUE		$46,729,208
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,046,032	
UTILITIES & INSURANCE	$1,487,249	
RESERVES & CAM	$973,977	
TOTAL TENANT OPERATIONS EXPENSE		$5,507,258
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$30,035,154
SECOND LEVEL RENT *(Equal to Property Taxes)*		$155,830
THIRD LEVEL RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,289,212
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$10,289,212

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$30,035,154	
SECOND LEVEL RENT	$155,830	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$10,289,212	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$41,221,950
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$30,035,154
SECOND LEVEL RENT *(Equal to Property Taxes)*		$155,830
THIRD LEVEL RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,289,212
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,630,145
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$5,659,067

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$30,035,154	
SECOND LEVEL RENT	$155,830	
THIRD LEVEL RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,630,145	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$35,562,883
TENANT EXPENSES		
DEBT SERVICE		$30,035,154
PROPERTY TAXES		$155,830
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$741,754
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,630,145
CASH FLOW RENT *(Equal to 100% Remaining Cash Flc*		$4,630,145

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$741,754	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,630,145	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$5,371,899
TENANT RENT TO LANDLORD		
GROUND RENT		$741,754
ADDITIONAL RENT		$0

2037 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$30,829,845	
MQ FIELD HOUSE	$16,751,670	
TOTAL TENANT OPERATIONS REVENUE		$47,581,515
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,100,405	
UTILITIES & INSURANCE	$1,516,994	
RESERVES & CAM	$993,456	
TOTAL TENANT OPERATIONS EXPENSE		$5,610,856
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$30,786,034
SECOND LEVEL RENT *(Equal to Property Taxes)*		$157,388
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,461,738
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$10,461,738

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$30,786,034	
SECOND LEVEL RENT	$157,388	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$10,461,738	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$41,970,660
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$30,786,034
SECOND LEVEL RENT *(Equal to Property Taxes)*		$157,388
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,461,738
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,707,782
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$5,753,956

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$30,786,034	
SECOND LEVEL RENT	$157,388	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,707,782	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$36,216,704
TENANT EXPENSES		
DEBT SERVICE		$30,786,034
PROPERTY TAXES		$157,388
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,707,782
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$4,707,782

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,707,782	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$5,273,282
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2038 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$31,442,349	
MQ FIELD HOUSE	$17,225,455	
TOTAL TENANT OPERATIONS REVENUE		$48,667,805
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,453,484	
UTILITIES & INSURANCE	$1,547,334	
RESERVES & CAM	$1,013,325	
TOTAL TENANT OPERATIONS EXPENSE		$6,014,143
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$31,555,684
SECOND LEVEL RENT (*Equal to Property Taxes)*		$158,962
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,373,516
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$10,373,516

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$31,555,684	
SECOND LEVEL RENT	$158,962	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$10,373,516	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$42,653,661
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$31,555,684
SECOND LEVEL RENT *(Equal to Property Taxes)*		$158,962
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,373,516
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,668,082
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) (*transferred to Pima County Phase I Lease Reserve)*		$5,705,434

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$31,555,684	
SECOND LEVEL RENT	$158,962	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,668,082	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$36,948,228
TENANT EXPENSES		
DEBT SERVICE		$31,555,684
PROPERTY TAXES		$158,962
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,668,082
CASH FLOW RENT *(Equal to 100% Remaining Cash Flc*		$4,668,082

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,668,082	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$5,233,582
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2039 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$32,254,424	
MQ FIELD HOUSE	$17,593,138	
TOTAL TENANT OPERATIONS REVENUE		$49,847,562
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,518,420	
UTILITIES & INSURANCE	$1,578,281	
RESERVES & CAM	$1,033,592	
TOTAL TENANT OPERATIONS EXPENSE		$6,130,293
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$32,344,576
SECOND LEVEL RENT (*Equal to Property Taxes)*		$160,551
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,646,642
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$10,646,642

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$32,344,576	
SECOND LEVEL RENT	$160,551	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$10,646,642	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$43,717,269
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$32,344,576
SECOND LEVEL RENT *(Equal to Property Taxes)*		$160,551
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,646,642
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,790,989
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$5,855,653

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$32,344,576	
SECOND LEVEL RENT	$160,551	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,790,989	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$37,861,616
TENANT EXPENSES		
DEBT SERVICE		$32,344,576
PROPERTY TAXES		$160,551
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,790,989
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$4,790,989

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,790,989	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$5,356,489
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2040 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$32,987,469	
MQ FIELD HOUSE	$17,966,480	
TOTAL TENANT OPERATIONS REVENUE		$50,953,949
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,582,489	
UTILITIES & INSURANCE	$1,609,847	
RESERVES & CAM	$1,054,264	
TOTAL TENANT OPERATIONS EXPENSE		$6,246,599
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$33,153,190
SECOND LEVEL RENT *(Equal to Property Taxes)*		$162,157
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,826,503
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$10,826,503

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$33,153,190	
SECOND LEVEL RENT	$162,157	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$10,826,503	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$44,707,350
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$33,153,190
SECOND LEVEL RENT *(Equal to Property Taxes)*		$162,157
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,826,503
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,871,926
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$5,954,577

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$33,153,190	
SECOND LEVEL RENT	$162,157	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,871,926	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$38,752,773
TENANT EXPENSES		
DEBT SERVICE		$33,153,190
PROPERTY TAXES		$162,157
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,871,926
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$4,871,926

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,871,926	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$5,437,426
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2041 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$33,716,673	
MQ FIELD HOUSE	$18,301,360	
TOTAL TENANT OPERATIONS REVENUE		$52,018,033
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,646,748	
UTILITIES & INSURANCE	$1,642,044	
RESERVES & CAM	$1,075,349	
TOTAL TENANT OPERATIONS EXPENSE		$6,364,141
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$33,982,020
SECOND LEVEL RENT *(Equal to Property Taxes)*		$163,778
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,942,594
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$10,942,594

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$33,982,020	
SECOND LEVEL RENT	$163,778	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$10,942,594	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$45,653,892
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$33,982,020
SECOND LEVEL RENT *(Equal to Property Taxes)*		$163,778
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$10,942,594
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$4,924,167
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$6,018,426

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$33,982,020	
SECOND LEVEL RENT	$163,778	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,924,167	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$39,635,466
TENANT EXPENSES		
DEBT SERVICE		$33,982,020
PROPERTY TAXES		$163,778
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$4,924,167
CASH FLOW RENT *(Equal to 100% Remaining Cash Flc*		$4,924,167

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$4,924,167	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$5,489,667
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2042 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$34,505,028	
MQ FIELD HOUSE	$18,831,066	
TOTAL TENANT OPERATIONS REVENUE		$53,336,094
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,716,845	
UTILITIES & INSURANCE	$1,674,884	
RESERVES & CAM	$1,096,856	
TOTAL TENANT OPERATIONS EXPENSE		$6,488,585
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$34,831,570
SECOND LEVEL RENT *(Equal to Property Taxes)*		$165,416
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,285,022
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$11,285,022

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments*)		
BASIC RENT	$34,831,570	
SECOND LEVEL RENT	$165,416	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$11,285,022	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$46,847,509
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$34,831,570
SECOND LEVEL RENT *(Equal to Property Taxes)*		$165,416
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,285,022
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,078,260
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$6,206,762

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments*)		
BASIC RENT	$34,831,570	
SECOND LEVEL RENT	$165,416	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,078,260	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$40,640,746
TENANT EXPENSES		
DEBT SERVICE		$34,831,570
PROPERTY TAXES		$165,416
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,078,260
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,078,260

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments*)		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,078,260	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$5,643,760
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2043 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$35,266,766	
MQ FIELD HOUSE	$19,203,292	
TOTAL TENANT OPERATIONS REVENUE		$54,470,058
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,784,030	
UTILITIES & INSURANCE	$1,708,382	
RESERVES & CAM	$1,118,793	
TOTAL TENANT OPERATIONS EXPENSE		$6,611,205
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$35,702,360
SECOND LEVEL RENT (*Equal to Property Taxes)*		$167,070
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,423,922
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$11,423,922

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$35,702,360	
SECOND LEVEL RENT	$167,070	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$11,423,922	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$47,858,853
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$35,702,360
SECOND LEVEL RENT *(Equal to Property Taxes)*		$167,070
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,423,922
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,140,765
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$6,283,157

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$35,702,360	
SECOND LEVEL RENT	$167,070	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,140,765	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$41,575,695
TENANT EXPENSES		
DEBT SERVICE		$35,702,360
PROPERTY TAXES		$167,070
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,140,765
CASH FLOW RENT *(Equal to 100% Remaining Cash Flc*		$5,140,765

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,140,765	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$5,706,265
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2044 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$36,004,931	
MQ FIELD HOUSE	$19,583,259	
TOTAL TENANT OPERATIONS REVENUE		$55,588,189
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,851,683	
UTILITIES & INSURANCE	$1,742,550	
RESERVES & CAM	$1,141,169	
TOTAL TENANT OPERATIONS EXPENSE		$6,735,401
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$36,594,920
SECOND LEVEL RENT *(Equal to Property Taxes)*		$168,741
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,523,627
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$11,523,627

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments*)		
BASIC RENT	$36,594,920	
SECOND LEVEL RENT	$168,741	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$11,523,627	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$48,852,788
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$36,594,920
SECOND LEVEL RENT *(Equal to Property Taxes)*		$168,741
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,523,627
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,185,632
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$6,337,995

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments*)		
BASIC RENT	$36,594,920	
SECOND LEVEL RENT	$168,741	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,185,632	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$42,514,793
TENANT EXPENSES		
DEBT SERVICE		$36,594,920
PROPERTY TAXES		$168,741
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,185,632
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,185,632

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments*)		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,185,632	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$5,751,132
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2045 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$36,842,195	
MQ FIELD HOUSE	$19,969,407	
TOTAL TENANT OPERATIONS REVENUE		$56,811,603
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,922,590	
UTILITIES & INSURANCE	$1,777,401	
RESERVES & CAM	$1,163,992	
TOTAL TENANT OPERATIONS EXPENSE		$6,863,982
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$37,509,792
SECOND LEVEL RENT (*Equal to Property Taxes)*		$170,429
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,701,900
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$11,701,900

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$37,509,792	
SECOND LEVEL RENT	$170,429	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$11,701,900	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$49,947,620
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$37,509,792
SECOND LEVEL RENT *(Equal to Property Taxes)*		$170,429
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,701,900
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,265,855
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$6,436,045

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$37,509,792	
SECOND LEVEL RENT	$170,429	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,265,855	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$43,511,576
TENANT EXPENSES		
DEBT SERVICE		$37,509,792
PROPERTY TAXES		$170,429
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,265,855
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,265,855

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,265,855	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$5,831,355
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2046 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$37,334,852	
MQ FIELD HOUSE	$20,537,070	
TOTAL TENANT OPERATIONS REVENUE		$57,871,922
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$3,990,706	
UTILITIES & INSURANCE	$1,812,949	
RESERVES & CAM	$1,187,272	
TOTAL TENANT OPERATIONS EXPENSE		$6,990,927
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$38,447,536
SECOND LEVEL RENT (*Equal to Property Taxes)*		$172,133
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,695,826
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$11,695,826

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$38,447,536	
SECOND LEVEL RENT	$172,133	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$11,695,826	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$50,880,994
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$38,447,536
SECOND LEVEL RENT *(Equal to Property Taxes)*		$172,133
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$11,695,826
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,263,122
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$6,432,704

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$38,447,536	
SECOND LEVEL RENT	$172,133	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,263,122	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$44,448,290
TENANT EXPENSES		
DEBT SERVICE		$38,447,536
PROPERTY TAXES		$172,133
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,263,122
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,263,122

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,263,122	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$5,828,622
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2047 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$38,482,124	
MQ FIELD HOUSE	$20,939,826	
TOTAL TENANT OPERATIONS REVENUE		$59,421,951
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$4,069,072	
UTILITIES & INSURANCE	$1,849,208	
RESERVES & CAM	$1,211,017	
TOTAL TENANT OPERATIONS EXPENSE		$7,129,297
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$39,408,726
SECOND LEVEL RENT *(Equal to Property Taxes)*		$173,854
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,144,573
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$12,144,573

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$39,408,726	
SECOND LEVEL RENT	$173,854	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$12,144,573	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$52,292,654
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$39,408,726
SECOND LEVEL RENT *(Equal to Property Taxes)*		$173,854
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,144,573
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,465,058
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$6,679,515

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$39,408,726	
SECOND LEVEL RENT	$173,854	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,465,058	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$45,613,138
TENANT EXPENSES		
DEBT SERVICE		$39,408,726
PROPERTY TAXES		$173,854
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,465,058
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,465,058

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,465,058	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$6,030,558
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2048 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$39,366,500	
MQ FIELD HOUSE	$21,519,539	
TOTAL TENANT OPERATIONS REVENUE		$60,886,040
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$4,146,921	
UTILITIES & INSURANCE	$1,886,192	
RESERVES & CAM	$1,235,238	
TOTAL TENANT OPERATIONS EXPENSE		$7,268,351
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$40,393,944
SECOND LEVEL RENT (*Equal to Property Taxes)*		$175,593
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,482,652
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$12,482,652

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$40,393,944	
SECOND LEVEL RENT	$175,593	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$12,482,652	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$53,617,689
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$40,393,944
SECOND LEVEL RENT *(Equal to Property Taxes)*		$175,593
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,482,652
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,617,193
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$6,865,459

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$40,393,944	
SECOND LEVEL RENT	$175,593	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,617,193	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$46,752,230
TENANT EXPENSES		
DEBT SERVICE		$40,393,944
PROPERTY TAXES		$175,593
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,617,193
CASH FLOW RENT *(Equal to 100% Remaining Cash Flc*		$5,617,193

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,617,193	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$6,182,693
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2049 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$40,322,452	
MQ FIELD HOUSE	$21,768,709	
TOTAL TENANT OPERATIONS REVENUE		$62,091,162
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$4,220,447	
UTILITIES & INSURANCE	$1,923,916	
RESERVES & CAM	$1,259,943	
TOTAL TENANT OPERATIONS EXPENSE		$7,404,305
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$41,403,792
SECOND LEVEL RENT (*Equal to Property Taxes)*		$177,349
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,540,216
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$12,540,216

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$41,403,792	
SECOND LEVEL RENT	$177,349	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$12,540,216	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$54,686,857
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$41,403,792
SECOND LEVEL RENT *(Equal to Property Taxes)*		$177,349
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,540,216
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,643,097
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$6,897,119

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$41,403,792	
SECOND LEVEL RENT	$177,349	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,643,097	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$47,789,738
TENANT EXPENSES		
DEBT SERVICE		$41,403,792
PROPERTY TAXES		$177,349
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,643,097
CASH FLOW RENT *(Equal to 100% Remaining Cash Flc*		$5,643,097

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,643,097	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$6,208,597
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2050 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$41,122,567	
MQ FIELD HOUSE	$22,316,531	
TOTAL TENANT OPERATIONS REVENUE		$63,439,098
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$4,297,699	
UTILITIES & INSURANCE	$1,962,394	
RESERVES & CAM	$1,285,141	
TOTAL TENANT OPERATIONS EXPENSE		$7,545,235
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$42,438,886
SECOND LEVEL RENT *(Equal to Property Taxes)*		$179,122
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,710,355
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$12,710,355

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$42,438,886	
SECOND LEVEL RENT	$179,122	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$12,710,355	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$55,893,863
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$42,438,886
SECOND LEVEL RENT *(Equal to Property Taxes)*		$179,122
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,710,355
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,719,660
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$6,990,695

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$42,438,886	
SECOND LEVEL RENT	$179,122	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,719,660	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$48,903,168
TENANT EXPENSES		
DEBT SERVICE		$42,438,886
PROPERTY TAXES		$179,122
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,719,660
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,719,660

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,719,660	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$6,285,160
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2051 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$42,053,993	
MQ FIELD HOUSE	$22,812,892	
TOTAL TENANT OPERATIONS REVENUE		$64,866,885
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$4,773,108	
UTILITIES & INSURANCE	$2,001,642	
RESERVES & CAM	$1,310,844	
TOTAL TENANT OPERATIONS EXPENSE		$8,085,594
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$43,499,860
SECOND LEVEL RENT *(Equal to Property Taxes)*		$180,913
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,535,018
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$12,535,018

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$43,499,860	
SECOND LEVEL RENT	$180,913	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$12,535,018	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$56,781,291
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$43,499,860
SECOND LEVEL RENT *(Equal to Property Taxes)*		$180,913
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,535,018
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,640,758
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$6,894,260

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$43,499,860	
SECOND LEVEL RENT	$180,913	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,640,758	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$49,887,031
TENANT EXPENSES		
DEBT SERVICE		$43,499,860
PROPERTY TAXES		$180,913
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,640,758
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,640,758

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,640,758	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$6,206,258
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2052 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$42,618,379	
MQ FIELD HOUSE	$23,247,148	
TOTAL TENANT OPERATIONS REVENUE		$65,865,527
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$4,849,578	
UTILITIES & INSURANCE	$2,041,675	
RESERVES & CAM	$1,337,061	
TOTAL TENANT OPERATIONS EXPENSE		$8,228,313
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$44,587,356
SECOND LEVEL RENT *(Equal to Property Taxes)*		$182,722
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,301,636
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$12,301,636

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$44,587,356	
SECOND LEVEL RENT	$182,722	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$12,301,636	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$57,637,214
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$44,587,356
SECOND LEVEL RENT *(Equal to Property Taxes)*		$182,722
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,301,636
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,535,736
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$6,765,900

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$44,587,356	
SECOND LEVEL RENT	$182,722	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,535,736	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$50,871,314
TENANT EXPENSES		
DEBT SERVICE		$44,587,356
PROPERTY TAXES		$182,722
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,535,736
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,535,736

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,535,736	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$6,101,236
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2053 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$43,945,540	
MQ FIELD HOUSE	$23,647,246	
TOTAL TENANT OPERATIONS REVENUE		$67,592,786
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$4,948,705	
UTILITIES & INSURANCE	$2,082,508	
RESERVES & CAM	$1,363,802	
TOTAL TENANT OPERATIONS EXPENSE		$8,395,015
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$45,702,040
SECOND LEVEL RENT *(Equal to Property Taxes)*		$184,550
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,745,681
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$12,745,681

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$45,702,040	
SECOND LEVEL RENT	$184,550	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$12,745,681	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$59,197,771
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$45,702,040
SECOND LEVEL RENT *(Equal to Property Taxes)*		$184,550
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,745,681
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,735,557
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$7,010,125

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$45,702,040	
SECOND LEVEL RENT	$184,550	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,735,557	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$52,187,646
TENANT EXPENSES		
DEBT SERVICE		$45,702,040
PROPERTY TAXES		$184,550
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,735,557
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,735,557

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,735,557	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$6,301,057
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2054 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$44,896,626	
MQ FIELD HOUSE	$24,222,655	
TOTAL TENANT OPERATIONS REVENUE		$69,119,280
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,042,620	
UTILITIES & INSURANCE	$2,124,158	
RESERVES & CAM	$1,391,078	
TOTAL TENANT OPERATIONS EXPENSE		$8,557,856
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$46,844,590
SECOND LEVEL RENT *(Equal to Property Taxes)*		$186,395
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,964,939
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$12,964,939

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$46,844,590	
SECOND LEVEL RENT	$186,395	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$12,964,939	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$60,561,424
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$46,844,590
SECOND LEVEL RENT *(Equal to Property Taxes)*		$186,395
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$12,964,939
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,834,223
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$7,130,716

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$46,844,590	
SECOND LEVEL RENT	$186,395	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,834,223	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$53,430,708
TENANT EXPENSES		
DEBT SERVICE		$46,844,590
PROPERTY TAXES		$186,395
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,834,223
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,834,223

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,834,223	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$6,399,723
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2055 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY — LANDLORD
MQD PHASE I OPERATIONS LLC — TENANT

TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$45,881,583	
MQ FIELD HOUSE	$24,696,674	
TOTAL TENANT OPERATIONS REVENUE		$70,578,258
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,135,333	
UTILITIES & INSURANCE	$2,166,642	
RESERVES & CAM	$1,418,900	
TOTAL TENANT OPERATIONS EXPENSE		$8,720,874
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$48,015,706
SECOND LEVEL RENT *(Equal to Property Taxes)*		$188,259
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$13,087,918
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$13,087,918

PHASE I LEASE

MQD PHASE I LLC — LANDLORD/OWNER
PIMA COUNTY — TENANT

TENANT REVENUE *(from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$48,015,706	
SECOND LEVEL RENT	$188,259	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$13,087,918	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$61,857,384
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$48,015,706
SECOND LEVEL RENT *(Equal to Property Taxes)*		$188,259
THIRD LEVEL RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$13,087,918
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,889,563
RETAINED CASH FLOW *(55% of Remaining Cash Flow)* *(transferred to Pima County Phase I Lease Reserve)*		$7,198,355

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC — LANDLORD
MQD PHASE I LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$48,015,706	
SECOND LEVEL RENT	$188,259	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,889,563	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$54,659,028
TENANT EXPENSES		
DEBT SERVICE		$48,015,706
PROPERTY TAXES		$188,259
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,889,563
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,889,563

MASTER GROUND LEASE

PIMA COUNTY — LANDLORD
MOSAIC QUARTER DEVELOPMENT LLC — TENANT

TENANT REVENUE *(from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,889,563	
TOTAL TENANT REVENUE *(from Phase I Ground Lease)*		$6,455,063
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2056 AGGREGATE LEASE CASH FLOWS

PHASE I SUBLEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$46,833,733	
MQ FIELD HOUSE	$25,035,690	
TOTAL TENANT OPERATIONS REVENUE		$71,869,423
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,223,847	
UTILITIES & INSURANCE	$2,209,974	
RESERVES & CAM	$1,447,278	
TOTAL TENANT OPERATIONS EXPENSE		$8,881,100
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Debt Service)*		$49,216,098
SECOND LEVEL RENT (*Equal to Property Taxes)*		$190,142
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$13,016,584
CASH FLOW RENT (*Equal to 100% Remaining Cash Flo*		$13,016,584

PHASE I LEASE

MQD PHASE I LLC PIMA COUNTY		LANDLORD/OWNER TENANT
TENANT REVENUE (*from Phase I Sublease Tenant Rent Payments)*		
BASIC RENT	$49,216,098	
SECOND LEVEL RENT	$190,142	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$13,016,584	
TOTAL TENANT REVENUE *(from Phase I Sublease)*		$62,988,324
TENANT RENT TO LANDLORD		
BASIC RENT (*Equal to Debt Service)*		$49,216,098
SECOND LEVEL RENT *(Equal to Property Taxes)*		$190,142
THIRD LEVEL RENT (*Equal to Ground Rent*)		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$13,016,584
CASH FLOW RENT *(Equal to 45% Remaining Cash Flov*		$5,857,463
RETAINED CASH FLOW (*55% of Remaining Cash Flow*) *(transferred to Pima County Phase I Lease Reserve)*		$7,159,121

PHASE I GROUND LEASE

MOSAIC QUARTER DEVELOPMENT LLC MQD PHASE I LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$49,216,098	
SECOND LEVEL RENT	$190,142	
THIRD LEVEL RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,857,463	
TOTAL TENANT REVENUE *(from Phase I Lease)*		$55,829,202
TENANT EXPENSES		
DEBT SERVICE		$49,216,098
PROPERTY TAXES		$190,142
TENANT RENT TO LANDLORD		
BASIC RENT *(Equal to Ground Rent)*		$565,500
ADDITIONAL RENT		$0
REMAINING CASH FLOW		$5,857,463
CASH FLOW RENT *(Equal to 100% Remaining Cash Flo*		$5,857,463

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT REVENUE (*from Phase I Lease Tenant Rent Payments)*		
BASIC RENT	$565,500	
ADDITIONAL RENT	$0	
CASH FLOW RENT	$5,857,463	
TOTAL TENANT REVENUE (*from Phase I Ground Lease*)		$6,422,963
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
ADDITIONAL RENT		$0

2057 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$47,918,027	
MQ FIELD HOUSE	$25,671,622	
TOTAL TENANT OPERATIONS REVENUE		$73,589,649
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,326,083	
UTILITIES & INSURANCE	$2,254,174	
RESERVES & CAM	$1,476,223	
TOTAL TENANT OPERATIONS EXPENSE		$9,056,480
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$192,043
CASH FLOW RENT		$35,076,594
REMAINING CASH FLOW RETAINED BY TENANT		$28,699,031

2058 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$49,073,789	
MQ FIELD HOUSE	$26,219,238	
TOTAL TENANT OPERATIONS REVENUE		$75,293,027
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,428,675	
UTILITIES & INSURANCE	$2,299,257	
RESERVES & CAM	$1,505,748	
TOTAL TENANT OPERATIONS EXPENSE		$9,233,680
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$193,964
CASH FLOW RENT		$35,914,936
REMAINING CASH FLOW RETAINED BY TENANT		$29,384,947

2059 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$50,216,299	
MQ FIELD HOUSE	$26,777,880	
TOTAL TENANT OPERATIONS REVENUE		$76,994,179
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,532,075	
UTILITIES & INSURANCE	$2,345,243	
RESERVES & CAM	$1,535,863	
TOTAL TENANT OPERATIONS EXPENSE		$9,413,181
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$195,903
CASH FLOW RENT		$36,750,777
REMAINING CASH FLOW RETAINED BY TENANT		$30,068,818

2060 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$51,316,211	
MQ FIELD HOUSE	$27,258,079	
TOTAL TENANT OPERATIONS REVENUE		$78,574,291
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,632,733	
UTILITIES & INSURANCE	$2,392,147	
RESERVES & CAM	$1,566,580	
TOTAL TENANT OPERATIONS EXPENSE		$9,591,460
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$197,862
CASH FLOW RENT		$37,520,707
REMAINING CASH FLOW RETAINED BY TENANT		$30,698,761

2061 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$52,414,670	
MQ FIELD HOUSE	$27,795,164	
TOTAL TENANT OPERATIONS REVENUE		$80,209,834
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,736,799	
UTILITIES & INSURANCE	$2,439,990	
RESERVES & CAM	$1,597,912	
TOTAL TENANT OPERATIONS EXPENSE		$9,774,701
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$199,841
CASH FLOW RENT		$38,318,385
REMAINING CASH FLOW RETAINED BY TENANT		$31,351,406

2062 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$53,557,883	
MQ FIELD HOUSE	$28,388,217	
TOTAL TENANT OPERATIONS REVENUE		$81,946,100
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,843,114	
UTILITIES & INSURANCE	$2,488,790	
RESERVES & CAM	$1,629,870	
TOTAL TENANT OPERATIONS EXPENSE		$9,961,774
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$201,839
CASH FLOW RENT		$39,169,342
REMAINING CASH FLOW RETAINED BY TENANT		$32,047,644

2063 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$54,756,228	
MQ FIELD HOUSE	$28,948,035	
TOTAL TENANT OPERATIONS REVENUE		$83,704,262
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$5,951,859	
UTILITIES & INSURANCE	$2,538,566	
RESERVES & CAM	$1,662,467	
TOTAL TENANT OPERATIONS EXPENSE		$10,152,893
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$203,858
CASH FLOW RENT		$40,030,107
REMAINING CASH FLOW RETAINED BY TENANT		$32,751,905

2064 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$55,988,220	
MQ FIELD HOUSE	$29,520,190	
TOTAL TENANT OPERATIONS REVENUE		$85,508,410
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$6,062,927	
UTILITIES & INSURANCE	$2,589,337	
RESERVES & CAM	$1,695,717	
TOTAL TENANT OPERATIONS EXPENSE		$10,347,981
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$205,896
CASH FLOW RENT		$40,913,968
REMAINING CASH FLOW RETAINED BY TENANT		$33,475,065

2065 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$57,160,684	
MQ FIELD HOUSE	$30,105,051	
TOTAL TENANT OPERATIONS REVENUE		$87,265,735
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$6,173,546	
UTILITIES & INSURANCE	$2,641,124	
RESERVES & CAM	$1,729,631	
TOTAL TENANT OPERATIONS EXPENSE		$10,544,301
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$207,955
CASH FLOW RENT		$41,771,389
REMAINING CASH FLOW RETAINED BY TENANT		$34,176,591

2066 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MQD PHASE I OPERATIONS LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$58,486,129	
MQ FIELD HOUSE	$31,719,330	
TOTAL TENANT OPERATIONS REVENUE		$90,205,460
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$6,320,608	
UTILITIES & INSURANCE	$2,693,946	
RESERVES & CAM	$1,764,224	
TOTAL TENANT OPERATIONS EXPENSE		$10,778,778
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$210,035
CASH FLOW RENT		$43,258,131
REMAINING CASH FLOW RETAINED BY TENANT		$35,393,016

2067 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$59,780,953	
MQ FIELD HOUSE	$31,359,632	
TOTAL TENANT OPERATIONS REVENUE		$91,140,585
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$6,408,516	
UTILITIES & INSURANCE	$2,747,825	
RESERVES & CAM	$1,799,508	
TOTAL TENANT OPERATIONS EXPENSE		$10,955,850
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$212,135
CASH FLOW RENT		$43,673,905
REMAINING CASH FLOW		$35,733,195

2068 AGGREGATE LEASE CASH FLOWS

MASTER GROUND LEASE

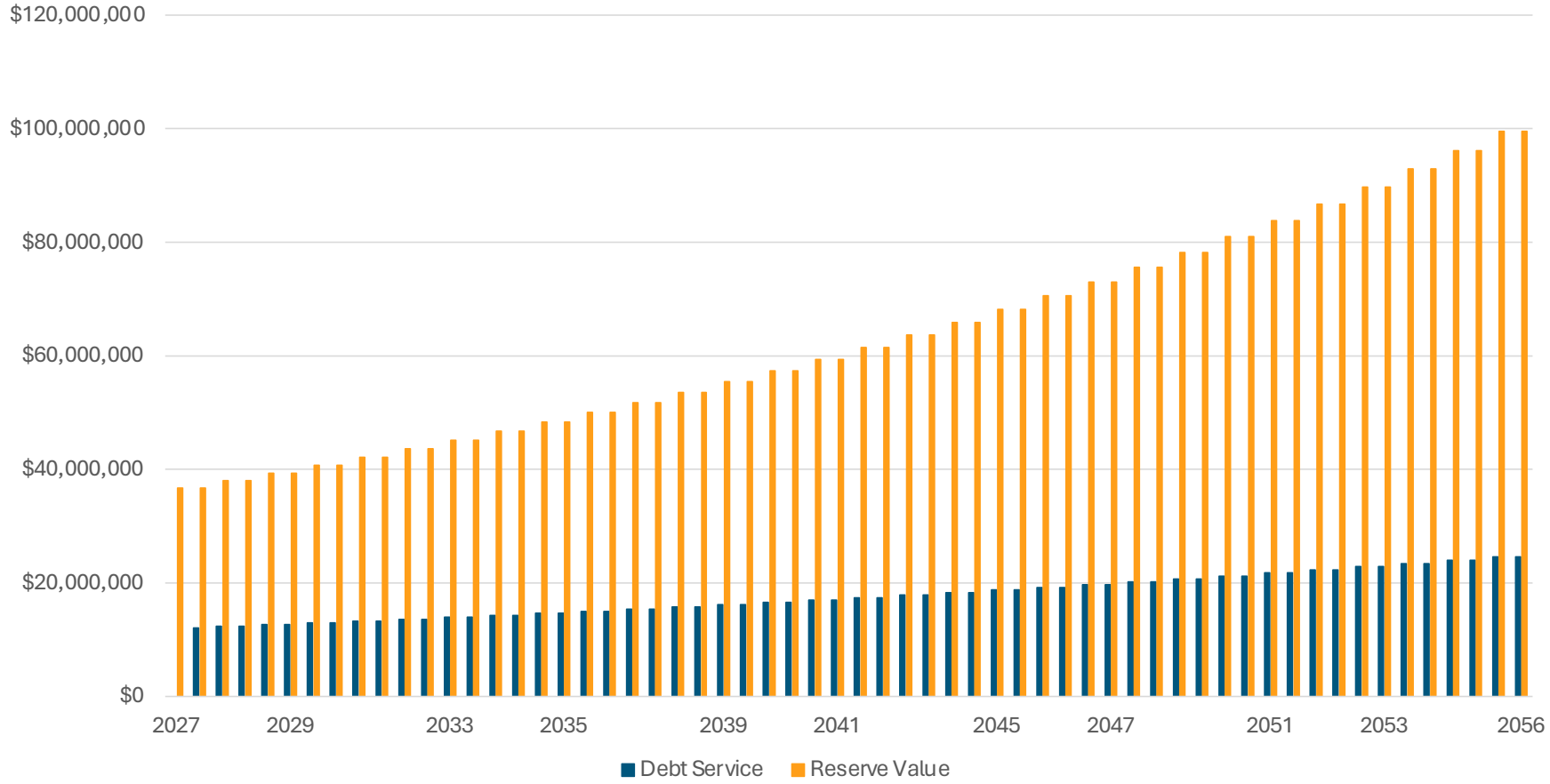
PIMA COUNTY MOSAIC QUARTER DEVELOPMENT LLC		LANDLORD TENANT
TENANT FACILITIES OPERATIONS REVENUE		
MQ ICEPLEX	$55,729,466	
MQ FIELD HOUSE	$31,984,927	
TOTAL TENANT OPERATIONS REVENUE		$87,714,393
TENANT OPERATIONS EXPENSE		
MANAGEMENT EXPENSE	$6,366,585	
UTILITIES & INSURANCE	$2,802,782	
RESERVES & CAM	$1,835,498	
TOTAL TENANT OPERATIONS EXPENSE		$11,004,865
TENANT RENT TO LANDLORD		
GROUND RENT		$565,500
PROPERTY TAXES		$214,256
CASH FLOW RENT		$41,761,374
REMAINING CASH FLOW RETAINED BY TENANT		$34,168,397

ATTACHMENT 2

MOSAIC QUARTER PHASE I

DEVELOPER DEBT SERVICE RESERVE

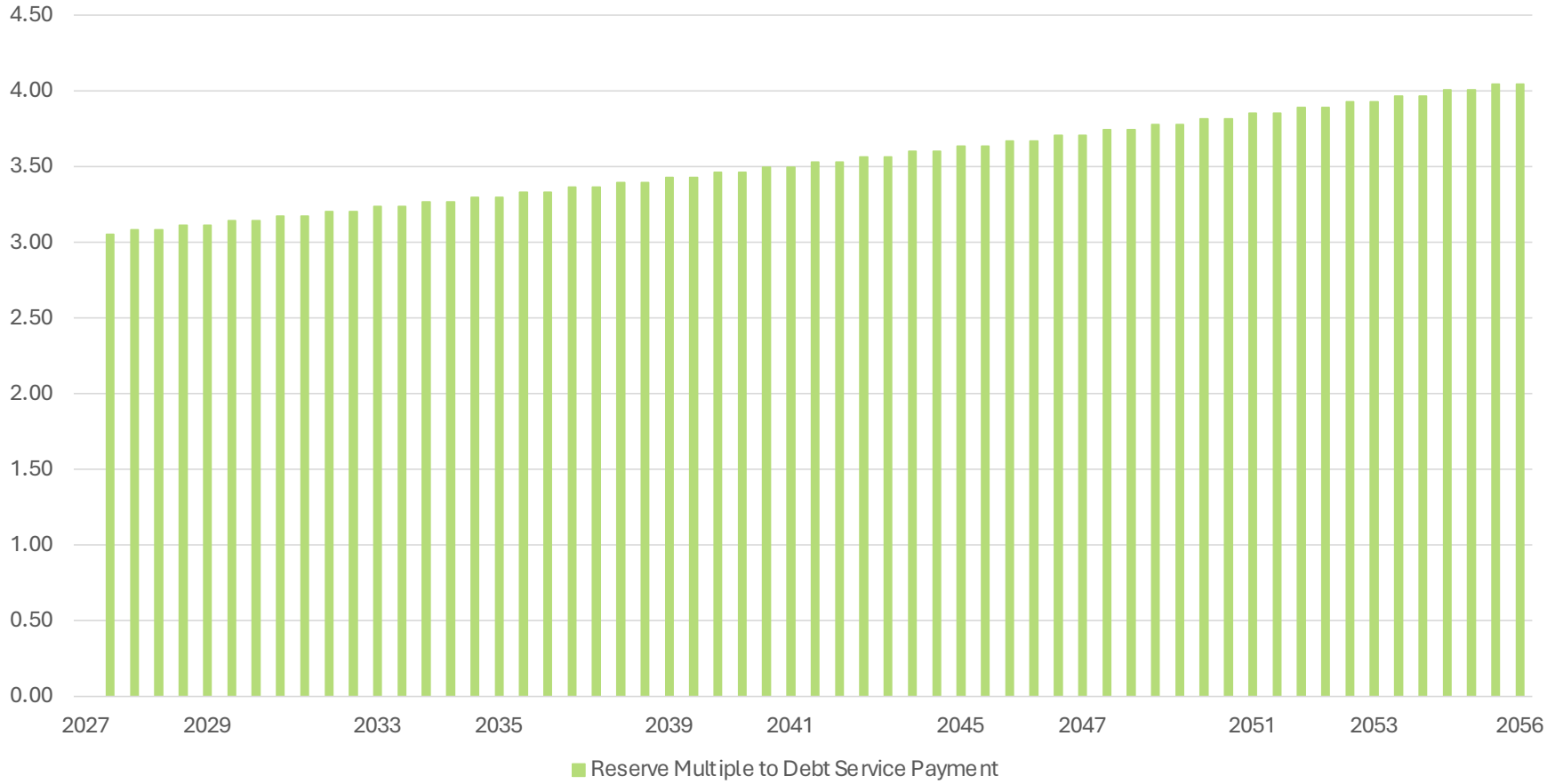
SEMIANNUAL RESERVE LEVELS COMPARED TO DEBT SERVICE



MOSAIC QUARTER PHASE I

DEVELOPER DEBT SERVICE RESERVE

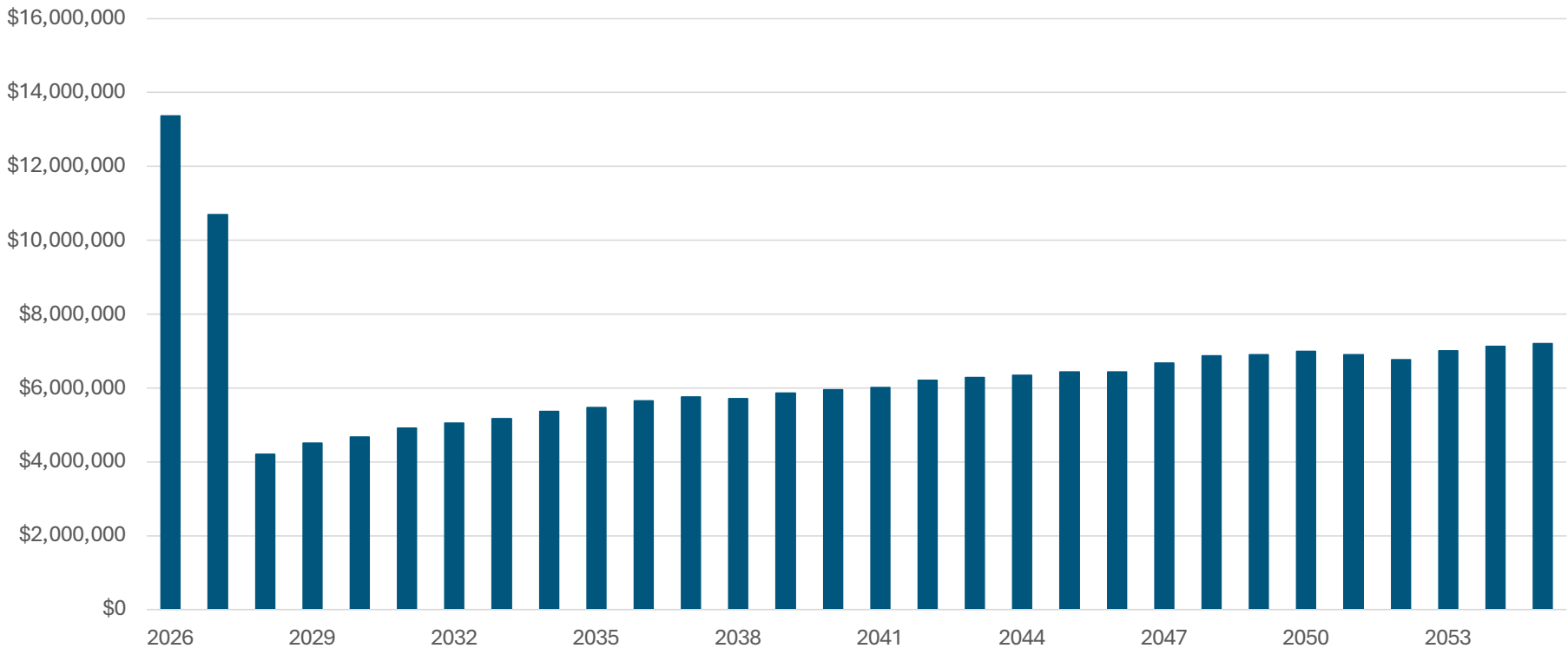
RESERVE MULTIPLE TO DEBT SERVICE



MOSAIC QUARTER PHASE I

PIMA COUNTY CASH FLOW RESERVE

ANNUAL GROWTH OF RESERVE



ATTACHMENT 3

FINANCIAL STRESS TEST

MAXIMUM REDUCTION IN
NON-CONTRACTUAL REVENUE

MOSAIC QUARTER PHASE I

FINANCIAL STRESS TEST

MAXIMUM DROP IN PROJECTED NON-CONTRACTUAL REVENUE

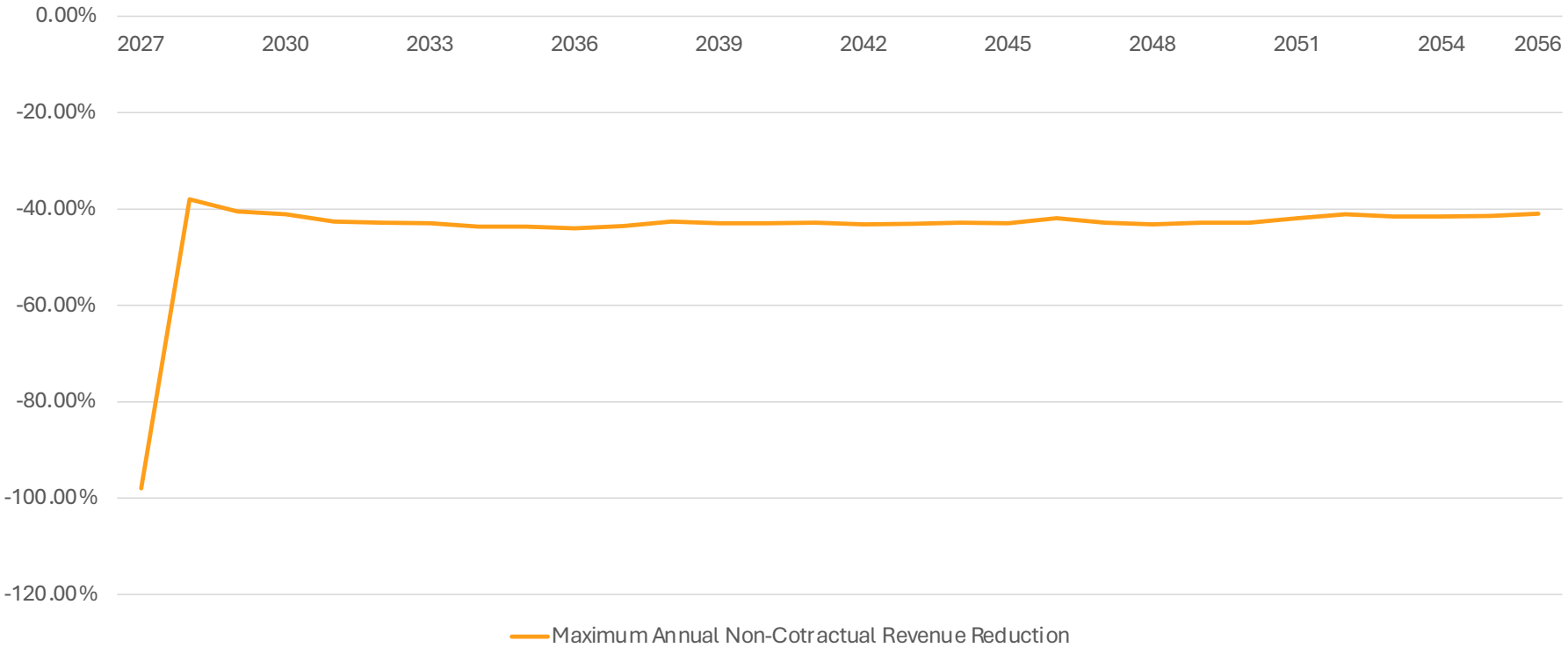
TESTED ACROSS THE ENTIRE DEBT SERVICE PERIOD
2027 THROUGH 2056

DESIGNED TO DETERMINE THE MAXIMUM INDIVIDUAL AND SYSTEMIC DECLINE IN A LA CARTE REVENUE WHILE SATISFYING ALL FINANCIAL OBLIGATIONS

MOSAIC QUARTER PHASE I

MAXIMUM ANNUAL DROP IN NON-CONTRACTUAL REVENUE

SATISFACTION OF ALL FINANCIAL OBLIGATIONS WITH 44.23%
AVERAGE NON-CONTRACTIAL REVENUE REDUCTION



FINANCIAL OBLIGATIONS INCLUDE OPERATING EXPENSES, DEBT SERVICE, PROPERTY TAXES & GROUND RENT

FINANCIAL STRESS TEST

SUBSTANTIAL & PERSISTENT DROP IN ALL REVENUE STREAMS
CONTRACTUAL & NON-CONTRACTUAL REVENUE

MOSAIC QUARTER PHASE I

FINANCIAL STRESS TEST

40% DROP IN TOTAL PROJECTED REVENUE

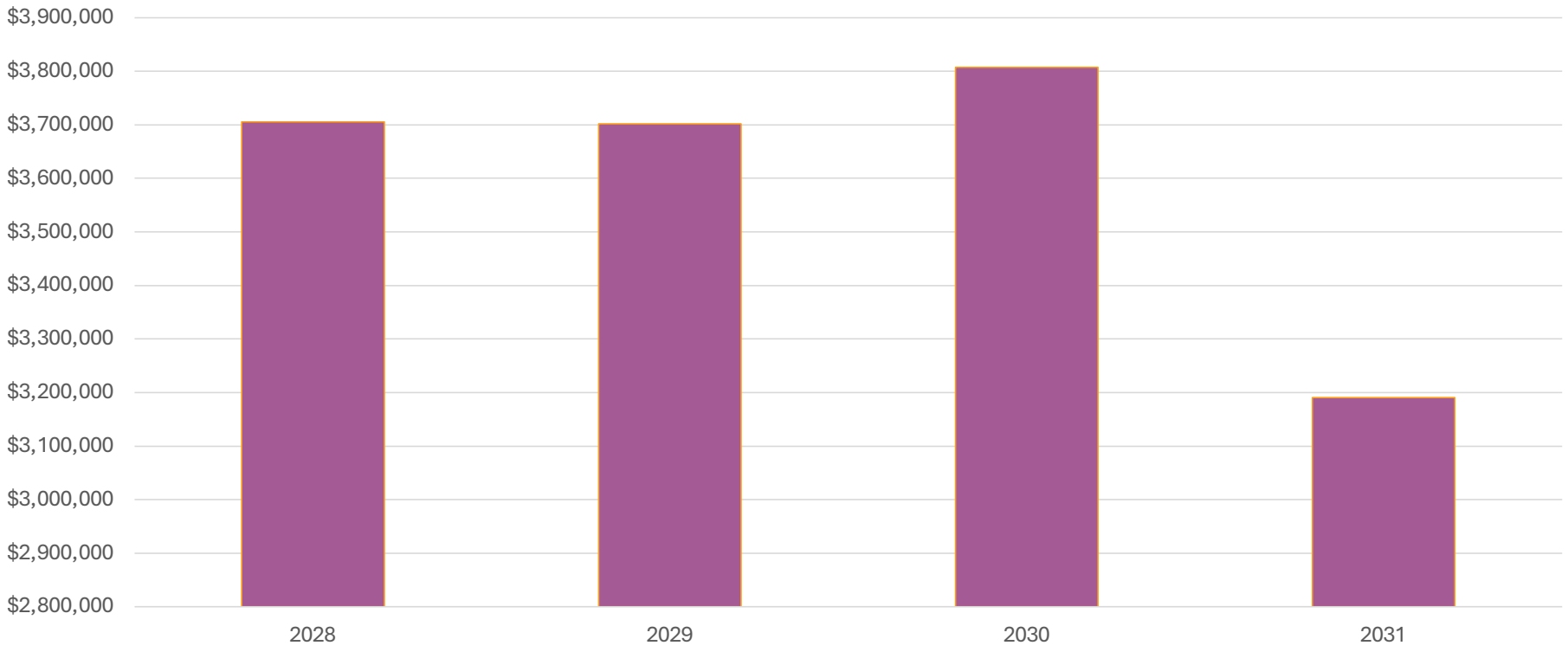
APPLIED ACROSS THE ENTIRE DEBT SERVICE PERIOD
2027 THROUGH 2056

DESIGNED TO TEST COUNTY FINANCIAL EXPOSURE
TO A SYSTEMIC DECLINE IN REVENUE

MOSAIC QUARTER PHASE I

DEVELOPER CASH FLOW RESERVE

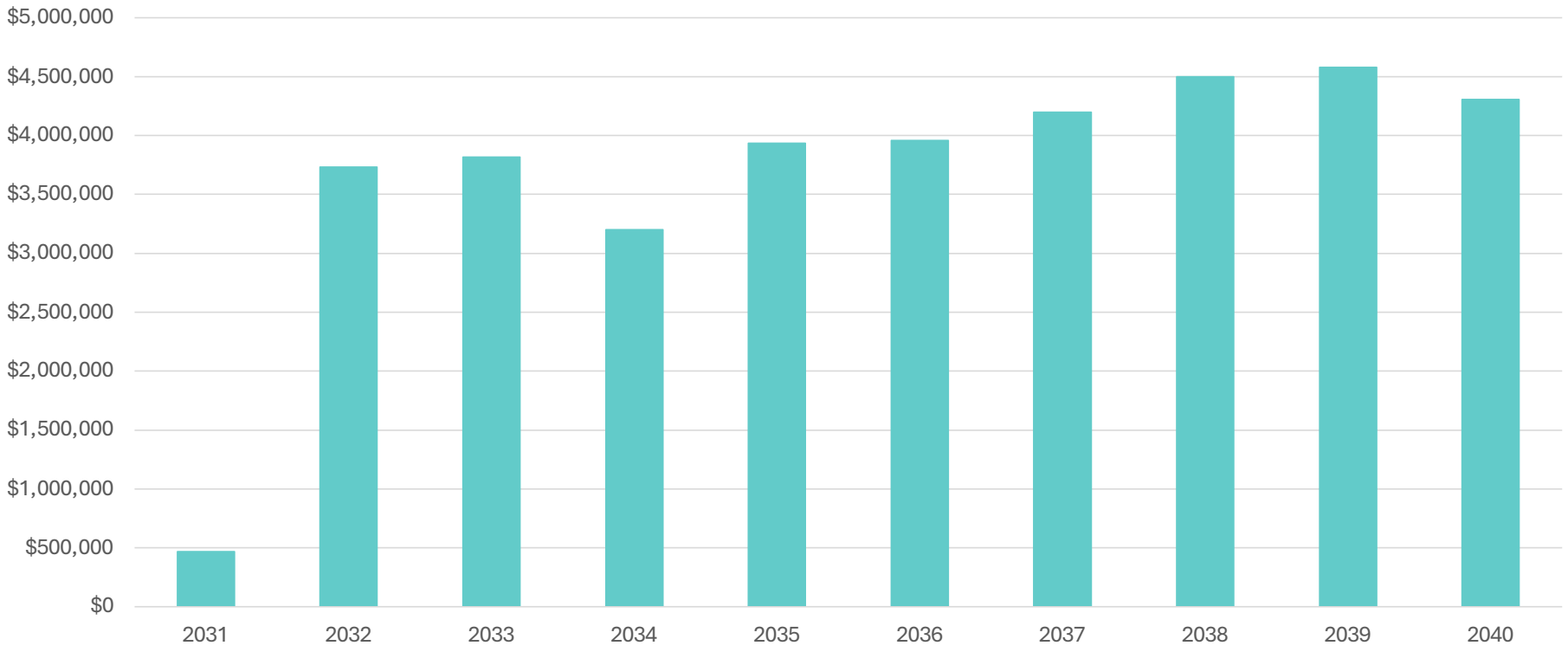
$19.68M DEVELOPER 2026 & 2027 CASH FLOW SATISFIES 3+ YEARS OF
DEBT SERVICE DEFICIENCY DURING 40% ANNUAL REVENUE SHORTFALL SCENARIO



MOSAIC QUARTER PHASE I

DURATION OF DEVELOPER DEBT SERVICE RESERVE

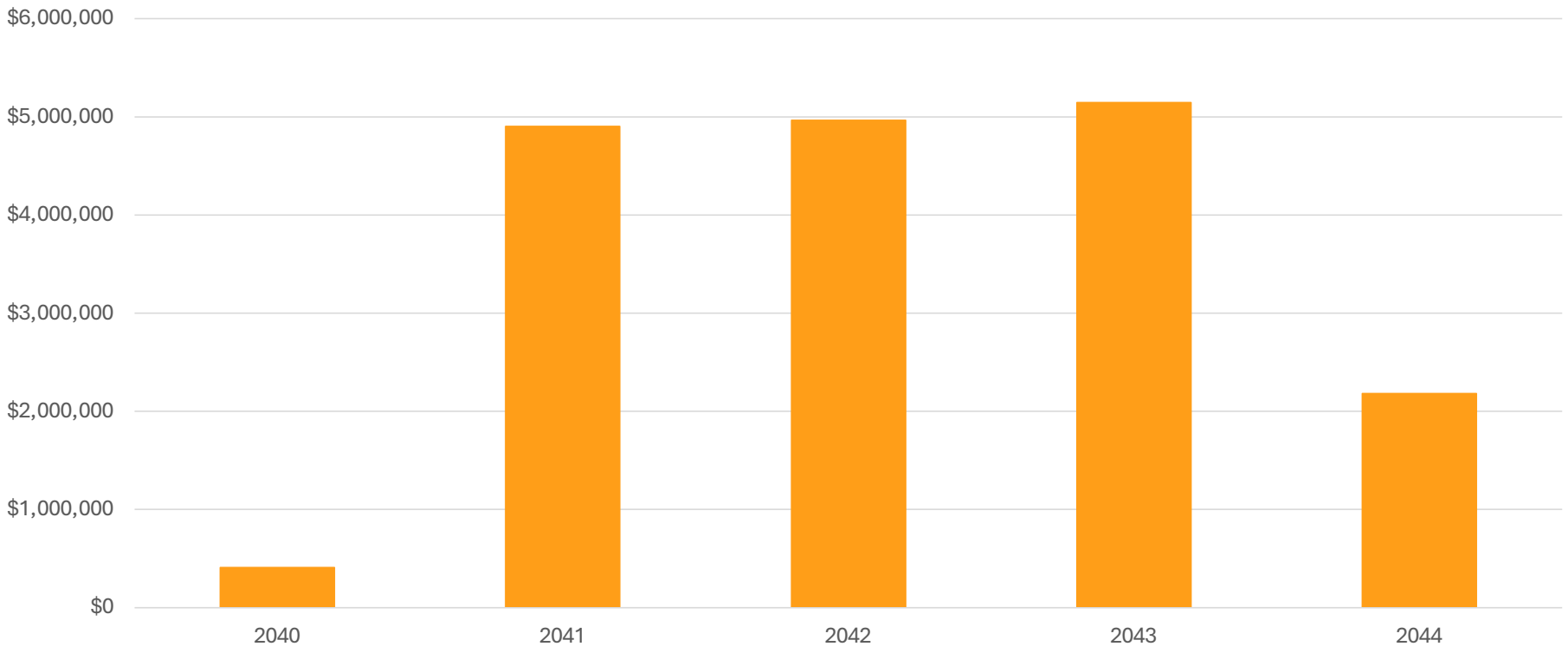
$36,700,000 DEVELOPER DEBT SERVICE RESERVE PRINCIPAL SATISFIES 9+ YEARS OF DEBT SERVICE DEFICIENCY DURING 40% ANNUAL REVENUE SHORTFALL SCENARIO



MOSAIC QUARTER PHASE I

COUNTY CASH FLOW RESERVE

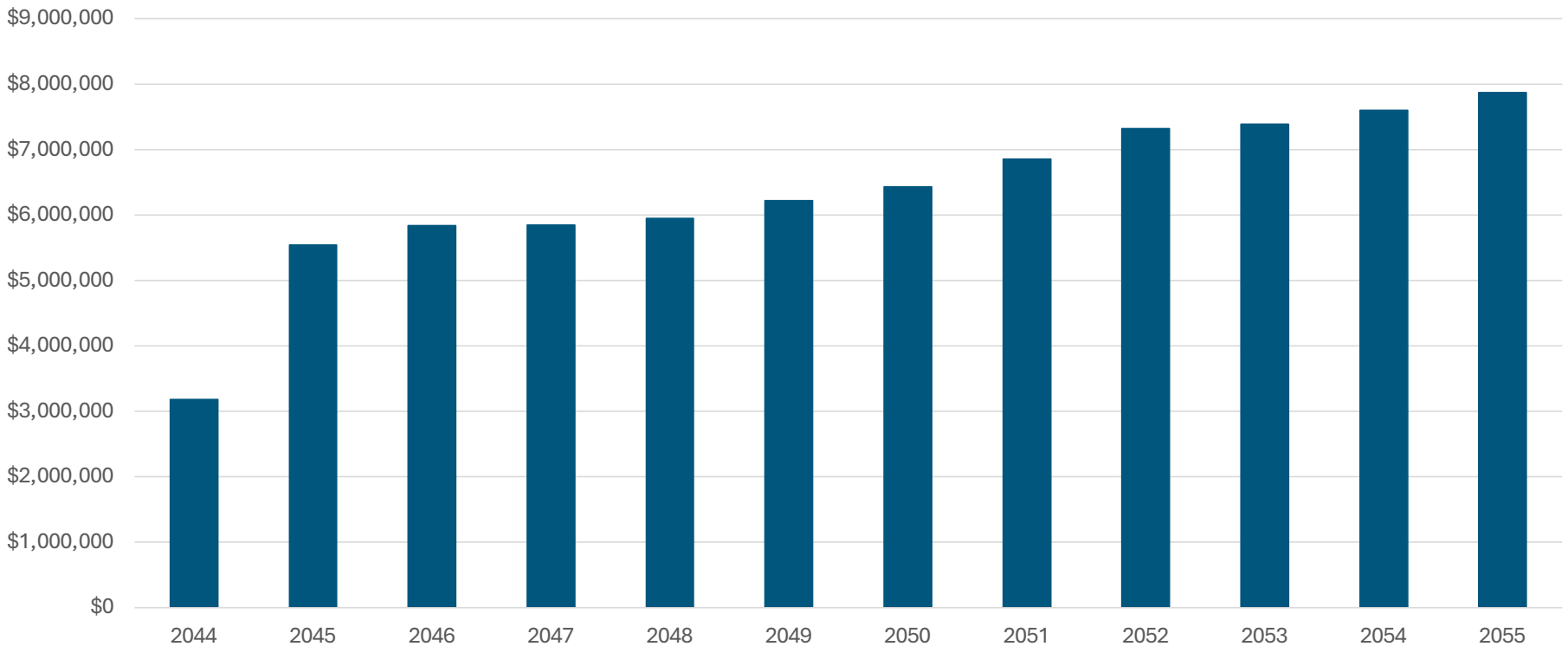
$24.05M COUNTY CASH FLOW RESERVE SATISFIES 4+ YEARS OF
DEBT SERVICE DEFICIENCY DURING 40% ANNUAL REVENUE SHORTFALL SCENARIO



MOSAIC QUARTER PHASE I

COUNTY DIRECT PAYMENT EXPOSURE

$76.03M TOTAL COUNTY DIRECT PAYMENT EXPOSURE



MOSAIC QUARTER PHASE I

RESULTS OF 40% DECLINE IN ALL REVENUE SOURCES

2026 IS A CASH FLOW POSITIVE PERIOD – FUNDING CASH FLOW RESERVES

2027 IS A CASH FLOW POSITIVE PERIOD – FUNDING CASH FLOW RESERVES

DEVELOPER CASH FLOW RESERVE COVERS 2028-2030 DEBT SERVICE DEFICIENCY

DEVELOPER CASH FLOW RESERVE COVERS MAJORITY OF 2031 DEBT SERVICE DEFICIENCY

DEVELOPER DEBT SERVICE RESERVE COVERS REMAINING 2031 DEBT SERVICE DEFICIENCY

MOSAIC QUARTER PHASE I

RESULTS OF 40% DECLINE IN ALL REVENUE SOURCES

DEVELOPER DEBT SERVICE RESERVE COVERS 2032-2039 DEBT SERVICE DEFICIENCY

DEVELOPER DEBT SERVICE RESERVE COVERS MAJORITY OF 2040 DEBT SERVICE DEFICIENCY

COUNTY CASH FLOW RESERVE COVERS REMAINDER OF 2040 DEBT SERVICE DEFICIENCY

COUNTY CASH FLOW RESERVE COVERS 2041-2043 DEBT SERVICE DEFICIENCY

COUNTY CASH FLOW RESERVE COVERS PORTION OF 2044 DEBT SERVICE DEFICIENCY

COUNTY DIRECT PAYMENT COVERS PORTION OF 2044 DEBT SERVICE DEFICIENCY

MOSAIC QUARTER PHASE I

RESULTS OF 40% DECLINE IN ALL REVENUE SOURCES

COUNTY DIRECT PAYMENT OBLIGATIONS BEGIN IN 2044

COUNTY DIRECT PAYMENT COVERS REMAINING 2044 DEBT SERVICE DEFICIENCY

COUNTY DIRECT PAYMENT COVERS 2045-2055 DEBT SERVICE DEFICIENCY

2056 IS A CASH FLOW POSITIVE PERIOD

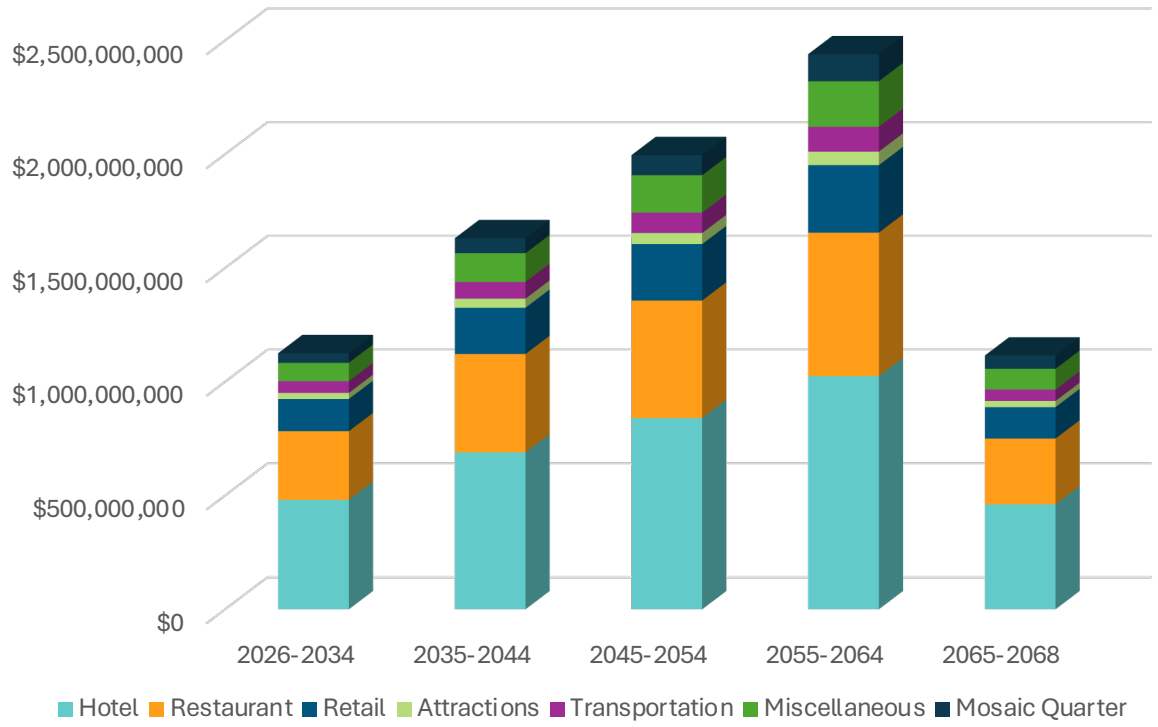
$76,031,504 TOTAL COUNTY DIRECT PAYMENT LIABILITY

ATTACHMENT 4

MOSAIC QUARTER PHASE I

MQ TRAVEL SPORTS EVENTS LOCAL SPENDING

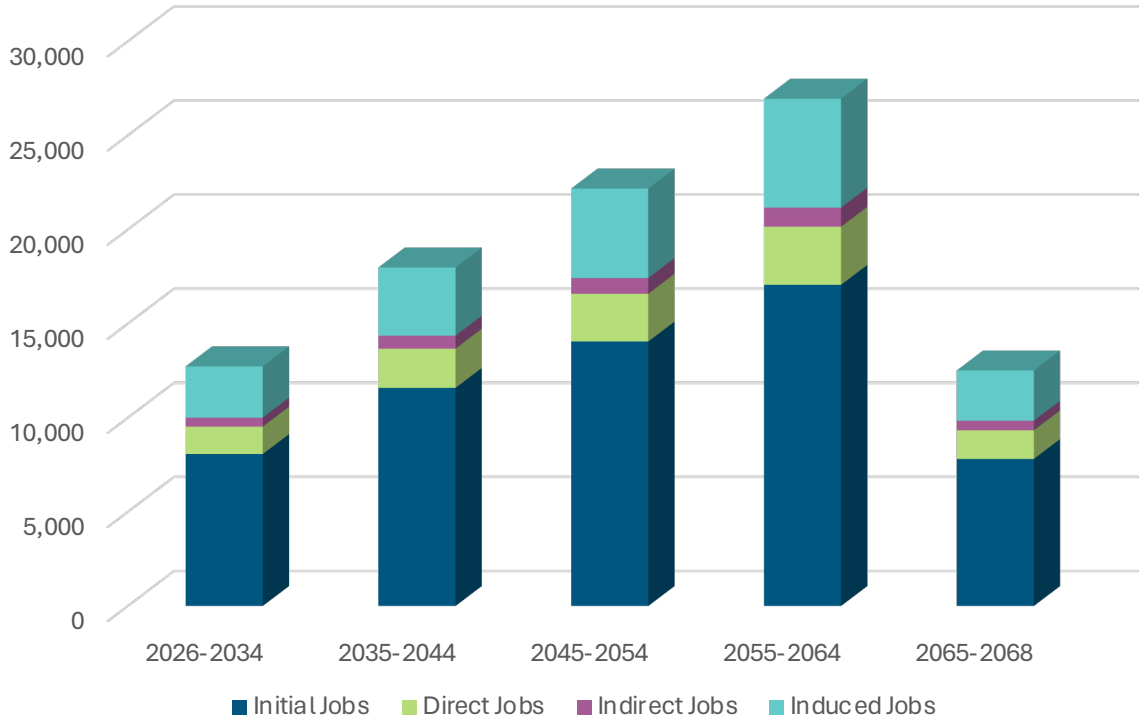
$8,310,000,000 OF NEW LOCAL SPENDING



MOSAIC QUARTER PHASE I

JOBS SUPPORT FROM MQ TRAVEL SPORTS EVENTS

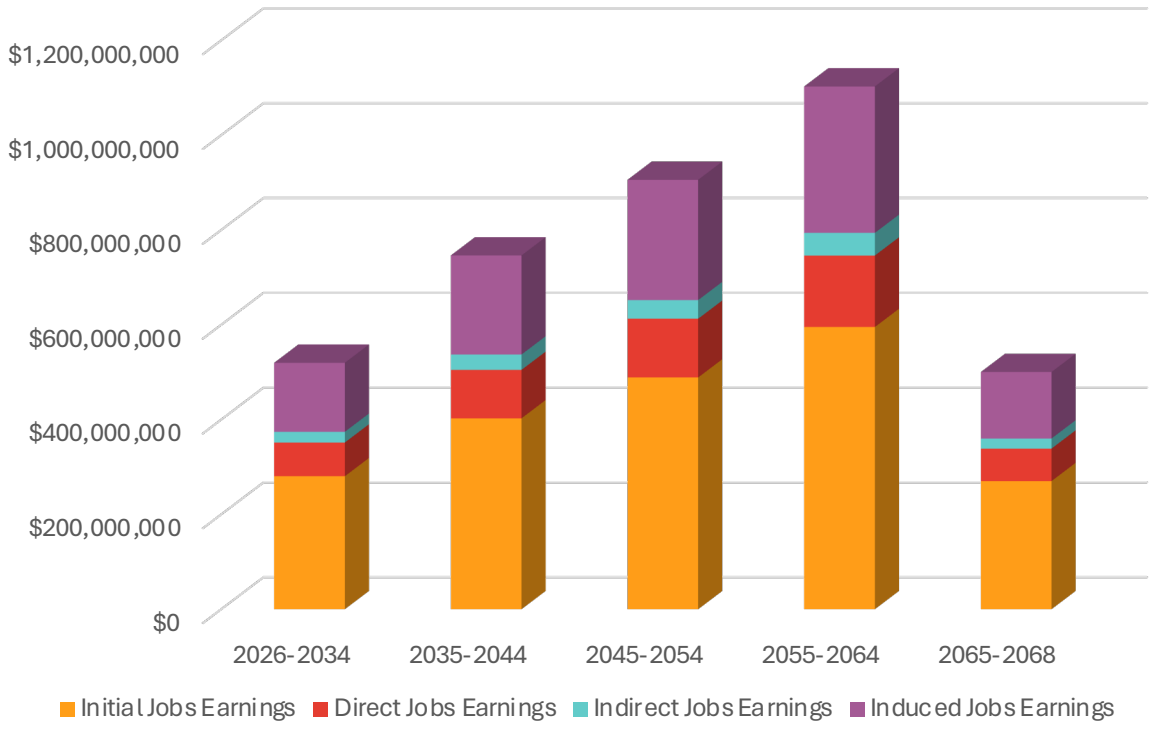
92,300 COMMUNITY JOBS SUPPORTED



MOSAIC QUARTER PHASE I

LOCAL EARNINGS SUPPORT FROM MQ TRAVEL SPORTS EVENTS

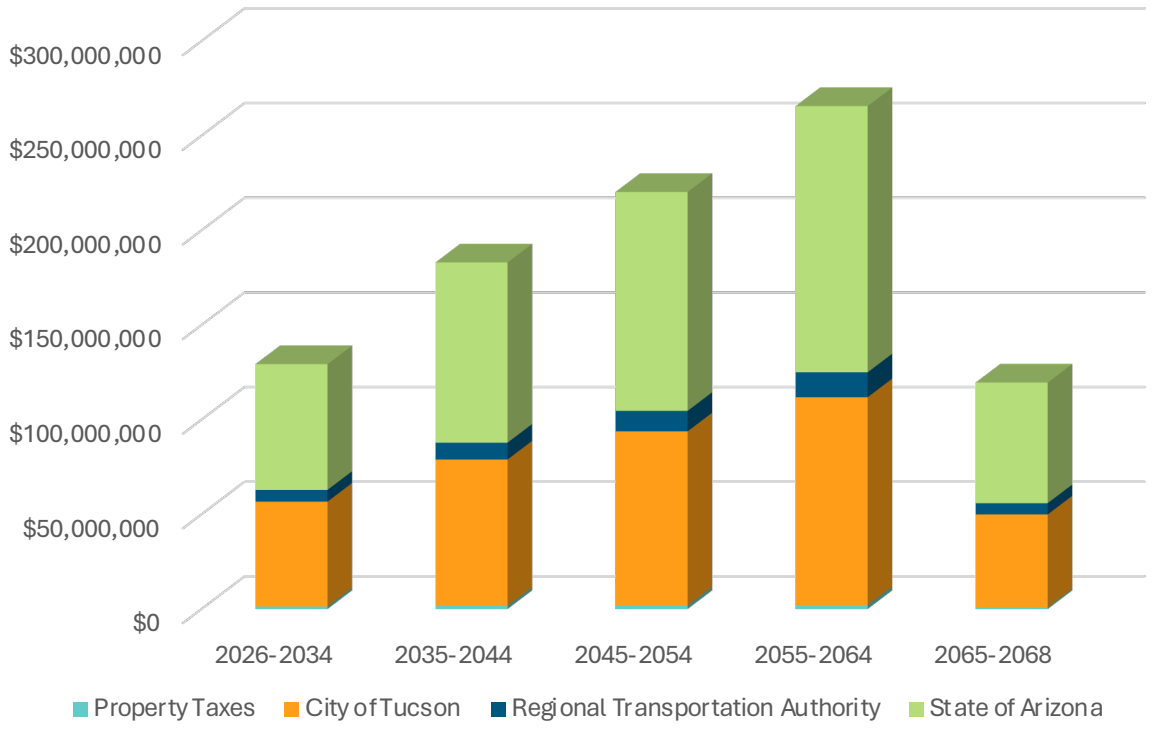
$3,776,000,000 COMMUNITY EARNINGS SUPPORTED



MOSAIC QUARTER PHASE I

MQ EVENT AND PROGRAMMING TAX GENERATION

$917,770,000 NEW TAX REVENUE



ATTACHMENT 5

PROJECT REVIEW REPORT

FEBRUARY 2024

MOSAIC QUARTER (KSDIST) – PROJECT REVIEW REPORT – PHASE 1 – 60% CONSTRUCTION DOCUMENTS STAGE

PIMA COUNTY, AZ

Prepared By

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RLB Rider Levett Bucknall

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APPENDIX

1.0 EXECUTIVE SUMMARY

Phase 1 of the Mosaic Quarter Project, which is being developed by Knott Development, includes a roughly 131,300 square foot Fieldhouse building, a roughly 173,000 square foot Iceplex building, a central utility plant, on-site civil and sitework improvements within the property limits corresponding to these new buildings, and off-site infrastructure improvements outside of the property limits necessary to support the project.

Knott Development has chosen to use a Design-Build delivery method for the Iceplex, Fieldhouse, and Site components of Phase 1, where they intend to contract with a single entity to design and construct those portions of the Mosaic Quarter project. Knott's proposed Design-Build contractor is Hensel Phelps, where Hensel Phelps has contracted with JLG Architects to lead their design efforts. Knott has chosen not to use the Design-Build delivery method for the Central Utility Plant, where Knott plans to instead contract directly with Hensel Phelps for the construction, and appears to have contracted separately with JLG Architects for the Central Utility Plant's design.

Knott Development provided pricing to Rider Levett Bucknall dated 05 July 2023 based on their Phase 1 design package, which includes the Fieldhouse, Iceplex, and Site progressed to a 60% Construction Documents design level, and the Central Utility Plant at an earlier Schematic Design level. Rider Levett Bucknall's role on the Mosaic Quarter project is to provide a review of the pricing and most current schedule information provided by Knott Development, and to then provide a report to Pima County indicating our findings. More specifically, RLB's role is to provide commentary to Pima County on whether we believe the cost and schedule information provided by Knott is reasonably consistent with market conditions for Southern Arizona. Additionally, our Subconsultant, Rounds Consulting Group, Inc., has provided a report on Knott Development's economic related documents in order to provide Pima County with an evaluation of the proposed impacts of the Mosaic Quarter project to the Pima County community (see Appendix A).

Knott Development's Phase 1 pricing is summarized as follows:

Scope	Iceplex	Fieldhouse	Site	CUP	Total
Total Cost of Work	**$74,925,000**	**$42,307,000**	**$37,584,000**	**$22,225,358**	**$177,041,358**
Design - JLG	**$6,208,000**	**$3,561,000**	**$2,807,000**	**Not In Costs**	**$12,576,000**
Overall Total Indirects	**$30,355,000**	**$17,831,000**	**$17,084,000**	**$6,861,256**	**$72,131,256**
Total Cost	**$111,488,000**	**$63,699,000**	**$57,475,000**	**$29,087,614**	**$261,749,614**

Due to the level of detail at which Knott Development delivered their pricing, and because of Pima County's contractual relationship with Knott Development, where Knott Development is responsible for all project costs, the majority of Rider Levett Bucknall's approach to reviewing the pricing is done so at a high level. As such, RLB has relied primarily on the benchmark analyses for the Fieldhouse and Iceplex buildings completed in our previous report dated December 2022 as a starting point for evaluation of the pricing presented for those facilities. The benchmark technique, which is aimed comparing pricing for similar type projects with the subject project, is described in further detail later in this report. Because a benchmark analysis is not a practical approach for reviewing the Site and Central Utility Plant pricing, Rider Levett Bucknall has completed a review of costs for major selected portions of those components of the Phase 1 Mosaic Quarter project. Subsequent to our review, and also because Knott Development has provided documentation showing that their team has solicited and received pricing input from several major construction subcontractor trades, RLB can provide opinion that the overall Phase 1 Mosaic Quarter

pricing provided by Knott generally appears to be reasonably consistent with market conditions, but likely at the higher end of the expected range. Some specific elements making up that pricing possibly vary from RLB's expectations, and these items are discussed further in our report.

RLB believes that the Phase 1 Project Schedule provided by Knott Development, which shows a roughly 32-month duration to reach Substantial Completion for the Phase 1 work, will be challenging, especially considering the current labor market in Southern Arizona, but potentially attainable if Knott Development and their Design-Build Team, led by Hensel Phelps, execute proper planning efforts. Even so, RLB recommends that Pima County review that the schedule completion dates shown by Knott Development in their schedule are acceptable.

2.0 INTRODUCTION

Rider Levett Bucknall ("RLB") has been contracted by Pima County to provide a review of Knott Development's ("Developer" or "Knott") Mosaic Quarter Phase 1 Project ("Project") pricing and schedule at the 60% Construction Documents (except as noted below) design stage.

The Project's Phase 1 consists of the following components:

- Fieldhouse
- Iceplex
- Site, which includes on-site civil improvement and also off-site civil improvements outside of the Project limits
- Central Utility Plant ("CUP")

RLB's services are supplemented by our subconsultant, Rounds Consulting Group, Inc. ("Rounds"), whose role is to review Knott's Phase 1 Cash Flow Projections and related information. Rounds' report is included as Appendix A to this report, and it contains a separate listing of all documents referenced by Rounds.

RLB has been provided Project documents from Knott through a secure Dropbox site. Major documents within the Dropbox site that RLB relied on for forming the basis of our report are listed below:

<u>Basis of Pricing Documents</u>

- Design Plans:
    - Iceplex 60% Construction Documents dated 24 February 2023
    - Fieldhouse 60% Construction Documents dated 24 February 2023
    - Site 60% Construction Documents dated 17 March 2023 (RLB understands that the .pdf title of these documents, which indicates 60% Design, are mislabeled, and should instead read 60% Construction Documents Design)
    - Central Utility Plant 100% Schematic Design Documents dated 31 May 2023
- Design Specifications
    - Iceplex 60% Construction Documents 60% Specifications dated 24 February 2023
    - Fieldhouse 60% Construction Documents Specifications dated 24 February 2023
- Phase 1 Draft Site Utilization Plan, which depicts site logistics and required temporary construction scope
- Geotechnical Reports prepared by Ninyo and Moore
    - Buildings Geotechnical Report dated 08 September 2021
    - Bridge Structures Geotechnical report dated 26 August 2021
    - Excavation and Corrosivity Evaluation / Water Harvesting Geotechnical Report dated 28 September 2021

<u>Pricing and Schedule Documents</u>

- Phase 1 pricing for the Iceplex, Fieldhouse, Site, and CUP dated 05 July 2023 prepared by Hensel Phelps (deemed by Knott to be Confidential between RLB and Rounds because it contains names of proposed subcontractors along with their pricing), provided to RLB by Knott on 04 August 2023 (for the purposes of this report, and even though the CUP was priced at the Schematic Design level, RLB refers to this pricing, collectively, throughout our report in certain instances, as the "60% Construction Documents Phase 1 Pricing"). This document also includes:
    - CUP 100% Schematic Design Pricing Clarifications

    - Change summary of previous CUP pricing to current CUP pricing
    - "Iceplex and Fieldhouse CUP-Related and Other Pricing Changes" from Knott's previous pricing iteration
- Fieldhouse 100% DD to 60% CD Pricing Increase Summary and Explanation received via Dropbox on 25 May 2023
- Phase 1 Construction Subcontractor Solicitation & Responses List
- Gross Receipts Tax Calculation Explanation received via Dropbox on 16 May 2023
- Phase 1 Project Schedule dated 01 June 2023 (provided to RLB by Knott on 06 July 2023)
- Phase 1 Estimated Billing Curve (or "construction cash flow" document) received via Dropbox on 26 June 2023
- Detailed Site Pricing Document received via Dropbox on 16 May 2023 (Due to the level of detail provided within this document on the individual components making up the Site pricing, Knott has labeled it as Confidential between Knott and RLB (and Rounds))
- Subcontractor RFQ Process slides received via Dropbox on 15 May 2023
- Hensel Phelps Subcontractor Request for Qualifications dated 05 January 2023 (Due to the information provided within this document, Knott has labeled it as Confidential between Knott and RLB (and Rounds) because it contains information proprietary to Hensel Phelps)

In many instances throughout this report, RLB refers to pricing, schedule, or other information generated by Hensel Phelps as Knott's information or information provided by Knott. RLB has intentionally labeled the information in this manner because Pima County's Development Agreement is with Knott, and because Pima County has no contractual relationship with Hensel Phelps.

Especially as it relates to the benchmarks, RLB's report contains multiple references to our previous Mosaic Quarter Review Report dated December 2022, which evaluated costs and schedule at the Design Development design stage.

RLB completed a limited review (only as it relates to design and construction pricing and schedule, as specifically noted in our report) of Knott's documentation versus the Development Agreement between Pima County and Knott dated 04 October 2022 ("Development Agreement").

RLB also completed a limited review of Knott's Phase 1 Cash Flow document titled "Phase I Cash Flow Assumptions (1-2-2024 Redline)[15].pdf" for the sole purpose of comparing Knott's schedule assumptions in that document versus those indicated in the Project Schedule document listed above.

At a future time to be mutually determined by Pima County, Knott, RLB and Rounds, RLB and Rounds (as applicable) will return to Knott and/or destroy and/or delete from our records any documentation provided by Knott that Knott has determined to be confidential.

Other communication was conducted as follows:

- Meeting among Knott, RLB, and Hensel Phelps on 25 April 2023
- Various additional conversations and email correspondence with Knott throughout the course of preparation of this report
- RLB corresponded with Pima County regularly throughout the preparation of our report regarding the status and content of the design, pricing, and schedule information from Knott

RLB also performed a site visit with Knott on 31 May 2023 as part of our Phase 1 review.

RLB's scope consists of the following:

- Review of the Phase 1 cost and schedule information from Knott:
  - As to whether it appears to be reasonably consistent with current market conditions
  - Versus our interpretation of Knott's requirements included in the Development Agreement (but only as referenced specifically within this report)
- Preparation of a report of findings to Pima County
- Any future participation in Pima County governmental Project meetings and approvals, which would be at the direction of Pima County

RLB's current scope for this stage does not include the following:

- Review of any project-specific tax requirements
- Exhaustive requests for project documentation
- Exhaustive and/or legal review of the Development Agreement
- Review of any value engineering documentation
- Review of pricing based on 100% Construction Documents, which we understand are intended to form the basis of Knott's contract with Hensel Phelps
- Any approvals or negotiations of Total Project Costs (or construction costs); any contesting of Total Project Costs (see Development Agreement Section 11.12)
- Review of any insurance and/or bond/completion guarantee documentation from Knott
- Discussion with any utility companies, or review of any of their design documents or contractual agreements
- Comprehensive and/or detailed independent cost estimating services and/or detailed review of design/construction quantities
- Detailed verification of progress in relation to the schedule information provided by Knott
- Commentary on suitability for any potential subcontractors and/or suppliers that may be proposed for the Project by Knott and/or their Design-Build contractor, Hensel Phelps
- Commentary with respect to any of the financial, tax, business, and/or economic development requirements found in the Development Agreement
- Review of any cost, schedule, or phasing information for the three (3) buildings adjacent to the Iceplex being developed privately by Knott that are not part of the Development Agreement
- Review of any Record of Predevelopment Work Costs per the Development Agreement
- Review of any overall Project Cost documents, which may contain costs by Knott, above those presented by Hensel-Phelps

Knott's Phase 1 pricing is summarized as follows:

Scope	Iceplex	Fieldhouse	Site	CUP	Total
Total Cost of Work	**$74,925,000**	**$42,307,000**	**$37,584,000**	**$22,225,358**	**$177,041,358**
Design - JLG	**$6,208,000**	**$3,561,000**	**$2,807,000**	**$0**	**$12,576,000**
Overall Total Indirects	**$30,355,000**	**$17,831,000**	**$17,084,000**	**$6,861,256**	**$72,131,256**
Total Cost	**$111,488,000**	**$63,699,000**	**$57,475,000**	**$29,087,614**	**$261,749,614**

Of minor note, while Knott shows a total cost of $261,749,614, RLB's calculation of Knott's numbers results in a total of $261,748,614, which is a difference of $1,000.

Based on email correspondence from Knott dated 04 August 2023, it is RLB's understanding that the 60% Construction Documents Phase 1 Pricing from Hensel Phelps of $261,749,614 will form, in large part, the basis of Knott's loan with their lender, CTL Capital. RLB also understands that Hensel Phelps and Knott are planning to agree to a Guaranteed Maximum Price ("GMP") agreement, largely based on the 100% Construction Documents. Review of the pricing for Knott's GMP agreement with Hensel Phelps is not part of RLB's scope with Pima County.

Preparation and review of pricing at a design stage less than 100% Construction Documents is an accepted and usual practice in construction contracting, as schedule constraints often dictate when pricing approvals are needed. RLB regularly performs cost consulting services at design stages prior to 100% Construction Documents for various project owners. In order to account for unknowns that may drive costs as the design develops to completion, certain contingencies are often added in order to reflect risk. Knott has added contingencies into their pricing at the 60% Construction Documents design stage, and RLB has added discussions of those contingency costs throughout later sections of this report.

RLB has not received any document showing costs in excess of what Hensel Phelps has included as part of their cost as the proposed Design-Builder. While Hensel Phelps includes some costs above and beyond the construction costs, such as a Permitting Allowance, a Development Fee Allowance, an Allowance for Furniture, Fixtures & Equipment ("FF&E) and Design for the Iceplex, Fieldhouse, and Site, there are some other Project costs that are not shown as being part of their scope, but will likely need to be captured by Knott as a Project Cost. A partial list of these costs likely includes CUP Design Fees, Solar design and construction, Third-Party Utility Company Fees (Tucson Electric Power (TEP), Cox Communications, and Southwest Gas, among possibly other utility companies), Developer Project Insurance Fees, and additional Owner-Supplied Equipment above and beyond the FF&E costs carried by Hensel Phelps. RLB believes that obtaining a total Project Cost document from Knott should be an important priority for Pima County. RLB excludes operations and maintenance financial projections from this list, as those would be reviewed separately by our Subconsultant, Rounds Consulting, as part of their portion of the report.

This report is prepared solely for Pima County. All commentary presented herein is to provide opinion on whether we believe that Knott Development's pricing is reasonably consistent with market conditions. No commentary provided within this report shall be used to support any negotiations between Knott Development and their Builder, Hensel Phelps.

3.0 PRICING REVIEW METHODOLOGIES

In reviewing the costs provided by Knott, RLB used different methods for evaluating those costs based on a combination of the following considerations:

- Where preliminary opinions were able to be formed on the Design Development pricing in our December 2022 report, such as through our benchmarking efforts for the Iceplex and Fieldhouse, RLB focused on a review of any variations in pricing from that previous benchmark, as opposed to initiating a completely new detailed review of the 60% Construction Documents pricing

- Where benchmarking decisions were not able to be formed on the Design Development pricing in our December 2022 report, such as for the Site, RLB requested and received more detailed pricing information from Knott, and we reviewed what we believe to be a representative sample
- Where a large part of the construction work had already been priced by a proposed subcontractor of Knott's planned Design-Build Contractor, Hensel Phelps, such as for the Iceplex, Fieldhouse, and Site, RLB reviewed Hensel Phelps' subcontractor solicitation participation results in order to evaluate pricing competition
- For parts of the Work where design was progressed to a lesser stage and where participation by Hensel Phelps' proposed subcontractors was assumed to be less defined, such as for the CUP, RLB performed a combination of high-level independent estimates and pricing reviews, by trade, for major construction components

In most cases, the pricing information that was provided by Knott includes only minimal detail for all of the numerous components to be included in the construction, so we believe that our review and opinion on whether the pricing is consistent with current market conditions should correspondingly be elaborated to a similar level. Furthermore, since all Project costs are to be paid by Knott (as further defined by Section 11.12 and related Sections of the Development Agreement), and because Pima County takes no direct risk in paying those costs, or any such overruns, we believe our approach of performing a high-level review of the Project costs is justified further.

Benchmarking Methodology Explained

For Building projects, an industry-recognized technique called "benchmarking" is often used to evaluate costs in situations where an in-depth granular review may not be justified. In reviewing Knott's preliminary pricing at the Design Development level in our December 2022 report, RLB completed a benchmark analysis for each of the Fieldhouse and Iceplex. The benchmarking process is enumerated, and was executed by RLB in our past report, as follows:

- RLB conducted research to identify recent sample projects of similar scope for comparing costs
- Location factors based on the United States city where those projects were built, and cost escalation factors based on month and year constructed were applied for cost normalization to the local market and planned month and year of construction for Mosaic Quarter
- Costs were then divided by the total area of each project so that a cost per square foot comparison could be determined

While great care is taken during the cost benchmarking process, this method carries inherent inaccuracies and risks, mainly due to the "whole building" approach where details of specific construction materials and site logistics are only minimally considered. We therefore believe that reviewing Knott's pricing for the Fieldhouse and Iceplex versus a benchmark is justified in this situation, where Pima County is not paying the Project costs, and where we are evaluating whether Knott's pricing appears to be reasonably consistent with market conditions. Some of the risks involved in a benchmarking analysis are as follows:

- The cost data received for the sample projects may not be entirely reliable because of lack of clarity of the exclusions and inclusions in the pricing
- Many times, it is not clear to what extent the sample project's related sitework (as well as any offsite work) costs are included in its pricing
- The reported construction period and pricing data collected for a sample project could vary from actual dates, hence creating potential inaccuracy in the cost escalation factors

- In general, each sample project has its own unique parameters and risks which play a significant role in the overall construction cost

Because the 60% Construction Documents design and pricing information provided by Knott progressed reasonably from the Design Development set, RLB used these prior benchmarks, in large part, as the initial basis for review of the 60% Construction Documents pricing. RLB believes that this approach is sufficient in arriving at the opinions included in this report.

Site Pricing Review Methodology

Phase 1 of Mosaic Quarter contains a large Site scope, which includes improvements both inside and outside of the Mosaic Quarter's property limits. While benchmarking is an industry-recognized technique for evaluating Building costs, it is much less accurate and much less widely used for evaluating Civil and Sitework costs. After reviewing the initial Site summary cost information provided by Knott, RLB requested, and Knott in turn provided to RLB, more detailed quantity and unit pricing information from Knott's proposed subcontractors. RLB then evaluated those costs through review of a select sample of the smaller components included. This more detailed information that Knott provided has been deemed to be confidential and proprietary by Knott (as is reasonable for this type of information under this Project's circumstances), which limits the extent to which RLB can comment on it in this report (see Section 6 of this report for additional information).

Central Utility Plant Review Methodology

RLB learned in April of this year that Knott plans to include a central utility plant in their Phase 1 scope. The CUP was not included in Knott's preliminary pricing late last year, so our December 2022 report did not cover the CUP in any capacity. Like sitework costs, central utility plants are also not usually conducive to benchmarking for evaluating costs. It is notable that the Mosaic Quarter CUP's design, which was at the Schematic Design level as the basis for Knott's current pricing, was at a much earlier design stage than the other components priced at this stage of the Project. Using our experience in construction costs in the Southern Arizona market, RLB completed a combination of reviews and high-level independent cost estimates to evaluate Knott's pricing.

Market Outreach

The Phase 1 Construction subcontractor solicitation list provided by Knott appears to demonstrate substantial market outreach and coverage for several major trades. Because the Developer's team has reached out to and received pricing from, with some exceptions, a large pool of subcontractors through a seemingly thorough outreach, procurement, and selection process, we believe that much of the pricing included is more likely to be reasonably consistent with current market conditions. Further discussions on subcontractor bid solicitations and responses are found in Sections 6 and 8 of this report.

4.0 FIELDHOUSE PRICING REVIEW

This section of our report includes pricing analysis for the Fieldhouse building. Below is a table showing a breakdown of the costs included within Knott's 60% Construction Documents pricing:

Scope	Fieldhouse
Total Cost of Work	**$42,307,000**
Design	**$3,561,000**
GC/GRs	$3,764,000
General Liability & Builder's Risk Ins.	$469,000
Payment & Performance Bond	Not Applicable
Building Permit Allowance	$544,000
Completion Guarantee Fee	$480,000
Preconstruction	$243,000
Design-Builder Fee	$1,920,000
Contractor Fee	$1,920,000
Subtotal GC Indirects	**$9,340,000**
Development Fee Allowances	Not Applicable
Design Contingency	$1,013,000
Bidding & Construction Reserves	$2,532,000
Escalation	$1,013,000
FF&E Allowance	$507,000
Total Project Indirects	**$5,065,000**
Gross Receipts Tax	$3,426,000
Total Cost	**$63,699,000**

RLB enacted the following steps in reviewing the 60% Construction Documents Fieldhouse pricing:

Step 1 – Revisit the Design Development benchmark: Given the results of our benchmarking exercise completed on Knott's preliminary pricing in our December 2022 report, RLB is able to reference those results as a starting point for evaluating the 60% Construction Documents pricing. RLB calculated a benchmark for the Fieldhouse of $446.04 per square foot, which, at the Design Development building area of 132,900 sf, equaled a total of $59,278,278.

Step 2 – Adjust the benchmark cost for building area: The Fieldhouse building area decreased from 132,900 sf at Design Development to 131,300 sf at the 60% Construction Documents design stage. At the benchmark cost of $446.04 per square foot, the revised Fieldhouse benchmark total equals $58,565,052. Knott's pricing sheet shows a building area of 131,000 square feet, which is very close to the Fieldhouse area calculated by RLB.

Step 3 – Adjust the Fieldhouse benchmark for Cost Escalation: Our December 2022 report assumed a construction midpoint of July 2024 based on the schedule information that had been presented by Knott at that time. The 01 June 2023 CPM provided by Knott now shows a Fieldhouse construction midpoint of August 2025. To account for this additional 13 months, RLB has escalated the benchmark unit rate of $446.04 by 5% to arrive at a new cost of $468.34. This new unit cost results in a total Fieldhouse benchmark cost of $61,493,042.

Steps 1 through 3 are also shown in the table below, with the change for that Step highlighted in yellow:

Step	Benchmarked Cost per SF	Building Gross SF	Assumed Mid-Point of Construction*	Benchmarked Cost
1	$446.04	132,900	July 2024	$59,278,278
2	$446.04	131,300	July 2024	$58,565,052
3	$468.34	131,300	August 2025	$61,493,042

*Based on Phase 1 Project Schedule dated 01 June 2023

Step 4 – Revisit Original Benchmark Assumptions: After reviewing the 60% Construction Documents design and pricing assumptions, RLB believed it was appropriate to remove the lowest priced sample project from our benchmark (Sample Project 2), which had a cost per square foot of $301.44, and is much lower than each of the other sample projects' cost and the Mosaic Quarter Fieldhouse's cost. Short of obtaining specific design details for that project, RLB believes that this project could not have included quality and features representative of the Fieldhouse planned by Knott for Mosaic Quarter. A summary of the modifications to the benchmark is included below:

	Fieldhouse	
	December 2022 Benchmark	**September 2023 Benchmark**
Sample Project 1	$486.51	$486.51
Sample Project 2	$301.44	
Sample Project 3	$466.97	$466.97
Sample Project 4	$529.23	$529.23
Benchmark Average	**$446.04**	**$494.24**

To further support this modification to the benchmark, in April of 2023, RLB learned that the Fieldhouse pricing increased by roughly $11M from its cost at the Design Development stage. The largest increases making up this difference were: roughly $5M for larger steel sections and connections (which we were told by Knott were added, in part, to decrease sound and vibration from the 2nd floor), and roughly $2.5M for Building Specialties to improve the amenities and functionality of the building. Other notable increases were for Masonry (roughly $800k) and Electrical (roughly $900k). These improvements result in a Fieldhouse of higher quality than at the Design Development stage, which supports its comparison against a higher benchmark amount.

Step 4a below modifies the original benchmark to remove the lowest priced sample project, and Step 4b below escalates that new unit cost by 5% to account for the 13-month increase in construction mid-point

Step	Benchmarked Cost per SF	Building Gross SF	Assumed Mid-Point of Construction*	Benchmarked Cost
4a	$494.24	131,300	July 2024	$64,893,712
4b	$518.96	131,300	August 2025	$68,139,448

*Based on Phase 1 Project Schedule dated 01 June 2023

Step 5 – Adjust the Fieldhouse Cost to exclude its Design, Permit, and Preconstruction costs: On the Mosaic Quarter project, on which Knott is planning to contract with Hensel Phelps through the Design-Build delivery method, Hensel Phelps has included Design ($3,561,000), Permit ($544,000), and Preconstruction ($243,000) costs in their pricing, which total $4,348,000. It is customary to not include these costs in construction benchmarks, and RLB believes that the Fieldhouse benchmark sample projects would not have included similar costs in their totals either. Therefore, for the purposes of comparison to the benchmark, RLB has removed the Design, Permit, and Preconstruction costs from Knott's total Fieldhouse cost of $63,699,000, for an adjusted total cost of **$59,351,000.**

Step 6 – Adjust the Fieldhouse Cost to include Site costs: Knott's Phase 1 pricing format specifically excludes Site costs from the Fieldhouse costs, and includes all Site costs for Phase 1 under a different cost category. RLB believes that the sample projects included in the benchmark would have included their own sitework costs, so RLB must include the applicable portion of the Site costs attributable to the Fieldhouse in the Fieldhouse benchmark comparison. Through our experience, RLB estimates that sitework costs for this Fieldhouse should equate to another roughly 20 percent on top of the Fieldhouse building costs. 20 percent of the Fieldhouse construction cost of $59,351,000 equates to **$11,870,200** (of the overall $52,947,000 Site construction cost – see Section 6 for more details), which, when added to the construction cost, equals **$71,221,200.**

Step 7 – Increase the Fieldhouse cost for Chiller/CUP reduction for benchmark comparison: Knott's Phase 1 pricing dated 05 July 2023 contains reductions (from previous Fieldhouse pricing documents), mainly in mechanical (chillers) and electrical costs, through Fieldhouse scope deletions whose functionality was instead captured as part of the CUP scope. It is not uncommon for large projects with multiple facilities such as Mosaic Quarter to include central utility plants. Based on the limited information we have about the sample projects, we are led to believe that the benchmark sample projects would have included self-contained systems to power them, instead of being powered by separate central utility plants. Therefore, it is unrealistic to benchmark a Fieldhouse relying on a central utility plant against a Fieldhouse without a central utility plant. The addition of the CUP eliminates the need for only a small portion of the Fieldhouse's electrical and mechanical systems, and Knott included within their Phase 1 pricing dated 05 July 2023 a high-level summary of how the Fieldhouse and Iceplex costs decreased because of the addition of the CUP, but did not specify how that reduction was distributed between the Fieldhouse and Iceplex. Knott did not provide RLB revised design drawings showing how the Fieldhouse and Iceplex were to be modified due to these (and other) scope modifications. Based on the information provided by Knott (in the Phase 1 pricing dated 04 August 2023), RLB estimates that the Fieldhouse price (alone) would increase roughly by **$1,100,000** (including markups) in the absence of the CUP. Adding this amount to the total above results in an adjusted Fieldhouse total cost of **$72,321,200.**

It is very important to note that this increase of $1,100,000 is entered solely to allow for reasonable comparison to the benchmark; this cost does not figure into the Project total because all related costs are captured elsewhere within Knott's Phase 1 pricing.

Step 8 – Compare Adjusted Fieldhouse Cost to Benchmark: The adjusted Fieldhouse Cost of $72,321,200 is roughly 6.1% higher than the revised benchmark cost of $68,139,448.

Step 9 – Compare Adjusted Fieldhouse Cost to Highest Benchmark Entry: Benchmark Sample Project 4 contained the highest cost per square foot of all of the sample projects, at $529.23. This cost assumed a midpoint of construction of July 2024, so when escalated by 5% to reflect a construction midpoint of August 2025 (based on the Phase 1 Project Schedule dated 01 June 2023), the cost per square foot of that sample project increases to $555.59, which, at a total building area of 131,300 square feet (to match the Mosaic Quarter Fieldhouse), results in a cost of **$72,962,294**. The difference between this sample project cost and the adjusted Fieldhouse cost of $72,321,200 is very small.

A summary of Steps 5 through 9 is shown below:

	Fieldhouse Cost (Including Design, Permit, Precon)	$63,699,000	
Step 5	Fieldhouse Design, Permit, Precon Cost	$4,348,000	
Step 5	Fieldhouse Cost (Without Design, Permit, Precon)	$59,351,000	
Step 6	Fieldhouse Site Allocation	$11,870,200	
Step 6	Fieldhouse Cost Including Site Allocation	$71,221,200	
Step 7	Fieldhouse Chiller Adjustment for CUP	$1,100,000	
Step 7	Fieldhouse Cost with Site and CUP Adjustment	$72,321,200	6.1% Above Revised Benchmark
Step 8	Revised Benchmark Cost	$68,139,448	
Step 7	Fieldhouse Cost with Site and CUP Adjustment	$72,321,200	Slightly less than Highest Benchmark Entry
Step 9	Highest Benchmark Entry	$72,962,294	

Fieldhouse Pricing Conclusions

Based on the information above, with the Mosaic Quarter Fieldhouse's cost being 6.1% above the revised benchmark, and roughly equal to the extended cost of the highest priced sample project within the benchmark, RLB believes that the Mosaic Quarter Fieldhouse's cost falls within a reasonable range of market conditions for Southern Arizona. Because much of Knott's 60% Construction Document pricing for the Fieldhouse is based on pricing assurances from Hensel Phelps' subcontractors through a thorough outreach and procurement process, our opinion is reinforced.

One Fieldhouse cost category that RLB believes may be higher than expected is the sum of Knott's costs for Design Contingency ($1,013,000), Bidding & Construction Reserves ($2,532,000), and Escalation ($1,013,000), which total $4,558,000, and collectively equates to ten percent of the sum of the Total Cost of Work plus General Conditions / General Requirements. At this stage in the Project, where design was nearly complete as of the time of the pricing, RLB believes that a collective figure closer to 6-7% might have been more representative of the current market. If applied, this lower factor would result in a lower total cost of roughly $1.3 million - $1.8 million (range), and would

position the Mosaic Quarter Fieldhouse closer to the revised benchmark. While RLB makes the above comment based on pricing we have seen on recent projects in Southern Arizona, we do not have perfect information into Knott's pricing methodologies and the discussions they have had with their trade partners about how to structure and quantify their cost risks. **RLB's commentary in this paragraph is solely aimed at adding context to our conclusions, and should in no way be considered as any intent or influence on our part to decrease Knott's pricing.**

Perhaps the largest variable in the adjusted Fieldhouse cost is the amount allocated to it for sitework from the Site cost category within Knott's pricing. RLB arrived at adding an amount equal to 20% of the building cost for the sitework based on our past experience, however, for the Mosaic Quarter project, whose overall sitework covers multiple facilities and also helps support future phases, it becomes even more difficult to interpret from the design exactly how much of it should be attributed to a particular building. More commentary on the allocation of the Site costs is presented in Section 6 of this report.

5.0 ICEPLEX PRICING REVIEW

This section of our report includes pricing analysis for the Iceplex building. Below is a table showing a breakdown of the costs included within Knott's 60% Construction Documents pricing:

Scope	Iceplex
Total Cost of Work	**$74,925,000**
Design	**$6,208,000**
GC/GRs	$5,646,000
General Liability & Builder's Risk Ins.	$821,000
Payment & Performance Bond	Not Applicable
Building Permit Allowance	$952,000
Completion Guarantee Fee	$840,000
Preconstruction	$534,000
Design-Builder Fee	$3,358,000
Contractor Fee	$3,358,000
Subtotal GC Indirects	**$15,509,000**
Development Fee Allowances	Not Applicable
Design Contingency	$1,771,000
Bidding & Construction Reserves	$4,428,000
Escalation	$1,771,000
FF&E Allowance	$885,000
Total Project Indirects	**$8,855,000**
Gross Receipts Tax	$5,991,000
Total Cost	**$111,488,000**

RLB enacted the following steps in reviewing the 60% Construction Documents Iceplex pricing:

Step 1 – Revisit the Design Development benchmark: Given the results of our benchmarking exercise completed on Knott's preliminary pricing in our December 2022 report, RLB is able to reference those results as a starting point for evaluating the 60% Construction Documents pricing. RLB calculated a benchmark for the Iceplex of $720.02 per square foot, which, at the Design Development building area of 163,700 sf, translated to a total of $117,867,483.

Step 2 – Adjust the benchmark cost for building area: The Iceplex building area increased from 163,700 sf at Design Development to 172,805 sf at the 60% Construction Documents design stage. At the benchmark cost of $720.02 per square foot, the revised Iceplex benchmark total equals $124,423,056. Knott's pricing sheet shows a building area of 175,000 square feet, which is very close to the Iceplex area calculated by RLB.

Step 3 – Adjust the Iceplex benchmark for Cost Escalation: Our December 2022 report assumed a construction midpoint of July 2024 based on the schedule information that had been presented by Knott at that time. The 01 June 2023 CPM provided by Knott now shows an Iceplex construction midpoint of November 2024. To account for this

additional 4 months, RLB has escalated the benchmark unit rate of $720.02 by 1.5% to arrive at a new cost of $730.82. This new unit cost results in a total Iceplex benchmark cost of $126,289,402.

Steps 1 through 3 are also shown in the table below, with the change for that Step highlighted in yellow:

Step	Benchmarked Cost per SF	Building Gross SF	Assumed Mid-Point of Construction*	Benchmarked Cost
1	$720.02	163,700	July 2024	$117,867,483
2	$720.02	172,805	July 2024	$124,423,056
3	$730.82	172,805	November 2024	$126,289,402

*Based on Phase 1 Project Schedule dated 01 June 2023

Step 4 – Adjust the Iceplex Cost to exclude its Design, Permit, and Preconstruction costs: On the Mosaic Quarter project, on which Knott is planning to contract with Hensel Phelps through the Design-Build delivery method, Hensel Phelps has included Design costs ($6,208,000), Permit Costs ($952,000), and Preconstruction Costs ($534,000) in their pricing, which total $7,694,000. It is customary to not include these costs in construction benchmarks, and RLB believes that the Iceplex benchmark sample projects would not have included similar costs in their totals either. Therefore, for the purposes of comparison to the benchmark, RLB has removed Design, Permit, and Preconstruction cost from Knott's total Iceplex cost of $111,488,000, for an adjusted total cost of **$103,794,000.**

Step 5 – Adjust the Iceplex Cost to include Site costs: Knott's Phase 1 pricing format specifically excludes Site costs from the Iceplex costs, and includes all Site costs for Phase 1 under a different cost category. RLB believes that the sample projects included in the benchmark would have included their own sitework costs, so RLB must include the applicable portion of the Site costs attributable to the Iceplex in the Iceplex benchmark comparison. Through our experience, RLB estimates that sitework costs for this Iceplex should equate to another roughly 25 percent on top of the Iceplex building costs. 25 percent of the Iceplex construction cost of $103,794,000 equates to **$25,948,500** (of the overall $52,947,000 Site construction cost – see Section 6 for more detail), which, when added to the construction cost, equals **$129,742,500.** It is important to note that the Site costs include significant costs for underground retention tanks and pumps for the Iceplex recirculation system, which is the main reason why the percentage of Site costs that RLB has allocated to the Iceplex is higher than the Site cost percentage allocated to the Fieldhouse.

Step 6 – Increase the Iceplex cost for Chiller/CUP reduction for benchmark comparison: Knott's Phase 1 pricing dated 05 July 2023 contains reductions (from previous Iceplex pricing documents), mainly in mechanical (chillers) and electrical costs, through Iceplex scope deletions whose functionality was instead captured as part of the CUP scope. It is not uncommon for large projects with multiple facilities such as Mosaic Quarter to include central utility plants. Based on the limited information we have about the sample projects, we are led to believe that the benchmark sample projects would have included self-contained systems to power them, instead of being powered by separate central utility plants. Therefore, it is unrealistic to benchmark an Iceplex relying on a central utility plant against an Iceplex without a central utility plant. The addition of the CUP eliminates the need for only a small portion of the Iceplex's electrical and mechanical systems, and Knott included within their Phase 1 pricing dated 05 July 2023 a high-level summary of how the Fieldhouse and Iceplex costs decreased because of the addition of the CUP, but did not specify how that reduction was distributed between the Fieldhouse and Iceplex. Knott did not provide

RLB revised design drawings showing how the Fieldhouse and Iceplex were to be modified due to these (and certain other) scope modifications. Based on the information provided by Knott (in the Phase 1 pricing received on 04 August 2023), RLB estimates that the Iceplex price (alone) would increase by roughly **$2,000,000** (including markups) in the absence of the CUP. Adding this amount to the total above results in an adjusted Iceplex total cost of **$131,742,500.**

It is very important to note that this increase of $2,00,000 is entered solely to allow for reasonable comparison to the benchmark; this cost does not figure into the Project total because all related costs are captured elsewhere within Knott's Phase 1 pricing.

Step 7 – Compare Adjusted Iceplex Cost to Benchmark: The adjusted Iceplex Cost of $131,742,500 is roughly 4.3% higher than the revised benchmark cost of $126,289,402.

A summary of Steps 4 through 7 is shown below:

	Iceplex Cost (Including Design, Permit, Precon)	$111,488,000	
Step 4	Iceplex Design, Permit, Precon Cost	$7,694,000	
Step 4	Iceplex Cost (Without Design, Permit, Precon)	$103,794,000	
Step 5	Iceplex Site Allocation	$25,948,500	
Step 5	Iceplex Cost Including Site Allocation	$129,742,500	
Step 6	Iceplex Chiller Adjustment for CUP	$2,000,000	
Step 6	Iceplex Cost with Site and CUP Adjustment	$131,742,500	4.3% Above Benchmark
Step 7	Benchmark Cost	$126,289,402	

Iceplex Pricing Conclusions

Based on the information above, with the Mosaic Quarter Iceplex's cost being 4.3% above the revised benchmark, RLB believes that its cost falls within a reasonable range of market conditions for Southern Arizona. Because much of Knott's 60% Construction Document pricing for the Iceplex is based on pricing assurances from Hensel Phelps' subcontractors through a thorough outreach and procurement process, our opinion is reinforced.

One Iceplex cost category that RLB believes may be higher than expected is the sum of Knott's costs for Design Contingency ($1,771,000), Bidding & Construction Reserves ($4,428,000), and Escalation ($1,771,000), which total $7,970,000, and collectively equates to just under ten percent of the sum of the Total Cost of Work plus General Conditions / General Requirements. At this stage in the Project, where design was nearly complete as of the time of the pricing, RLB believes that a collective figure closer to 6-7% might have been more representative of the current market. If applied, this lower factor would result in a lower total cost of roughly $2 million - $3 million (range), and would position the Mosaic Quarter Iceplex closer to the revised benchmark. While RLB makes the above comment based on pricing we have seen on recent projects in Southern Arizona, we do not have perfect information into Knott's pricing methodologies and the discussions they have had with their trade partners about how to structure and quantify their cost risks. **RLB's commentary in this paragraph is solely aimed at adding context to our conclusions, and should in no way be considered as any intent or influence on our part to decrease Knott's pricing.**

Perhaps the largest variable in the adjusted Iceplex cost is the amount allocated to it for sitework from the Site cost category within Knott's pricing. RLB arrived at adding an amount equal to 25% of the building cost for the sitework based on our past experience, however, for the Mosaic Quarter project, whose overall sitework covers multiple facilities and also helps support future phases, it becomes even more difficult to interpret from the design exactly how much of it should be attributed to a particular building. More commentary on the allocation of the Site costs is presented in Section 6 of this report.

6.0 SITE PRICING REVIEW

The 60% Construction Documents pricing includes the Phase 1 Site cost summary. The pricing has been broken down into direct cost of construction work, including General Conditions, which is shown as "**Total Cost of Work"**. Indirect costs are shown below with specific subtotals:

Scope	Site
Testing & Inspections	$162,000
Surveying	$51,000
Masonry	$19,000
Steel	$123,000
Painting & Related	$11,000
Electrical	$5,492,000
Sitework	$17,911,000
Asphalt & Related	$6,169,000
Site Concrete	$3,264,000
Pre-Engineered Bridges	In Sitework Cost
Traffic Signalization	$862,000
Landscaping	$2,553,000
Water Features	$339,000
Fencing	$22,000
Site Specialties	$606,000
Total Cost of Work	**$37,584,000**
Design	**$2,807,000**
GC/GRs	$3,593,000
General Liability & Builder's Risk Ins.	$416,000
Payment & Performance Bond	Not Applicable
Building Permit Allowance	$482,000
Completion Guarantee Fee	$425,000
Preconstruction	$234,000
Design-Builder Fee	$1,702,000
Contractor Fee	$1,702,000
Subtotal GC Indirects	**$8,554,000**
Development Fee Allowances*	$1,005,000*
Design Contingency	$898,000
Bidding & Construction Reserves	$2,244,000
Escalation	$898,000
FF&E Allowance	$449,000
Total Project Indirects	**$5,494,000**
Gross Receipts Tax	$3,036,000
Total Cost	**$57,475,000**

*Based on documents provided, this cost was included. More recent input indicates that these costs are no longer applicable.

The costs shown under the category labeled “Site” in the Phase 1 cost model are understood to include Phase 1 sitework costs, including those related to the Fieldhouse and Iceplex building construction, such as grading, earthwork, and utilities. As such, RLB understands that the Fieldhouse and Iceplex Building costs do not include any of the typical site-related construction costs. Knott has noted that the sitework solely includes costs within the Phase 1 area only (and no Sitework costs within Phases 2 and 3), aside from the minor work as shown in their Draft Site Utilization Plan.

Due to the variability of sitework scopes associated with building developments, benchmarking evaluations are typically not performed in evaluating sitework pricing, so RLB made a request to Knott to provide additional detail on the pricing and work quantities. Knott later provided an additional pricing sheet to RLB that shows pricing and quantity detail for many different elements comprising the Site pricing, however, due to Knott’s indication that this information is considered proprietary to Hensel Phelps and their subcontractors who prepared it, as is reasonable for this type of information under this Project’s circumstances, this document was sent by Knott to RLB under strict confidentiality. Therefore, RLB is unable to list specific pricing and quantity comparisons within this report.

RLB reviewed selected major portions of pricing and quantity detail for the 60% Construction Documents Site pricing for items such as:

- Overall Site Electrical
- Demolition
- Grading and Earthwork
- Water Lines and Appurtenances and Reclaimed Water Line
- Pump Station
- Sewer Lines and Manholes (both Public and Private)
- Storm Drain System
- Underground Retention Tanks and Pumps for the Iceplex recirculation system
- Gas
- Vehicular and Pedestrian Bridges
- Aggregate Base and Asphalt for Roads and Parking Lots
- Curb and Sidewalk
- Traffic Signal
- Landscaping and Irrigation

As RLB’s role is to opine on whether Knott’s pricing appears to be reasonably consistent with market conditions, we did not perform quantity takeoffs and pricing analysis on all items within Knott’s Site scope. We reviewed pricing and quantity for our selected items, and our objective was to look for trends in Knott’s pricing. While we found some elements of Knott's Site pricing that may suggest further inquiry (which are listed below), we can opine that it generally trends toward being reasonably consistent with market conditions, but at the higher end of that pricing scale.

Specific items within Knott’s Site pricing reviewed by RLB appear to be priced reasonably, subject to the following comments:

- Knott’s Building Pad Over-Excavation quantity is over three times higher than that which was calculated by RLB, and their unit pricing for this work appears to be higher than what would be expected in this market

- Based on the information presented, RLB is not able to ascertain whether all TEP Site Electrical Conduit and Telecom Site Conduit is assumed to be in different trenches (and if costs would be lower if it is determined that at least some of each are to be placed in the same trench)
- RLB believes that the water line pricing included by Knott appears to be higher than we would expect to see in today's market; additionally, RLB believes that Knott's water line unit pricing appears to be inconsistent with their fire line pricing
- RLB believes that that Knott's small diameter private sewer line pricing appears to be higher than we would expect to see in today's market
- Knott included pricing for roughly 50% more sewer manholes than RLB was able to locate on the Site plans
- Through our initial review, RLB believes that Knott's sewer bypass pricing may be higher than required, however, Knott will have more information than RLB on site conditions and considerations necessary in preparing this cost
- Knott's quantity for 24" HDPE Storm Drain is roughly 33% higher than the quantity calculated by RLB
- Knott included pricing for roughly 30% more storm drain manholes than RLB was able to locate on the Site plans
- RLB believes that Knott's Catch Basin unit pricing is higher than we would expect to see in today's market
- Knott's unit pricing for Parking Lot Drives asphalt and aggregate base appears to be lower than market conditions
- RLB believes that Knott's Curb unit pricing is inconsistent, as some items carry unit prices much lower than we would expect, and other items carry unit prices higher than we would expect
- Knott's Traffic Signal pricing (in total) appears to be as high as double or more than what we would expect to see, however, based on the way that Knott's pricing is presented, RLB suspects that this variance may have resulted because of a difference in understanding of scope between RLB and Hensel Phelps

Some of the major considerations listed in the Geotechnical Reports referenced are as follows:

- The site has encountered zones of very dense soil conditions including caliche, cobbles, and boulders which could be hard to excavate and hence increase cost of excavations
- Zones of relatively less cohesive soils were encountered during field testing, and such conditions could result in less stable drilled shafts or deep utility trenches and might require temporary stabilization, resulting in higher-than-normal costs

Knott provided the three Geotechnical Reports listed in Section 2 of this report, but did not specifically indicate them as any basis of their pricing.

In order to maintain Pima County's asphalt bike loop traffic during construction, Knott will need to relocate it temporarily to a different location, as shown in the Draft Site Utilization Plan. It is RLB's understanding that Knott's pricing includes costs to cover this improvement.

RLB was able to parametrically compare Knott's overall landscaping and irrigation pricing against similar projects. After this review, RLB believes that Knott's overall landscaping pricing is reasonably consistent with market conditions

One Site cost category that RLB believes may be higher than expected is the sum of Knott's costs for Design Contingency ($898,000), Bidding & Construction Reserves ($2,244,000), and Escalation ($898,000), which total

$4,040,000, and collectively equates to just under ten percent of the sum of the Total Cost of Work plus General Conditions / General Requirements. At this stage in the Project, where design was nearly complete as of the time of the pricing, RLB believes that a collective figure closer to 8-9% might have been more representative of the current market. If applied, this lower factor would result in a lower total cost of roughly $300,000 - $750,000 (range). While RLB makes the above comment based on pricing we have seen on recent projects in Southern Arizona, we do not have perfect information into Knott's pricing methodologies and the discussions they have had with their trade partners about how to structure and quantify their cost risks. **RLB's commentary in this paragraph is solely aimed at adding context to our conclusions, and should in no way be considered as any intent or influence on our part to decrease Knott's pricing.**

The Phase 1 Mosaic Quarter area contains some Commercial Pads, and based on discussions with Knott, it is RLB's understanding that the only related costs covered by Hensel Phelps in their Phase 1 pricing are to run those future buildings' utilities to within 5' of the pads and to perform grading of those pads. It is also RLB's understanding that Knott intends the develop those pads using costs outside of those presented by Hensel Phelps.

As an additional measure to review Knott's Site pricing, RLB considered the Fieldhouse and Iceplex Site cost allocations, as shown in Sections 4 and 5, respectively, in order to calculate a potential cost for the remaining sitework not directly attributed to one of those facilities. In doing so, RLB also removed the Site Design ($2,807,000), Permit ($482,000), Preconstruction ($234,000), and Development Fee ($1,005,000)* costs in an effort to look solely at a Construction cost comparison. A small Site Allocation of $750,000 has been considered for the CUP, as it appears from the documentation provided by Knott that most of the site-related costs for the CUP have already been included in the CUP pricing. A summary of these costs is included below, which shows a potential General Site Cost Allocation (for scope not directly attributed to the Fieldhouse, Iceplex, or CUP) of **$14,378,000**:

Site Cost	**$57,475,000**	
Site Design Cost	$2,807,000	
Site Permit Cost	$482,000	
Site Preconstruction Cost	$234,000	
Site Development Fee Cost*	$1,005,000*	
Adjusted Site Construction Cost	**$52,947,000**	Site Cost without Design, Permit, Preconstruction, and Development Fee
Iceplex - Potential Site Allocation	$25,948,500	25% of the cost included by Knott for "Iceplex"
Fieldhouse - Potential Site Allocation	$11,870,200	20% of the cost included by Knott for "Fieldhouse"
CUP - Potential Site Allocation	$750,000	Most site-related costs for CUP appear to be in the "CUP" pricing already
General Site Allocation (Remaining Amount)	**$14,378,300**	

*Based on documents provided, this cost was included. More recent input indicates that these costs are no longer applicable.

While Knott has conveyed its intent to RLB that all of the Phase 1 sitework is for Phase 1, it is also apparent from the Design that there are certain major elements of Phase 1 that would be reduced in scope if Knott was not planning for future phases. The largest scopes falling into this category are likely:

- Portions of cost for the Bridges
- Portions of cost for the Onsite Road Network
- Portions of cost for the Offsite Road and Traffic Signal Improvements
- Portions of cost for Site Concrete, Landscaping, Earthwork, and Utilities

RLB has reviewed Knott's Site pricing detail and believes that the potential $14,378,000 figure listed above would fall at the high end of the reasonable range for the Site scope not directly attributable to the Fieldhouse, Iceplex, and CUP. RLB relies, in part, on the confidential (as is reasonable for this type of information under this Project's circumstances) detailed Site pricing information provided by Knott in forming our opinion, which limits our ability to list supporting details in our report.

RLB stresses that these Site Allocation review comments are only one data point in our review of the Site costs. The analysis that we have chosen to use is not an exact science, as the extent to which the Phase 1 Site pricing may be attributed to General Mosaic Quarter site costs is based on a subjective approach.

Any comment above regarding the potential allocation of Site costs to future Mosaic Quarter phases or to facilities other than the Fieldhouse, Iceplex, and CUP should not be taken as any commentary on Knott's development strategy for phasing the construction.

Within the total Site cost category, the largest price heading from Knott is for "Sitework", for which Knott includes a cost of $17,911,000. For the "Sitework" scope, Knott's RFQ Bid Solicitation and Response sheet shows that they contacted seven contractors and received six proposals. In RLB's opinion, this is a strong subcontractor response for today's market. Although RLB has not been privy to viewing the proposals from the five unsuccessful proposers, RLB believes that, at least in this case, Knott's subcontractor selection process, and the market's response, should likely result in fair and reasonable pricing.

Our comments above are formed under what RLB believes is a logical approach, given our parameters with Pima County, in providing opinion on whether Knott's Site costs fall within reasonable expectations for the current market.

7.0 CENTRAL UTILITY PLANT PRICING REVIEW

This section of our report includes pricing analysis for the CUP. Central utility plants are generally not conducive to benchmarking, so in order to review Knott's pricing, RLB evaluated pricing for the major scopes based on our review of the design and on our experience in Southern Arizona. RLB also reviewed Knott's CUP pricing clarifications, which are included as a separate page within their 05 July 2023 pricing document, as part of the basis for our commentary. Unlike the Iceplex, Fieldhouse, and Site, which are structured in a Design-Build arrangement where Hensel Phelps has hired lead designer JLG Architects, the information provided to RLB indicates that Knott has engaged with JLG Architects directly for the CUP design. This contracting arrangement more resembles a "Construction Manager At-Risk" structure, where the project owner hires the contractor and designer separately. Knott's CUP pricing is based off of 100% Schematic Design, which is a much earlier design stage than the 60% Construction Documents from which the other Project components were priced. As such, many design details were

not available for Knott to price every single granular element of the CUP. Pricing a design at the Schematic Design stage is a normal practice, and is usually enacted when driven by (as in the case of Mosaic Quarter project) constraints in the project schedule. Contractors pricing projects at this design stage use their experience from past projects, often times with the input of key subcontractors, to arrive at their bids. In order to account for unknowns in the design that may develop as the design progresses, contractors often add contingencies costs to their overall pricing. Knott has separated their contingency costs into Design Contingency, Bidding and Construction Reserve Contingency, and Pricing Escalation Contingency, and these costs are shown in this section below. Directly below is a table showing a breakdown of the Cost-of-Work items included within Knott's 60% Construction Documents pricing, along with our comments:

Scope	CUP	RLB CUP Pricing Comments
Testing & Inspections	$33,242	
Commissioning	$33,292	
Surveying	$11,114	
Structural Concrete	$450,650	Pricing appears to be reasonably consistent with market conditions
Masonry	$904,990	Pricing appears to be 20% higher (or more) than market conditions
Steel	$1,126,100	Pricing appears to be 50% higher (or more) than market conditions
Carpentry - w/ Bldg Specialties	$19,125	
Roofing	$301,175	Pricing appears to be reasonably consistent with market conditions
Sealants & Fireproofing	$40,800	For the sum of these items, pricing appears to be 10%-20% higher than market conditions
Building Specialties	$249,800	
Drywall & Related	$219,370	
Flooring	$16,290	
Painting & Related	$110,325	
Fire Protection	$40,800	Pricing appears to be roughly half of what RLB would expect under current market conditions
Plumbing & HVAC	$8,643,200	Pricing appears to be reasonably consistent with market conditions
Electrical	$9,337,100	Pricing appears to be roughly 5% higher than market conditions
Sitework	$330,600	Based on the minimal design and pricing information presented, it is difficult to evaluate the CUP Sitework costs
Asphalt & Related	$162,485	It is difficult to evaluate the CUP Asphalt costs based on the information provided
Site Concrete	$89,650	Based on the minimal design and pricing information presented, it is difficult to evaluate the CUP Site Concrete costs
Landscaping	$91,250	Pricing appears to be reasonably consistent with expectations
Fencing	$14,000	
Total Cost of Work	**$22,225,358**	**Pricing appears to be at the higher end of the reasonable range for market conditions**

Below is a table showing a summary of the CUP Cost-of-Work items, along with a breakdown of all Indirect costs, as included within Knott's CUP pricing, along with our comments:

Total Cost of Work	**$22,225,358**	
Design	**$0**	This Project Cost is carried by Knott Development outside of the documentation presented (CUP Design cost is unknown by RLB)
GC/GRs	$1,322,743	Considering the 15-month duration indicated in the Phase 1 Pricing, costs appear to be reasonably consistent with market conditions
General Liability & Builder's Risk Ins.	$177,913	Insurance rate for CUP is lower than the Insurance rates entered for the other Project components
Payment & Performance Bond	Not Applicable	
Building Permit Allowance	$189,033	Cost appears to be reasonably consistent with market conditions
Completion Guarantee Fee	$166,794	Completion Guarantee rate for CUP is lower than the Completion Guarantee rates entered for the other Project Components
Preconstruction	$0	RLB questions why Preconstruction fees were included for the other Project Components, but not for the CUP
Contractor Fee	$1,454,381	
Subtotal GC Indirects	**$3,310,864**	
Development Fee Allowances	Not Applicable	
Design Contingency	$1,108,076	The sum of all contingencies, which equate to roughly 8.5% of the sum of Cost of Work and General Conditions / General Requirements, appears to be lower than RLB would expect at the Schematic Design stage.
Bidding & Construction Reserves	$443,230	
Escalation	$442,230	
FF&E Allowance	$0	N/A (no scope)
Total Project Indirects	**$1,993,536**	
Gross Receipts Tax	$1,556,856	See Section 9 of this report (Developer is responsible for proper compliance with the laws of all taxing agencies)
Total Cost	**$29,087,614**	Appears to be a $1,000 overall calculation discrepancy in Developer's overall calculation

CUP Conclusions

RLB believes that the CUP Cost of Work appears to be reasonably consistent with market conditions, but at the higher end of that range. The CUP has been priced at the Schematic Design stage, so many design details have not progressed. Knott may be accounting for that risk in their pricing, as several of the cost categories above appear higher than what RLB would expect for those scopes. While the direct costs appear higher than expected, the sum of the contingencies included by Knott appear lower than what RLB would expect at the Schematic Design stage. RLB does not have perfect information into how Knott structured their pricing, and it may be that Knott balanced higher than market direct costs with lower-than-expected contingency costs in arriving at their total.

8.0 SUBCONTRACTOR BID COVERAGE

As another data point in evaluating Knott's costs, RLB has reviewed Knott's and Hensel Phelps' processes and results in requesting and receiving subcontractor preconstruction input and pricing. In most cases in the construction industry, the more thorough and proactive the process for subcontractor outreach, the more reliable the selected subcontractor proposal will be in delivering a construction scope that meets the project's goals.

RLB has reviewed the "Design-Assist RFQ" (which is Confidential between Knott and RLB due to Knott's indication that the document contains information that is proprietary to Hensel Phelps) prepared by Hensel Phelps, which is dated 05 January 2023, and we believe that it generally resembles what we might expect to see for a private, developer-driven project, where the General Contractor is soliciting statements of qualifications (and other financial information) from subcontractors for a preconstruction ("design-assist") contract. Knott also sent RLB a slide deck that outlined the proposal solicitation and selection process.

Per Knott, the Design-Assist RFQ was sent to firms for bids based on the 100% Design Development set, and that the purpose of issuing it at that time was to drive efficiencies in the design process, to help in the completion of construction documents, and to minimize costs through design assistance from the major scope trade partners. The pricing received from each firm was updated after the completion of the 30% Construction Documents and 60% Construction Documents sets, with the 60% Construction Documents set being that upon which RLB's pricing analysis is premised.

It is RLB's understanding that this process described above applies only to the Fieldhouse, Iceplex, and Site components, as the CUP's design was at a much lesser design stage during this time period due to the timing of Knott's decision to include the CUP in the Project.

Based on the information presented by Knott, it appears that Hensel Phelps solicited trade partners by trade, for the entire Project. For example, instead of soliciting separate Structural Steel subcontractor proposals separately for each of the Fieldhouse and Iceplex, they solicited one Structural Steel subcontractor for both facilities. RLB can support that this approach may potentially yield efficiencies in Hensel Phelps managing fewer subcontractors.

It is RLB's understanding that Hensel Phelps and Knott made decisions on subcontractors based on qualifications and other factors, only some of which were cost-related. Due to the large scope required of the Mosaic Quarter project, this qualifications-based approach may be advisable in selecting trade partners that are capable of delivering a quality project within the required schedule parameters. Such a process, however, may often times not result in the lowest construction price, which may be a contributing factor in several of our comments in the sections above,

where we have indicated that we believe that the pricing is at the higher end of the expected range. For a project of the size and scale of Mosaic Quarter, RLB would expect subcontractor selections to be based on a combination of cost and qualifications.

"Self-Perform" Work

Development Agreement Section 10.02 shows the Developer's Design-Builder's requirements should they request to perform any work with their own personnel (paraphrased). While this section of the Development Agreement requires a "closed bid" to allow this, Knott provided the following substantiation request for allowing Hensel Phelps to perform the Structural Concrete scope with their own forces, in an email to RLB on 19 June 2023:

Josh: Below is our team's response to the question you and Nancy posed regarding HP's self-performance of "structural concrete" work. One clarification, however, regarding structural concrete.

Although I realize "structural concrete" can include both precast and cast-in-place, HP is only performing cast-in-place concrete work at both the Field House and Iceplex. HP's Field House work is approximately $4M and its Iceplex work is $3M. At the Iceplex, the precast concrete award went to Coreslab as a part of our competitive solicitation effort and is valued at $6M. In addition, part of the Iceplex cast-in-place work to be performed by HP resulted from the design assist effort. Coreslab identified areas in which the architects had specified precast and where Coreslab came to us and said cast-in-place would be more economical and efficient than running with precast – on the basis that precast works well for repetitive areas while cast in place works better for unique and/or nonrepetitive areas. With respect to the Field House, HP's cast-in-place work was identified as the best solution by the architects as compared to other systems/options.

From our team at HP:

A key element to Hensel Phelps consistent project performance is our self-work. Our skilled craftspeople set the tone and expectations for all other trades with respect to schedule, quality, and safety. As a self-performing general contractor, our field supervision is invested in the planning and execution of the project and not solely relying on trade partners to dictate the pace of the schedule.

The advantages to driving the job with this approach are:

- *Enhanced Project Productivity; Hensel Phelps sets the work pace, the tempo of the job by completing initial project activities.*
- *Enhances Project Quality Control setting the quality standard early on with the structural concrete.*
- *Enhanced Project Safety as we set the standard for trade partners to follow with their own personnel.*
- *Communication with trade partners is greatly improved because the supervisors have a working knowledge of the issues in the field.. This is also a key factor in our ability to eliminate claims, which is a hallmark of our performance capability.*
- *Risk is reduced for the overall project because work can be taken over in the event of non-performance of a trade partner with minimal impact to the schedule.*
- *Cost benefit; the administrative tasks are encompassed by our base staff covered in General Conditions and not in the Cost of Work. Additionally, our historical production data analysis used in our estimate provides for cost certainty on the self-performed scopes we take on.*

RLB recognizes Knott's rationale, as it is consistent with practices often utilized in Southern Arizona where the Structural Concrete is such a critical component of the project, however, RLB also recommends that Pima County review Knott's rationale above in support of their proposal to perform the Structural Concrete work with their own forces.

Commentary on Subcontractor Responses

Based on correspondence with Knott, it is RLB's understanding that Knott has recommended their selected subcontractors to perform certain major scopes based on the RFQ process identified above, that Hensel Phelps is planning to issue subcontracts to them for their corresponding scopes, and that the pricing that has been reviewed by RLB is based on pricing from these subcontractors for their respective scopes. It is also RLB's understanding that not all trades currently have a recommended subcontractor assigned to them. For those trades, Hensel Phelps has used other methods to assemble their Phase 1 Pricing. RLB understands that one of the reasons why Hensel Phelps has added contingency costs is because of the several trade costs included that are not supported by subcontractor pricing input.

Knott sent RLB a subcontractor response document, which summarizes subcontractors who were asked to propose, those of which who responded to the RFQ, and in the case that they did not respond, any reasons why they did not respond.

Some very encouraging highlights within the results include:

- 6 out of 7 Sitework subcontractors responded
- All 3 Prefabricated Bridge subcontractors responded
- 3 out of 4 Elevator subcontractors responded
- 5 out of 6 Ice Rink subcontractors responded
- 5 out of 8 Metal Building subcontractors responded
- 7 out of 10 Structural Steel subcontractors responded

Some potentially unfavorable highlights withing the results include:

- Only 2 out of 10 Electrical subcontractors responded
- Only 2 out of 17 Mechanical / Plumbing subcontractors responded

For each Electrical subcontractor and Mechanical / Plumbing subcontractor who did not submit a proposal, the subcontractor response document provided by Knott lists reasons why each declined. Many who declined proposing on the Mosaic Quarter project indicated doing so because they were too busy with work in the Phoenix area. Based on our knowledge of the Arizona market, and due to the large volume of current construction work in the State, we believe these responses to be reasonably representative of expectations.

In the meeting among Knott, Hensel Phelps, and RLB on 25 April 2023, RLB questioned Knott on whether they felt comfortable with the low response rate from Electrical and Mechanical / Plumbing subcontractors. It is RLB's recollection from that meeting that Knott believes that even with the low response rate, Hensel Phelps has executed a thorough procurement approach which has ultimately resulted in securing reputable subcontractors that are providing fair pricing, and are committed to delivering a quality product and meeting the required schedule.

9.0 COMMENTARY ON INDIRECT AND OTHER COSTS

This section includes commentary on specific Indirect and other costs included in Knott's Phase 1 Pricing:

Completion Guarantee Fee – On 30 May 2023, Knott sent RLB an email containing the following in support of providing a Completion Guarantee in lieu of a bond for the Project:

The completion guaranty provided by HP to Mosaic Quarter Development serves the same function of a payment and performance bond. It is our lender's method of addressing issues that are typically covered by a payment and performance bond. Because this is NOT a publicly funded project, it is at our lender's discretion to request the completion guaranty or payment and performance bonds. Because of HP's balance sheet, CTL Capital is comfortable on this project without payment and performance bonds.

1. *The completion guaranty serves as HP's guaranty that substantial completion will be completed on a specific date agreed to by HP and Mosaic Quarter Development*
2. *The completion guaranty serves as a balance sheet guaranty of the final GMP that HP and Mosaic Quarter Development agree to*
3. *The completion guaranty provides coverage for any overage to the GMP or any scope within it, avoiding change orders not requested by Mosaic Quarter Development*

In RLB's opinion, the costs included by Knott for the Completion Guarantee Fee are comparable to what would be expected for a payment and performance bond. **Pima County may want to review this policy for evaluation of risks on the Project.**

Subcontractor Default Insurance – RLB interprets that Section 12.05 of the Development Agreement requires that the Design-Builder obtain subcontractor default insurance unless a subcontractor obtains its own bond (paraphrased). In the meeting on 25 April 2023, RLB recalls that Knott stated that all of Hensel Phelps' subcontractors with a contract value over $50,000 will obtain their own bond. RLB has not seen record of Knott's team complying with this requirement in the pricing documents provided, however, subcontractor bond costs are often included within the Cost of Work for each trade, which may explain the lack of visibility. **RLB recommends that Pima County review Knott's documentation to determine whether they are in compliance with the Development Agreement.**

Builder's Risk Insurance - In the meeting with Knott 25 April 2023, Knott provided their indication that their Builder's Risk insurance policy will be Industry Standard. RLB has not been provided any of Knott's insurance policies for review. **RLB recommends that Pima County request a copy of Knott's Builder's Risk Insurance policy for their review.**

Gross Receipts Tax – On 16 May 2023, Knott uploaded a document to their Dropbox site that explained their proposed Gross Receipts Tax calculation. Knott's proposed calculation calculates the Gross Receipts Tax iteratively off of the Total Cost at a rate of roughly 5.35%, instead of using the subtotal before Gross Receipts Tax as the basis (at a rate of 5.655% per State and Local statute) of the Tax calculation. RLB has viewed contractors on past projects calculating tax in this or a similar manner, and while we do not believe it to be the normally accepted convention, we are also not in a position to declare it to be an incorrect calculation. Further to this, Knott appears to have included Design, Permitting, Preconstruction, and Development Fees in the basis for their Tax calculation, which, even in a

Design-Build contracting arrangement, does not appear to meet convention. **Knott and Hensel Phelps are responsible for paying Gross Receipts Taxes per all Governmental requirements.**

Furniture, Fixtures & Equipment ("FF&E") - At $507,000 and $885,000, the amount that Knott has included for FF&E for the Fieldhouse and Iceplex, respectively, appear to be lower than we would expect to see, however, based on discussions with Knott, the Developer may be carrying other FF&E costs in their costs outside of those carried within Hensel Phelps' scope (which may be shown in Knott's Total Project Cost document). Knott has included an FF&E Allowance of $449,000 for the Site. RLB questions what is expected to be included in this allowance, as the Site scope does not appear to indicate the need for significant Furniture, Fixtures & Equipment

10.0 PROJECT SCHEDULE REVIEW

The most recent Critical Path Method ("CPM") schedule provided by Knott, which is dated 01 June 2023 and has been prepared using Primavera scheduling software, contains major Phase 1 design and construction activities. RLB's review of the project schedule is limited to a high-level review of the document in .pdf format in order to form a comparison to the general Phase 1 scope. Based on our high-level review of the document, RLB believes that the project schedule, for this early pre-construction stage, appears to generally be well prepared and, if it is maintained and developed properly, will have the potential to serve as a useful tool in managing the project. Below are our comments on the schedule as presented:

- The original Phase 1 Project Schedule provided by Knott showed construction of the Iceplex to reach Substantial Completion on 14 November 2025 (with Iceplex Final Completion 31 December 2025) and construction of the Fieldhouse to reach Substantial Completion on 05 May 2026 (with Project Final Completion then on 04 June 2026). RLB believes that due to the volume of the Phase 1 work, a roughly 32-month duration to reach Substantial Completion will be challenging, especially considering the current labor market in Southern Arizona, but potentially attainable if Knott and the Design-Build Team led by Hensel Phelps execute proper planning efforts.
- The original Phase 1 Project Schedule assumed a September 2023 construction start date. RLB now understands that the start of construction is expected to push by at least roughly 6 months past September 2023. It would then be expected that, without any corresponding schedule modification from Knott, that the planned Substantial Completion dates listed above would also shift out by a commensurate amount. In Knott's Cash Flow document dated 02 January 2024, they identify an Iceplex opening date of May 2026 and references for the Fieldhouse opening of both August and September 2026. While the 6-month Iceplex completion delay reasonably follows this logic, the 2-3 month completion delay for the Fieldhouse appears to be less than would be expected. **RLB recommends that Knott confirm their revised proposed construction start and end dates, supported by an updated detailed Project Schedule.**
- Based on correspondence with Knott in August of this year, it is RLB's understanding that Knott understood at the time of the Phase 1 pricing that a roughly 2-3 month construction start delay (past September 2023) was considered in the pricing. Since it is now known that the construction start delay is longer than that, RLB recommends that Knott revisit that any potential impacts due to cost escalation are covered within the project budget.
- The CPM schedule appears to show the general sequence of activities to flow as had been discussed in discussions with Knott, with the procurement of the Fieldhouse bridge being prioritized as to allow its fabrication and installation, which will then allow access for construction of the Fieldhouse

- RLB recommends that Knott review lead times for major procurement items in an effort to ensure that they do not impact the critical path of the Project Schedule.
- The CPM schedule appears to be underdeveloped as it pertains to the number of Procurement activities, especially for the Fieldhouse
- Knott's CPM schedule includes utility runs and connections for the CUP but does not include any schedule activities for the construction of the CUP building.
- The CPM divides the Civil work into the Bridges and nine (9) different sectors of Sitework. While RLB believes that these nine sectors would correspond to the nine blocks of area shown in the 60% Construction Documents Site design, we would also recommend that Knott add clarification in their schedule to confirm their intent
- Activities for third-party utilities agreements and installation are not shown in the Project Schedule. RLB suspects that they are not shown because we do not have record that they will be paid for and managed by Hensel Phelps, who prepared the schedule. Third-party utilities can have the potential to drive impact to the critical path of a schedule, so RLB recommends that Knott make sure that these activities be added so that they can be properly tracked and managed
- RLB has found Photovoltaic ("PV") activities in the schedule for the parking canopies, but was of the understanding that the PV scope was outside of Hensel Phelps' contract
- Because weather can cause impact to the critical path of a schedule, RLB recommends that Knott account for the effects of weather somehow in their schedule
- RLB cannot find evidence of any form of a "Landscape Establishment" period accounted for by Knott in their schedule
- It appears that Knott has included major offsite work outside of the Project's boundaries in the schedule, but RLB recommends that Knott verify that all offsite work activities are properly represented for proper tracking
- RLB understands that some Furniture, Fixtures & Equipment (FF&E) will be part of Hensel Phelps' scope of work, and we are able to locate the activities for that work in the schedule. RLB also understands that Knott will include other FF&E as part of the Project, but we are not able to locate any of those potential activities in the schedule
- RLB has found several activities for commissioning the Iceplex and Fieldhouse in the schedule, but does not have sufficient information in the document to determine whether all activities for closing out the Project and turning over to Knott's operation staff are included and accounted for

Activities currently in progress (or completed) by Knott are understood to include design, permitting, limited shop drawings / procurement, and contract negotiations with their Design-Build contractor, Hensel Phelps. While RLB has been provided some verbal and written status of Knott's progress on the schedule, our review cannot serve as any form or verification that Knott is "on schedule" with their progress on Phase 1 schedule.

Because of the nature of the information presented by Knott, which is in .pdf format and does not contain visibility of certain industry-standard schedule attributes available through the Primavera software, RLB cannot verify that the logic contained within the schedule is sound. In our current scope, where RLB is completing a high-level review of the Project schedule, and not a comprehensive review of all schedule activities, we believe that the information presented by Knott is sufficient in fulfilling our scope and in forming our opinions above.

11.0 CONSTRUCTION CASH FLOW REVIEW

As part of the Phase 1 Pricing Information, Knott provided a design and construction (and all other costs to be expended by Hensel Phelps) cash flow document titled "MQ Estimated Billing Curve 60% w CUP.pdf". The purpose

of a construction cash flow document is to show how project costs are expected to be expended on a monthly basis. While it will be Knott, and not Pima County, who will be paying these costs, RLB has still reviewed the document in an effort to identify any potential risks to the Project. Our comments are listed below:

- The cash flow document shows a total cost of $259,578,027, which RLB assumes is based on a previous pricing iteration from Knott, as it does not equal the 60% Construction Document cost presented of $261,749,614. For the sole purpose of reviewing cash flow, and only as it relates to our comments below, RLB believes that this less than 1% delta is negligible, however, RLB recommends that Knott follow up with an updated document for documentation purposes
- The cash flow document assumes a September 2023 construction start date and a May 2026 construction end date. RLB understands that those were the assumed dates at the time Knott prepared this document (which also match the Project schedule that shows a similar 32-month construction duration), and that since preparation of this document, RLB has learned that the planned construction start date will push to roughly March 2024
- RLB is not detecting properties in the cash flow document that would suggest significant early procurement for major long lead items, which appears to be somewhat inconsistent with what has been discussed in meetings and also with what is shown in the Project schedule
- RLB does not have knowledge of if Knott will be holding retainage on Hensel Phelps' billings throughout the project. Many project owners hold a range of 5%-10% of all billings as "retainage" before a project is substantially complete before paying the builder that money. Knott's cash flow curve does not show any signs of holding retainage and then paying it to Hensel Phelps at the end of the project, however, cash flow diagrams often show cost accruals (costs earned by the builder) instead of costs actually paid to the builder. As such, RLB's comment should be considered an observation and should not necessarily require any follow-up
- The cash flow diagram contains different color lines for each of the Iceplex, Fieldhouse, Site, and CUP. RLB provided comments regarding these components below:
    - The Fieldhouse construction start is shown lagging the Iceplex Construction start by roughly 11 months, which generally matches the Phase 1 Project Schedule
    - The Site costs are shown concentrated toward the beginning and middle of the construction period, however, the Project schedule shows Site costs continuing throughout the 32-month construction period, which appears to be more representative of how the Project may be constructed
    - The Project schedule that RLB has been presented appears to contain activities for the CUP utility connections, but does not appear to include activities for the actual CUP building. Therefore, RLB does not have sufficient information to review the portion of the cash flow for the CUP. RLB adds that while the CUP pricing clarifications indicate a 15-month construction duration for the CUP, the cash flow document appears to show an 18-month duration. Lastly, since the CUP design is not indicated to be paid for by Hensel Phelps, this cash flow document does not contain any costs for the CUP's design
    - The Iceplex is shown in the Project schedule as reaching Substantial Completion in month 26, and the cash flow document shows significant Iceplex costs continuing until month 31. Project costs are typically fully expended within 2 months after a project's Substantial Completion
    - Month-by-month costs are shown for the Project as a whole, and are not specifically listed for each of the four components above. While RLB cannot therefore compare the cost of each of the four components to the cash flow curve, our review of the individual curves leads to our conclusion that they appear to be in general alignment with those individual costs presented

- As the total cost listed above includes design and preconstruction costs, much of which has likely already been expended as of the date of this report, RLB sees a corresponding probable inconsistency in Knott's cash flow, as all Project costs are not shown as being expended until after construction starts

Please note that RLB's comments above pertain solely to the construction cash flow information provided by Knott. Our subconsultant, Rounds Consulting, has provided commentary on Knott's operations cash flow under separate cover.

12.0 ITEMS RECOMMENDED FOR FURTHER REVIEW

Based on our review of the documentation by Knott, and after completing a limited review of the Development Agreement, RLB believes that some other documents that should be tracked for submission by Knott include:

Total Refined Project Costs – Section 5.08 of the Development Agreement contains a detailed listing of construction subcontractor and employee outreach and reporting requirements. **While the subcontractor outreach document provided by Knott contained a listing of subcontractors solicited and those who responded, RLB believes that Pima County should review that Knott is in compliance with this paragraph.**

Project Program and Project Summary - Per sections 5.01 and 5.02 of the Development Agreement, a Project Program and Project Summary is required of the Developer. If RLB receives either of these two documents from Knott, we will review within the bounds of our scope of work.

Warranty – Section 19.189 of the Development Agreement states that the Project's Warranty Period is to set forth in the Design-Build contract. RLB has not been provided with a copy of Knott's Design-Build contract with Hensel Phelps, however, the design specifications contain references to a warranty period of 11 months and 12 months from the date of Substantial Completion. In the meeting with Knott on 25 April 2023, it is RLB's recollection that Knott stated that the Project's warranty will be Industry Standard. As many recent projects in Southern Arizona have included a 2-year warranty period, RLB may suggest further inquiry regarding Knott's actual warranty length. Additionally, since the Fieldhouse and Iceplex are planned to finish at different times, it may be advisable for Pima County to ask Knott whether each facility will have its own warranty period.

RLB's current review of the Development Agreement to date is not exhaustive, and it should not be construed to constitute any type of a legal review.

13.0 LIMITATIONS

The evaluation summarized in this report is considered sufficient in detail and scope to form a reasonable basis for the conclusions presented. Our investigations were performed using the degree of care and skill ordinarily exercised, under similar circumstances, by reputable construction consultants.

As discussed above, the benchmarking pricing evaluation technique inherently contains process and informational generalizations and imperfections, and our corresponding conclusions should be considered under that premise. In the case of the Fieldhouse, Iceplex, and CUP, the pricing information that was provided by Knott includes only minimal detail for all of the numerous components to be included in the construction, so we believe that our review and opinion on whether the pricing is consistent with current market conditions should correspondingly be elaborated

to a similar level. Furthermore, since all Project costs are to be paid by Knott (as further defined by Section 11.12 and related Sections of the Development Agreement), and because Pima County takes no direct risk in paying those costs, or any such overruns, we believe our approach of performing a high-level review of the Project costs is justified further.

Because the detailed Site pricing supplied by Knott has been determined by Knott to be proprietary and confidential (as is reasonable for this type of information under this Project's circumstances), the extent to which RLB can provide commentary is limited to what has been presented in Section 6 of this report.

RLB relies on the information presented by Knott in our commentary and conclusions above, and cannot verify that the costs shown by Knott will form the basis of any contract with Hensel Phelps, nor can we verify that these costs presented will be representative of any final costs that would be tabulated at the close of construction.

RLB's review scope is generally based on the Phase 1 Project Schedule dated 01 June 2023 and 60% Construction Document pricing documents listed in this report. Revised planned construction start and end dates are apparent through project delays and are listed in Knott's Cash Flow document dated 02 January 2024, and RLB has added related commentary at the appropriate sections within this report.

This report is prepared solely for Pima County. All commentary presented herein is to provide opinion on whether we believe that Knott Development's pricing is reasonably consistent with market conditions. No commentary provided within this report shall be used to support any negotiations between Knott Development and their Builder, Hensel Phelps.

This report is subject to modification pending any additional information that may be produced, including additional data that may be available at a time after the date of this report.

14.0 CONCLUSION

Subject to the items discussed above, RLB believes that the Phase 1 60% Construction Documents pricing presented by Knott for Phase 1 of Mosaic Quarter is generally reasonably consistent with current and local market conditions, but likely at the higher end of the expected pricing range.

Based on the schedule information reviewed by RLB, RLB believes that the Phase 1 Schedule durations presented by Knott may be attainable if Knott's team executes proactively.

Subsequent to the 60% Construction Documents pricing provided by Knott, RLB understands that Knott and HP are planning to negotiate a GMP off of the 100% Construction Documents. Review of that pricing is not part of RLB's review scope.

Should you have any questions, or would like to discuss some aspect of this report, please contact do not hesitate to ask.

KSDIST PROJECT REVIEW REPORT

This report has been prepared by: ……..

(Josh Marks, PE, PMP)

RLB.com

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RLB Rider Levett Bucknall

APPENDIX A: MOSAIC QUARTER – INDEPENDENT REVIEW OF OPERATIONAL PROJECTIONS – ROUNDS CONSULTING GROUP, INC.

Mosaic Quarter
Independent Review of Operational Projections

February 1, 2024

Prepared for:

Rider Levett Bucknall

By: Rounds Consulting Group

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Section 1: Introduction & Synopsis

Synopsis: *After a thorough independent review of the assumptions used to develop the projected operating revenues and expenses of the proposed Mosaic Quarter project, it has been determined that the methodology employed in forecasting said revenues and expenditures is well-founded, the assumptions align closely with established data and expectations, and no substantial risk that would materially impact the project's financial projections was identified.*

This report, prepared by Rounds Consulting Group ("RCG"), summarizes our opinions and review of the information provided by Knott Development pertaining to our primary task – which was to determine the reasonability of select operational financial and economic assumptions used to develop the forecasts. This effort is part of Pima County's ("County") due diligence and review of the proposed project.

RCG entered a service agreement with Rider Levett Bucknall ("RLB") to provide an independent review of Knott Development's methodology, inputs, and assumptions for projecting the proposed Mosaic Quarter's ("Project") impact and operating revenues/expenses once construction is complete.

Please be advised that RCG does not serve as an underwriter or financial auditor, and this report does not constitute an audit of the company's financial position or a review of the credit risk associated with long-term issuance of debt. Furthermore, this report is based on the examination of select samples of the data provided by Knott Development. The findings and conclusions presented in this report are derived from the analysis of these samples and should be interpreted within this context.

The following aspects were considered as part of this analysis:

- Feasibility/Reasonability: The feasibility and reasonability of select Project assumptions were assessed based on currently available data, industry standards, and the assumptions utilized in the study of similar activities.

- Risk Assessment: The potential risks associated with select major assumptions used to forecast the Project's operating revenues and expenditures were identified and considered external factors such as local market demand, the area's social and economic factors, etc.

- Sensitivity: The sensitivity of a sample of the Project assumptions to changes in key variables and how that may affect the proposed Project's outcomes was considered.

The report is intended to provide general information on the subject matter covered. It does not constitute financial, investment, or legal advice. Any investment or legal decisions or actions taken based on the information presented in this report are solely at the discretion and responsibility of the individual or entity making such decisions.

The content contained herein is based on current information available to us at the time of preparation and is subject to marginal uncertainty, variation, and change without notice. We have made reasonable efforts to ensure the accuracy and reliability of the information presented; however, we make no representations or warranties of any kind, express or implied, regarding the completeness, accuracy, reliability, or suitability of the information provided in this report.

Section 2: Analysis Methodology and Approach

The objective of this independent analysis is to review and assess the proposed Project's key cash flow projections and the assumptions made by Knott Development regarding future activity at the proposed facility. The analysis aims to evaluate the reasonableness and accuracy of these assumptions to provide an unbiased perspective on the potential outcomes and risks associated with the projected cash flow of the Project.

The following summarizes the tasks and steps taken to conduct a review of the proposed Project's cash flow projection assumptions and summarizes the data and information that was reviewed and gathered. The data and information provided by Knott Development was compared to currently available data, industry standards, and other projects of similar nature.

Step 1: Preliminary Assessment

- Review Documentation: RCG obtained and reviewed the Mosaic Quarter Phase I Cashflow Projections (the "Phase I Projections") and Spending Assumptions[1], including expected revenue, project parameters, assumptions, impact estimates, and any supporting documentation.

  Specifically, RCG reviewed the following:

  - The Mosaic Quarter Field House projections for the various events (e.g., basketball, volleyball, pickleball, wrestling, etc.), including the expected number/type of events, licensing agreements, participating teams, participants per team, accompanying guests, attendance per event, hotel stays, daily spending, and the event revenues.

  - The Mosaic Quarter Iceplex projections for the various events (e.g., skating, hockey, etc.), including the expected number/type of events, licensing agreements, participating teams, participants per team, accompanying guests, attendance per event, hotel stays, daily spending, and the event revenues.

  - The Phase I Projections' methodology for estimated operating revenues and expenses.

- Market Research: RCG conducted market research to familiarize with the industry, market conditions, and any specific factors that may impact cash flow projections.

  Specifically, RCG reviewed the following:

  - The market area's social and economic factors impacting local supply and demand dynamics, such as the local area's population, demographics, income, existing facilities, etc.

[1] *MQ Phase I Cash Flow Projections (Revision A)* and *MQ Phase I Cash Flow Assumptions (Revision A)* delivered by Knott Development on September 13, 2023.

- Arizona-specific statistics related to domestic travelers/visitors such as how much the average individual spends on lodging, meals, transportation, retail, and entertainment while traveling in the state. This also included data related to average party size and length of stay by region.

- Local hotel/motel availability, occupancy, and room rates.

- The typical attendance at similar venues and/or events.

- Additional data regarding the national, regional, and local economic factors that may impact the project assumptions and projections, such as a possible recession.

Step 2: Risk Assessment

- Identify Risks and Assumptions: RCG evaluated the key assumptions underlying the select cash flow and impact projections. This includes revenue growth rates, expense assumptions, and licensing agreements.

- Sensitivity Analysis: RCG conducted a number of sensitivity analyses on critical assumptions to understand their potential impact on cash flow and impact projections.

- Consider External Factors: RCG assessed the potential impact of select external factors such as economic conditions, industry trends, and regulatory changes on the projections.

Step 3: Testing and Verification

- Review Documenting Process: RCG evaluated the process used to develop specific cash flow projections, including documentation of assumptions.

- Trace Assumptions: RCG verified key assumptions by cross-referencing them with external market data, industry benchmarks, and expert opinions.

- Verify Revenue and Expense Items: RCG independently verified major revenue and expense line items to ensure they are accurately reflected in the projections.

Step 4: Analytical Procedures

- Trend Analysis: RCG conducted a trend analysis on key financial metrics to identify any unusual or unexpected patterns.

- Comparative Analysis: RCG compared cash flow projections to industry benchmarks or similar companies (where possible) to assess their reasonableness.

Step 5: Report and Documentation

- Document Findings: RCG documented the results of the review, including any identified risks, discrepancies, or areas of concern.

- Finalize Report: RCG prepared this comprehensive report summarizing the scope of work, methodology, and findings.

Section 3: Analysis Limitations

This analysis is subject to certain limitations arising from the limited availability of comparable data and expertise and knowledge of the individuals involved. These limitations should be taken into consideration when interpreting and generalizing the findings of this high-level analysis.

The accuracy and reliability of the analysis heavily depends on the availability and quality of the data sources. Limitations may arise due to incomplete, outdated, or inconsistent data. In such cases, the limitations were identified and documented in Sections 4.

Analyzing the feasibility or reasonability of certain topics is subject to a dynamic external environment that may undergo changes over time. External factors such as market conditions, economic fluctuations, or trends can impact the feasibility of a project. It is important to recognize that the analysis is based on current conditions and future changes may affect the accuracy and relevance of the findings.

Due to the analysis limitations, it is essential to interpret and utilize the findings of this report with caution. The intent of this disclosure is to ensure transparency and promote a responsible understanding of the scope and implications of this assignment. It is recommended that further expertise or consultation be sought in regard to the Mosaic Quarter's bond financing and credit risk.

Section 4: Key Assumption Observations

This section of our report summarizes the key assumptions observed in the information provided by Knott Development pertaining to the Mosaic Quarter Field House and Iceplex and our primary task – which was to determine the reasonability of select financial and economic data.

The analysis framework to evaluate the select Project parameters and projections follows a systematic bottom-up approach beginning with the primary assumptions that impact the subsequent inputs, and the feasibility/reasonability of the Project.

For example, the number of events and participating number of teams will determine the total attendance, number of individuals participating per team, hotel stays, spending during events, etc., and ultimately determine the Mosaic Quarter revenues. Thus, the analysis begins with a review of the primary assumptions that influence the ultimate feasibility/reasonability of the select Project forecasts.

Section 4.1: Operating Revenue Assumptions

Knott Development provided annual operating cash flow projections over a 43-year period (i.e., 2026 to 2068) that including both operating revenues and expenses.

The annual operating revenue projections for both the Mosaic Quarter Field House and Iceplex were derived from a list of 202 events and activities (i.e., the sum of the revenues for each of the 202 events and activities equals 100% of the total revenues). Knott Development provided an Excel spreadsheet[2] summarizing the projected revenues for each of the 202 events and activities between 2026 and 2068. Total operating revenues were shown to increase at an average annual rate of 2.4% between 2026 and 2068.

Due to the large number of events/activities, revenue sources, the various assumptions used within each revenue source, and limits within our scope of work, it was determined by RCG that it was necessary to utilize a statistical sample size approach.

In statistics, the most commonly used confidence level is 95% and an acceptable margin of error falls between 3% and 8%. To reach the desired 95% confidence level, it was determined by RCG that the selected sample size needed to account for at least 80% of the total Mosaic Quarter Iceplex and Field House revenues.

Therefore, 55 events/activities that included the highest grossing events/activities and accounted for over 80% of the total revenues were selected by RCG for the sample (these are listed in Figure 1). The revenue source and assumptions utilized in each of the 55 events and activities were then analyzed.

After a review of the assumptions used to calculate the projected operating revenues in the 55 events and activities, it was observed by RCG that the majority of revenues were primarily derived from four primary revenue sources:

- License agreements.
- Marketing rights and sponsorships.
- Participation in events or leagues.
- Leases.

The following table (Figure 1) lists the 55 events and activities that were selected by RCG and includes each event/activity's revenue source and percentage of total revenues.

[2] *MQ Phase I Cash Flow Projections (Revision A 12-2023)* delivered by Knott Development on January 5, 2024.

Figure 1: Mosaic Quarter Iceplex and Field House Operating Revenue Events/Activities			
MQ Operations	Event/Activity	Revenue Source	% of Total
MQ Iceplex	University of Arizona Hockey	License Agreement	2.0%
MQ Iceplex	MAPL Season League	License Agreement	0.6%
MQ Iceplex	MAPL National Showcase Events	License Agreement	0.3%
MQ Iceplex	Arizona Shootout Events	License Agreement	0.3%
MQ Iceplex	National Shootout Events	License Agreement	0.3%
MQ Iceplex	Youth Select Shootout Events	License Agreement	0.3%
MQ Iceplex	Tucson Junior Roadrunners	License Agreement	4.0%
MQ Iceplex	MYHockey Tournament Events	License Agreement	0.4%
MQ Iceplex	Tucson Adult Hockey League (Men)	License Agreement	4.0%
MQ Iceplex	Tucson Adult Hockey League (Women)	License Agreement	0.4%
MQ Iceplex	Elite Hockey	License Agreement	0.3%
MQ Iceplex	Open Skate - General	Participation	0.6%
MQ Iceplex	Open Skate – Youth	Participation	0.2%
MQ Iceplex	Ice Bumper Cars	Participation	0.9%
MQ Iceplex	Broomball Adult League	Participation	0.4%
MQ Iceplex	Broomball Youth League	Participation	0.4%
MQ Iceplex	Pickup Broomball	Participation	0.4%
MQ Iceplex	Ice Cornhole	Participation	0.3%
MQ Iceplex	Playday Birthdays	Participation	0.5%
MQ Iceplex	Ice Movies	Participation	2.7%
MQ Iceplex	Iceplex Area Restaurant	Lease	0.2%
MQ Iceplex	Iceplex Parking	Participation	22.4%
MQ Iceplex	Iceplex Marketing Rights/Sponsorships	Marketing/Sponsorships	10.1%
MQ Iceplex	MQ Presenting Sponsor	Marketing/Sponsorships	3.5%
MQ Field House	Basketball Events	License Agreement	3.7%
MQ Field House	Girls Volleyball Events	License Agreement	2.5%
MQ Field House	Boys Volleyball Events	License Agreement	1.3%
MQ Field House	Pickleball Open Events	License Agreement	0.5%
MQ Field House	Pickleball Invitational Events	License Agreement	0.5%
MQ Field House	Tucson Dojo	License Agreement	2.4%
MQ Field House	RBY Wrestling Academy	License Agreement	1.1%
MQ Field House	Special Olympics Events	License Agreement	0.4%
MQ Field House	Boys 10U House Basketball League	Participation	0.3%
MQ Field House	Girls 10U House Basketball League	Participation	0.3%
MQ Field House	Boys 12U House Basketball League	Participation	0.3%
MQ Field House	Girls 12U House Basketball League	Participation	0.3%
MQ Field House	Boys 14U House Basketball League	Participation	0.3%
MQ Field House	Girls 14U House Basketball League	Participation	0.3%
MQ Field House	Boys 16U House Basketball League	Participation	0.3%
MQ Field House	Mens House Basketball Leagues (A, B, C)	Participation	0.9%
MQ Field House	Mens House Basketball League 30+	Participation	0.3%
MQ Field House	Womens House Basketball Leagues (A, B, C)	Participation	0.9%
MQ Field House	Womens House Basketball League 30+	Participation	0.3%
MQ Field House	Boys 14U 5v5 Soccer League	Participation	0.3%
MQ Field House	Girls 14U 5v5 Soccer League	Participation	0.3%
MQ Field House	Boys 18U 5v5 Soccer League	Participation	0.3%
MQ Field House	Girls 18U 5v5 Soccer League	Participation	0.3%
MQ Field House	Mens Dodgeball League	Participation	0.5%
MQ Field House	Womens Dodgeball League	Participation	0.5%
MQ Field House	High School Dodgeball League	Participation	1.0%
MQ Field House	Youth 8U-10U Dodgeball League	Participation	0.6%
MQ Field House	Youth 12U-14U Dodgeball League	Participation	0.6%
MQ Field House	MQ Pickleball Open Play	Participation	0.5%
MQ Field House	MQ7 Passing Football	Participation	0.7%
MQ Field House	Field House Marketing Rights/Sponsorships	Marketing/Sponsorships	4.0%
Iceplex/Field House	All Others*	Varies	18.0%
			Total – 100.0%

Note: Percentages based on 2027 revenue estimates and change marginally over time.
*All other revenue sources not included in the sample.
Source: Knott Development MQ Phase I Cash Flow Projections (Revision A 12-2023) and Phase I Cash Flow Assumptions (1-2-2024 Redline).

Section 4.11: License Agreements

Within the sample, licensing fee agreements accounted for approximately 25% of the Mosaic Quarter Iceplex and Field House projected revenues.

The terms and structure of the license agreements vary from 5- to 20-year terms, include the use of certain facilities, include the option to extend the use of facilities, include the option to extend the term of the license agreement, and have a built-in annual escalation factor of approximately 2% to 3% per year.

According to the documents[3] that were reviewed, separate agreements will be entered into by Knott Development and various entities based on activity and/or event. For example, an agreement between Knott Development and the University of Arizona Hockey ("UA Hockey") program is shown to be entered into in 2027 for the use of the Mosaic Quarter Iceplex for a set number of hours annually.

The documents[4] show that licensing agreements will be entered into by Knott Development and either existing local entities and programs (such as the UA Hockey, Tucson Junior Roadrunners, etc.) or divisions of established out-of-market program mangers specifically organized as limited liability companies ("LLCs").

The following summarizes various observations and conclusions related to the reasonability of the information in the assumption documents[5] provided by Knott Development regarding the operating revenue projections related to license agreements.

Conclusions and Observations

- Because Knott Development was required to present 43 years of financial projections, regardless of the term of each license agreement, it is assumed that the term of all license agreements continue to extend through 2068 at an annual 2-3% escalation rate (depending on the specific agreement, but based on the escalation rate during the initial term of each such agreement).

- The licensing fee agreement descriptions that were provided by Knott Development, are shown to be contractual agreements between Knott Development and individual entities committed to utilizing the facilities. These entities have conducted their own market analyses and due diligence to determine usage levels, reinforcing the credibility of the revenue assumptions.

Section 4.12: Marketing Rights and Sponsorships

Within the sample, marketing rights and sponsorships accounted for approximately 18% of the Mosaic Quarter Iceplex and Field House projected revenues. These revenues were prepared by a marketing rights and sponsorship expert, the Superlative Group, with national experience, including within the Tucson market, according to Knott Development documents. [6]

[3] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.
[4] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.
[5] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.
[6] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.

The following summarizes various observations and conclusions related to the reasonability of the information in the assumption documents[7] provided by Knott Development regarding the operating revenue projections related to marketing rights and sponsorships.

Conclusions and Observations

- The initial values of the marketing rights and sponsorships were ascribed by the Superlative Group, and the agreements included 5- to 25-year terms with at a 3% annual escalation rate.

- The term length and initial value assumptions are reasonable based on current market conditions and comparable marketing rights and sponsorships.

Section 4.13: Participation in Events, Activities, or Leagues

The assumptions utilized in the development of the operating revenue projections related to participation in events, activities, or leagues included were primarily based on capacity, similar markets, the population of the Tucson metro area, and comparable facilities, according to Knott Development.

The following summarizes various observations and conclusions related to the reasonability of the information in the assumption documents[8] provided by Knott Development regarding the operating revenue projections related to participation in events, activities, or leagues.

Conclusions and Observations

- A 2% annual escalation rate was observed in the Knott Development documents.

- While the revenue projections derived from participation include a speculative element due to the absence of direct comparables, the assumptions are based on informed data and appear to be adaptable to changing circumstances to account for potential variances.

Section 4.14: Leases

Within the sample, a single lease was observed – the Mosaic Quarter Iceplex Arena Rink Restaurant. According to Knott Development documents, [9] the restaurant is to be 2,500 square feet and the base rent was determined to be $10 per square foot. This assumption was determined by Knott Development's commercial real estate advisor (Phoenix Commercial Advisors). Base rent is assumed to increase at the rate of 2% annually.

The following summarizes various observations and conclusions related to the reasonability of the information in the assumption documents[10] provided by Knott Development regarding the operating revenue projections related to leases.

[7] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.
[8] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.
[9] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.
[10] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.

Conclusions and Observations

- Knott Development's base lease rate assumption of $10 per square foot is based on an evaluation of the prospective restaurant space performed by Phoenix Commercial Advisors, the exclusive real estate advisor to Knott Development.[11]

- Although this rate is approximately 50% below current market rents for typical commercial space, the per square foot rate is nonetheless reasonable because of the uniqueness and risks associated with locating a restaurant within the MQ Iceplex where patronage will be dependent on the venue's event schedule.

- The 10-year (i.e., 2013-2023) average annual growth rate for restaurant space in the Tucson metro area was 1.7%, according to CoStar data, but approximately 2.0% over the last 5 years (i.e., 2018-2023) – meaning the Knott Development projection of a 2% annual escalation rate is in line with current market conditions.

Section 4.15: Total Operating Revenues

In summary, the revenue sources considered reasonable by RCG accounted for approximately 80% of the total revenue projections.

Recognizing the unique aspects of the proposed project, projecting participation revenues necessitates a degree of speculation. Therefore, it is prudent to include a margin of error in these projections to account for potential variances in participation.

A margin of error is used in research and statistics to determine the accuracy of an estimate. The margin of error illustrates to what degree the sample data may differ from the real-world or actual values. Since the projected estimates that were considered reasonable made up approximately 80% of the sample's projected operating revenues and utilizing a confidence level of 95%, the margin of error is calculated to be approximately +/- 5%.

Conclusions and Observations

Given a margin of error of 5%, we can state with 95% confidence that actual revenues will lie within an interval that ranges from 5% below the projected value to 5% above the projected value. This interval represents the range of uncertainty around the revenue projections.

[11] According to estimates from CoStar as of the third quarter of 2023.

Section 4.2: Operating Expense Assumptions

Knott Development disclosed that operating expenses between 2026 and 2068 were derived from information provided by the Project's facility management team, Edge Sports, which is planned to manage the Mosaic Quarter Field House and Iceplex facilities under a user contract. According to documents[12] provided by Knott Development, Edge Sports operates 10 athletic facilities of similar nature and welcome over 6,000,000 guests annually to its facilities. Operating expenses were presented on an annualized basis beginning in 2026.

Staffing costs accounted for the largest percentage of the Project's total annual operating costs (approximately 42.5%), followed by utility use (approximately 19.5%), facility repair and maintenance costs (approximately 13.6%), insurance premiums (approximately 6.4%), the facility management fee (approximately 14.7%), and non-staff/core operating costs (approximately 3.4%).

The following summarizes the primary assumptions utilized in estimating primary annual operating costs. Note: Excludes non-operational expenses such as property taxes, lease payments, and debt service.

Section 4.21: Staffing Expenses

Expenses related to staffing were categorized as either 1) MQ Iceplex and MQ Field House staff or 2) Edge Sports Senior Management staff. Knott Development will enter into a facilities management agreement with Edge Sports Group to provide senior management and operational oversight of the MQ Iceplex and MQ Field House.

Knott Development documents show that MQ Iceplex and MQ Field House staffing levels will equate to approximately 16 full-time equivalent ("FTE") jobs. An FTE is a unit of measurement used to estimate the total number of full-time employees working at a business over a 1-year period based on the number of hours worked by full- and part-time employees. Staffing expenses (i.e., wages, benefits, administrative expenses) for the MQ Iceplex and MQ Field House are assumed by Knott Development to increase at an annual rate of 2.0%.

The Edge Sports Senior Management staff is shown to be comprised of 3 professionals managing the operations of the MQ Iceplex and Field House. In accordance with the Facility Management Agreement, Knott Development will reimburse Edge Sports Group for the salaries paid to the senior management team. The initial cost is expected to be $275,000 and increase at a contractually obligated annual rate of 2.0%.

Conclusions and Observations

- If Knott Development's projected base estimate for annual staffing levels and staffing costs for the MQ Iceplex and MQ Field House are compared with industry standards and average, the level of staffing and staffing expenses fall within a reasonable range.

- Based on the varying wages and benefit packages available for full- and part-time employees, the 2% annual escalation is within a reasonable range.

[12] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.

- The initial cost of the facilities management agreement with Edge Sports Group is reasonable given that it is in line with industry average wages for senior management staff.

- The 2% projected annual increase of the management reimbursement is contractually obligated and is, therefore, considered reasonable.

Section 4.22: Utility Expenses

Expenses associated with electrical and natural gas utility service expenses were developed by Knott Development, its electrical engineering firm, Monrad Associates, its mechanical engineering firm, CMTA, and its energy services consultant, Ameresco. Expenses associated with water and sewage were not provided by Knott Development. All provided utility service costs are assumed to increase at an annual rate of 3.0%.

Conclusions and Observations

- Electrical and natural gas utility use expenditures were compared to industry standards for calculating utility use on a square foot basis. Although the estimates are roughly 4% below what would be considered standard, *they are nonetheless within a reasonable range*. Note: The per square foot approach does not take into account the electricity and chilled water that will be supplied by the MQ Central Utility Plant, and this could be responsible for the slight variance.

Section 4.23: Facility Repair and Maintenance Expenses

Expenses associated with repair, maintenance, and upkeep were categorized as either 1) Phase I Mosaic Quarter or 2) Mosaic Quarter Common Area maintenance costs. Knott Development describes these expenses as:

- Phase I Mosaic Quarter: A $1 per gross square foot maintenance fee for the Mosaic Quarter Iceplex and Field House maintenance and upkeep are shown to be incurred on an annual basis and paid to Knott Development by the facility management team to cover any repairs and maintenance costs not covered by insurance or warranties. Given the 319,600 gross square feet of the Mosaic Quarter Iceplex and Field House, the initial payment is calculated at $319,600.

  The annual payment is assumed by Knott Development to increase at an annual rate of 2%. To the extent that realized repair and maintenance costs are less than the annual payment, Knott Development will retain any excess portions in a reserve for application to future periods in which repair and maintenance costs exceed the then-current annual payment.

  The fee was calculated by the facility management team, and said to be based on the team's 15 years' experience in operating facilities similar to Mosaic Quarter project.

- Mosaic Quarter Common Area: A $1 per gross square foot maintenance fee for the Mosaic Quarter campus maintenance and upkeep are shown to be incurred on an annual basis and paid to Knott Development by the facility management team to cover any repairs and maintenance costs. Given the 319,600 gross square feet of the Mosaic Quarter Iceplex and Field House, the initial Common Area payment is calculated at $319,600.

The annual payment is assumed by Knott Development to increase at an annual rate of 2%. To the extent that realized repair and maintenance costs are less than the annual payment, Knott Development will retain any excess portions in a reserve for application to future periods in which repair and maintenance costs exceed the then-current annual payment.

The fee was calculated by the facility management team, and said to be based on the team's 15 years' experience in operating facilities similar to Mosaic Quarter project.

Conclusions and Observations

- The methodology provided by Knott Development in calculated the annual payments and projected annual increase of 2% takes into account the various facility (including furniture, fixtures, and equipment) that may require repair and maintenance is sound.

- The reserve policy is an appropriate approach to accounting for unexpected expenses.

Section 4.24: Insurance Premiums

The insurance premiums for the Project were projected by Knott Development's insurance brokerage firm, Altus Partners. The initial annual insurance premium cost was quoted at $303,116 for annual coverage for property, general liability, and umbrella policies. It is assumed that the premiums for the insurance policies will increase at an annual rate of 2%.

Conclusions and Observations

- Since the projected costs are based on quotes from a third-party insurance broker, the estimates cannot be verified by RCG but should be considered reliable.

Section 4.25: Facility Management Fees

Pursuant to a facility management agreement between Knott Development and Edge Sports, Edge Sports is to be paid 1) a Base Facility Management Fee and 2) an Additional Facility Management Fee, according to documents[13] provided by Knott Development.

- The Base Facility Management Fee is shown to be paid to Edge Sports for providing management and operational services to Knott Development. According to the documents[14] provided by Knott Development, the annual fee is equal to $287,500 and does not contain any provisions whereby the base management fee increases during the term of the projections.

- The Additional Facility Management Fee is shown to be paid to Edge Sports based on the percentage occupancy of the Mosaic Quarter Iceplex and Field House. This fee is to be increased based on the satisfaction of the effective hourly revenue rate as the percentage of occupied hours increases.

[13] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.
[14] *Phase I Cash Flow Assumptions (1-2-2024 Redline)* delivered by Knott Development on January 9, 2024.

Edge Sports is to be paid 1) 1% of gross revenues for achieving 60% occupancy, 2) 2% of gross revenues for achieving 70% occupancy, 3) 3% of gross revenues for achieving 80% occupancy, 4) 4% of gross revenues for achieving 90% occupancy, and 5) 5% of gross revenues for achieving 100% occupancy.

The first Additional Facility Management Fee is expected to be paid in 2031 once the Mosaic Quarter Iceplex and Field House reach 60% occupancy. The initial payment is estimated at $417,219 (1% of the estimated $41,721,890 in gross revenues in 2031).

Based on Knott Development's revenue projections, the 2% fee (70% occupancy) is expected to commence in 2038, and the 3% fee (80% occupancy) is expected to commence in 2051 and continue for the remainder of the forecast period (i.e., 2068).

Conclusions and Observations

- The Base Facility Management Fee and the Additional Facility Management Fee assumptions are slightly conservative *but within reason* given the expected occupancy schedule and fee structure.

Section 4.26: Non-Staff/Core Operating Reserves

Knott Development is shown to be paid by the facility management team an annual $0.50 per gross square foot fee for non-core costs (expenses outside of utilities costs, property taxes, maintenance and repair expenses, staffing costs, insurance premiums, and management fees) of operating the Mosaic Quarter Iceplex and Field House. Given the 319,600 gross square feet of the Mosaic Quarter Iceplex and Field House, the initial payment is calculated at $159,800.

The methodology utilized to arrive at the estimated additional operating expenses considered various factors including the activities and programming offered at the MQ Iceplex and MQ Field House, the expected replacement of sports equipment (outside of annual repair and maintenance), etc.

The annual payment is assumed to increase at an annual rate of 2%. To the extent that realized non-core costs are less than the annual payment, Knott Development will retain any excess portions in a reserve for application to future periods in which non-core costs exceed the then-current annual payment.

Conclusions and Observations

- The methodology used to calculate the additional operating expense payments is reasonable, and the reserve policy approach is appropriate and should cover future unexpected expenses.

Section 4.26: Operating Expense Summary

The following table summarizes the aforementioned operating expenses and their respective *annualized* costs and escalation factors. In summary, the methodology, approach, and data used to estimate the projected costs is within a reasonable range.

Utilizing the same statistical approach, the projected estimates that were considered reasonable made up approximately 95% of the total projected operating expenses, utilizing a confidence level of 95%, the margin of error is calculated to be approximately +/- 2%.

Figure 3: Mosaic Quarter Iceplex and Field House Operational Expenses		
Expense Category	Initial Cost	Annual Escalation Factor
Staffing		
Mosaic Quarter Staff	$1,759,343 (2027)	2%
Edge Sports Management Staff	$280,500 (2027)	2%
Utility	$935,285 (2027)	3%
Facility Repair and Maintenance		
Phase I Mosaic Quarter Iceplex/Field House	$325,992 (2027)	2%
Mosaic Quarter Common Area	$325,992 (2027)	2%
Insurance Premiums	$309,178 (2027)	2%
Facility Management Fees		
Base Facility Management	$287,500 (2027)	N/A
Additional Facility Management	$417,219 (2031)	Based on Occupancy
Non-Staff/Core Operating	$162,996 (2027)	2%

Notes: Excludes non-operational expenses such as property taxes, lease payments, and debt service. The Mosaic Quarter staffing expenses are an annualized amount based on the costs estimated over a 5-month period.
Source: Knott Development MQ Phase I Cash Flow Projections (Revision A 12-2023) and Phase I Cash Flow Assumptions (1-2-2024 Redline).

Conclusions and Observations

Given a margin of error of 2%, we can state with 95% confidence that actual expenses will lie within an interval that ranges from 2% below the projected value to 2% above the projected value. This interval represents the range of uncertainty around the expense projections.

Section 4.3: Spending/Impact Projection Assumptions

Knott Development provided annual aggregated spending impacts by event or activity (a list of the documents related to spending assumptions is summarized in the Appendix). These spending projections were utilized to estimate state and local tax revenue impacts. Specifically, the impacts were estimated for the State of Arizona, the Regional Transportation Authority ("RTA") within Pima County, and the City of Tucson.

The annual spending and impact projections for both the Mosaic Quarter Field House and Iceplex were derived by the events or activities utilized to calculate operating revenues and expenditures. The following table summarizes the key assumptions utilized to calculate the spending and impact projections.

Figure 4: Mosaic Quarter Iceplex and Field House Spending and Impact Projections	
Knott Development Inputs	Primary Assumption
Accessible Population	Population of Tucson Metro – Approximately 1,000,000
Participating Teams	Varies by Event/Activity
Participating Players/Individuals	Varies by Event/Activity
Accompanying Guests	1.5 Guests per Participant
Hotel Stays per Teams	Varies by Length of Event/Activity
Hotel Stay Durations	Varies by Length of Event/Activity
Daily Hotel Rates	$180.00 per Night (2% annual escalation)
Hotel Guest/Visitor Spending	Varies by Number of Participants and Length of Event/Activity
Restaurant Spending	$42.00 Daily per Person
Retail Spending	$19.74 Daily per Person
Attraction Spending	$3.36 Daily per Person
Transportation Spending	$7.14 Daily per Person
Miscellaneous Spending	$11.34 Daily per Person
Job Multipliers	Varies

Notes: Restaurant, retail, attractions, transportation and miscellaneous spending by event player and their accompanying guests that do not stay at Mosaic Partner hotels is discounted by 50%.
Source: Knott Development documents listed in the Appendix.

Conclusions and Observations

- While the majority of the assumptions related to participation (i.e., participating teams, players, individuals, etc.) include a necessary speculative element due to the absence of direct comparable facilities in Tucson, the projections are based on informed and reasonable data.

- Knott Development assumptions related to spending (i.e., restaurant spending, retail spending, attraction spending, etc.) are in-line with estimates calculated by the Arizona Office of Tourism ("AOT") – which surveys out-of-state visitors and in-state travelers to reach their conclusions.

- Knott Development assumptions related to guests per participant are based on information from a study commissioned by Pima County in 2016, this assumption is in-line with AOT's estimates.

- Knott Development assumptions related to daily hotel rates is about 20% higher than the *current* market average, but in-line with trends and the expected rate in 2027. Further, Knott Development reduced the assumptions used to calculate the impact of guest spending by 50% in order to be conservative. It is our opinion that the forward-looking rate adjustment combined with the reduction of guest impact spending results in a reasonable assumption of hotel rates.

- The job-multiplier impact used by Knott Development is in-line with industry standards, and the multipliers used by RCG in conducing economic impact studies.

- Since the Knott Development spending and impact estimates are derived from the assumptions used in projecting operating revenues, the same +/- 5% margin of error applies.

Therefore, we can state with a 95% confidence that actual values will lie within an interval that ranges from 5% below the projected value to 5% above the projected value. This interval represents the range of uncertainty around the projections.

Section 5: Conclusion

Subject to the items reviewed and discussed above, it is the opinion of RCG that the provided: 1) operating revenue projections are within a +/- 5% margin of error, 2) operating expenditure projections are within a +/- 2% margin of error, and 3) spending/impact projections are within a +/- 5% margin of error. Based on standard practices, an acceptable margin of error lies between +/- 3% and +/- 8%.

After conducting a detailed analysis of the assumptions utilized in the financial projections, including the 5% margin of error in revenue forecasts and the 2% margin of error in expenditure estimates, our firm has found no significant vulnerabilities that would materially impact the project's financial forecasting and includes a manageable level of risk associated with the estimated figures.

Note: This analysis does not incorporate an independent economic and fiscal impact study, as such an analysis was beyond the scope of our work. However, it is important to note that the primary drivers of the impacts, such as the job multipliers, spending assumptions, and tax rates, have been reviewed and verified to ensure their accuracy and reliability. Our findings and conclusions are based on these reviewed parameters, and while comprehensive, should be considered within the context of the stated limitations of our scope.

Appendix

Knott Development Documents

The following is a list of the documents, provided by Knott Development, that were reviewed for this analysis (in no particular order):

- Basketball Event Spending Assumptions (4/17/2023)
- MQ FH Basketball Direct Spending (4/17/2023)
- Basketball Event Spending Assumptions – Update (5/8/2023)
- MQ FH Basketball Direct Spending – Update (5/8/2023)
- Boys Volleyball Event Spending and Assumptions (4/17/2023)
- MQ Boys Volleyball Direct Spending (4/17/23)
- Boys Volleyball Event Spending and Assumptions – Update (5/08/2023)
- MQ Boys Volleyball Direct Spending (5/08/2023)
- Girls Volleyball Event Spending and Assumptions (4/17/2023)
- MQ FH Girls Volleyball Direct Spending (4/17/23)
- Girls Volleyball Event Spending and Assumptions - Update (5/08/2023)
- MQ FH Girls Volleyball Direct Spending – Update (5/08/2023)
- MAPLE Season Direct Spending (5/08/2023)
- MAPLE Season Spending Assumptions (5/08/2023)
- MAPLE Showcase Direct Spending (4/17/2023)
- MAPLE Showcase spending Assumptions (4/16/2023)
- MAPLE Showcase Direct Spending (5/08/2023)
- MAPLE Showcase spending Assumptions (5/08/2023)
- Aggregate Community Spending (5/08/2023)
- Master Development Agreement (4/06/2023
- Mosaic Quarter Partnership (4/06/2023)
- Master Development Agreement (4/06/2023)
- Mosaic Quarter Partnership (4/06/23)
- Mosaic Quarter Phase II (4/06/23)
- Mosaic Quarter Transparency (4/06/2023)
- MQ Field House Section (4/06/2023)
- MQ Iceplex Section (4/06/2023)
- Risk Management (4/06/2023)
- Arizona Shootout Event Spending and Assumptions (5/08/2023)
- MQ Arizona Shootout Direct Spending (5/08/2023)
- MQ National Shootout Direct Spending (5/08/2023)
- National Shootout Event Spending and Assumptions (5/08/2023)
- MYHT Direct Spending (5/08/2023)
- MYHT Events Spending Assumptions (5/08/2023)
- Pickleball Invitational Direct Spending (5/08/2023)
- Pickleball Open Direct Spending (5/08/2023)
- MQ FH Wrestling Direct Spending (5/08/2023)
- Wrestling Events Spending Assumptions (5/08/2023)

- Supported Jobs – Hotels (6/01/2023)
- Supported Jobs – Restaurants (6/01/2023)
- AZ Gross Receipts Tax Calculations (5/16/2023)
- Maple Showcase League Aggregate Spending (5/25/2023)
- MQ FH Property Tax Projections (5/06/2023)
- MQ IP Property Tax Projections (5/06/2023)
- Supported Taxes – Arizona Hotel Sales Taxes (5/25/2023)
- Supported Taxes – Arizona Restaurant Sales Taxes (5/25/2023)
- Supported Taxes – City of Tucson Hotel Sales Taxes (5/25/2023)
- Supported Taxes – Hotel Surcharge Taxes (5/25/2023)
- Supported Taxes – RTA Hotel Taxes (5/25/2023)
- Supported Taxes – RTA Restaurant Sales Taxes (5/25/2023)
- Supported Taxes – Arizona Event Sales Taxes (5/26/2023)
- Supported Taxes – Arizona Retail Sales Taxes (5/26/2023)
- Supported Taxes – City Retail Sales Taxes (5/26/2023)
- Supported Taxes – City Restaurant Sales Taxes (5/26/2023)
- Supported Taxes – RTA Retail Sales Taxes (5/26/2023)
- Supported Taxes – RTA Event Sales Taxes (5/26/2023)
- MQ Phase I Cash Flow Projections (Revision A) (09/13/2023)
- Phase I Cash Flow Assumptions (Revision A) (09/13/2023)
- Phase I Cash Flow Assumptions (Revision A) (12/05/2023)
- MQ Phase I Cash Flow Projections (Revision A 12-2023) (12/05/2023)
- NCR Diversification Letter (Execution Copy) (01/04/2024)
- Phase I Cash Flow Assumptions (1-2-2024 Redline) (01/09/2024)

Additional Data Sources

The following is a list of the data sources used to evaluate the information provided by Knott Development for this analysis (in no particular order):

Travel Statistics:
https://tourism.az.gov/wp-content/uploads/2023/07/Arizona-Overnight-Travel-USA-2022-Report.pdf

Hotel Statistics:
https://product.costar.com/home/

Arizona Tax Rates:
https://azdor.gov/sites/default/files/2023-07/TPT_RATETABLE_08012023.pdf

Pima County Multi-Use Venues and Sports Facilities Fees:
https://www.pima.gov/1402/Multi-Use-Venues-Sports-Facilities

Pima County Property Tax Assessments and Rates:
https://www.asr.pima.gov

City of Tucson Sports Facility Rates and Fees:
https://www.tucsonaz.gov/Departments/Parks-and-Recreation/Rates-and-Fees

University of Arizona Hockey Schedule, Ticket Pricing, and Team Info:
https://www.arizonawildcathockey.org/page/show/1949226-home