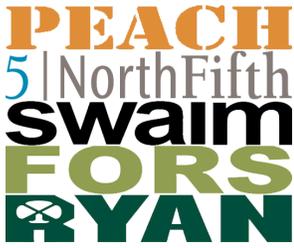


PROPOSAL
City of Tucson
Ronstadt Transit Center
Joint Development Project, Phase II



RFP No. 140983: Phase II
Revised Offer

September 30, 2015



September 30, 2015

Dan Longanecker, CPPB
Department of Procurement
255 W. Alameda, 6th Floor
Tucson, AZ 85701

RE: Ronstadt Transit Center Joint Development Project, Phase II
RFP No. 140983: Phase II

Dear Dan Longanecker,

We appreciate the opportunity to submit our revised response to the Ronstadt Transit Center Joint Development Request for Proposal. Peach listens. Following the presentation, the community comments and the City technical questions, there are a several aspects to our proposal we would like to address. These changes and clarifications are highlighted in detail in the attached proposal, and the responses to your technical questions are included in the appendix. The following is a summary of what is included:

- **Tile and Art Integration** – It has been our intention from day one to implement the beautiful arcade brick and tile work into one of our many public spaces. We considered leaving it in place, however we have concerns about doing so during construction. We have toured the site with Ronstadt tile artist, Melody Peters, to discuss the integration of the existing brick and tile into our Ronstadt design. Together we are excited to relocate the arcade to create the public market along the transit center, develop components in the public plazas, and integrate brick into the base and façade of our buildings. We believe that re-using the tiles and bricks in the market allow for more enjoyment of this unique part of Tucson’s history and culture.
- **Design** – At this time the project is still in conceptual design stages. Buildings should respond to context and culture, but also inspire and expand the community. If designs just copied old styles, we would not have the Modern architecture that our community has been passionate about preserving along Broadway and throughout Tucson. Each building will have its own content, character, and style. All final designs will be subject to design review by the City of Tucson, and the community at large. An updated rendering is included in section 3 C.

- **University of Arizona** – Although we do not have a formal arrangement with the University of Arizona, several departments have expressed interest in locating downtown. We are interested in filling that need and hope to work with the University of Arizona to continue their expansion into downtown. However, we have removed the reference to the U of A at this time, as the office space in the Toole building is not dependant on that specific tenant.
- **Greyhound** – They are actively pursuing other sites, so they are no longer referenced in our plan. However, the Corbett site would be an ideal location to support the Ronstadt Transit Hub. If Greyhound does not locate elsewhere we are eager to work with them. In the meantime, other medium haul bus lines have expressed an interest in a downtown station facility. The Corbett site can also include a parking structure, car rental, and car share facilities.
- **Team, Experience, and Financial Capability** – We have fortified our team with former partners and are excited to have Scott Stiteler and Rudy Dabdoub, from 5N5th, and Kenneth Golding, from Stanton Development, on board. Peach has worked with Stiteler and Dabdoub on over \$17 million of development projects in downtown Tucson, as well as partnering with Golding on six urban developments including Tap & Bottle and Borderlands. 5N5th is currently developing the \$33 million AC hotel down the street and have a commitment from Marriott to do another hotel on our site. Stanton Development is currently underway on a \$300 million urban mixed-use development on Capital Hill in Washington, DC. This team brings knowledge, experience, and equity to the team. All three partners are proven doers in Downtown Tucson.
- **Cost** - At this point the project is still in the concept and design stages. This is an urban development, which should cost significantly more than a suburban development, so we want to be conservative with our cost ceiling. For example the new AC Hotel is costing \$33 million for less than a half of an acre. The Ronstadt site is 4.7 acres. Any developer would be doing a disservice to Tucson if they were to spend less than \$100 million on a site of this size and of this importance. Since the presentation we have continued to value engineer the project and with a change in building materials, design changes, and alternative funding sources we have decreased that ceiling. The revised anticipated cost is \$126,859,424. Please see the financials in Section 8 for more detail.

- **Financing**

- o **Conventional Funding** - The project has been modeled with conventional debt and equity financing to allow for customary underwriting, so each building stands on it's own as a solid, fundable investment. Please refer to the individual proformas for each building in the Business Plan section.

- o **Mixed-Funding** - The team has a depth of experience with alternative funding structures and incentives such as New Market Tax Credits, HUD 108, 221-D4, HOME Housing program, and Local Improvement Districts. We will employ all that is appropriate to execute the different phases of this development.

- o **FTA** - This project is a joint development with the Federal Transit Administration. Not using available Federal funds would be a loss. We have allotted \$200,000 of investor equity to fund a grant writer/consultant for mixed-funding procurement, and if the City of Tucson is willing to cooperate we are eager to procure those funds for the improvement of Tucson. The pedestrian bridge is the only component of our plan that is dependent on FTA funding and it is not a necessary piece of our project.

We realize this is an ambitious plan, but it is very attainable. Tucson deserves better than mediocre. Tucson can be, and depending on this project, will be one of the Country's greatest downtowns.

We appreciate your consideration of our proposal, and look forward to working on this exciting opportunity to make the above proposal a reality.

Sincerely,



Ron Schwabe
Peach Properties



Phil Swaim, AIA
Swaim Associates, LTD

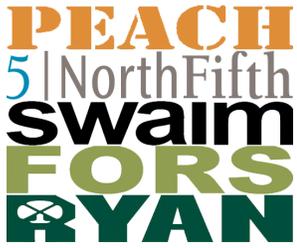


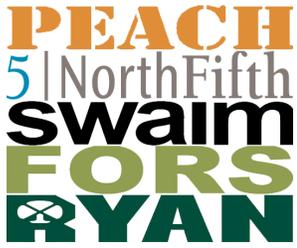
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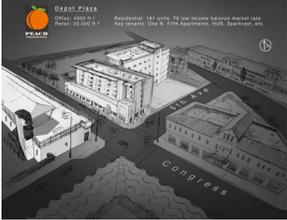
1. CONTACT INFORMATION



PEACH
PROPERTIES
HM INC.



1A. Contact Information



One North Fifth / Depot Plaza

Peach Properties HM, Inc.
CEO Ron Schwabe
44 E. Broadway Boulevard, Unit 300
Tucson, Arizona 85701
Phone: (520) 798-3331
Fax: (520) 798-1288
ron@peachprops.com
www.peachprops.com



The Herbert



Sandstone



Tooley's

2. EXECUTIVE SUMMARY





Our vision and goal is to transform the Ronstadt Transit Center into an inspirational and efficient multimodal regional transit center integrated with an active mixed-use sustainable community which is the heart of downtown. Ronstadt will become a signature destination for retail, culture, meetings and transportation. From the heart of Tucson to anywhere in the world.

The following are the key components of our proposal:

TRANSPORTATION



- The linear transit mall will be a safe and welcoming facility enhanced by restrooms, food, retail, shade, dog park, police sub-station, market and public plazas.
- The Transit Welcome Center will provide air conditioned ticketing and information services staffed by travel agents and supported by electronic boards with schedule information, GPS locating for buses and streetcars, airport arrival and departure updates, world weather, as well as cultural and visitor attraction promotion.
- Multimodal opportunities include pedestrian, bike, car, moped, segway and electric vehicle renting and sharing, as well as taxi, shuttle, train, streetcar and horse and buggy services.
- A 450 space parking garage provides access to downtown and transit, space for rental car facilities, as well as supports the mixed-use community.
- A pedestrian and bicycle bridge spans the railroad and upcoming Downtown Links to extend Sixth Avenue, connect to the Warehouse Arts District, and integrate the Corbett site which will house medium hall bus lines en route to the Southwestern US and Mexico and provide parking for Fourth Avenue.



RONSTADT

- The transit oriented development will be anchored by over 270 housing units, 20% affordable, for all ages and economic backgrounds.
- A 128 room hotel and conference center will attract and support businesses, the community and tourism.
- The wellness center will support Ronstadt, downtown and transit users.
- Retail and restaurants will activate Congress, Sixth Avenue and the public plazas.
- The public market integrated with the transit mall will activate and enhance the center.





- The south urban plaza and north park plaza provide diverse public open space gathering areas supporting retail, events, recreation and transit users.
- Urban rooftop food production will support the community, local restaurants the public market.
- Artist studios and live/work lofts expand the arts district and support the public market.
- We have programmed office space, which will be a great opportunity for the University of Arizona or other companies to expand their downtown presence.
- The new Ronstadt will exhibit Regionalism in all aspects of its design. Regionalism is defined as responding to and incorporating the elements of this specific site in downtown Tucson and its Climate, Light, Landscape, Culture, History, Scale and Materials.



ECONOMICS

- The high density development is economically sustainable with the supportive relationships of the transit center, community and downtown.
- The wide range of uses provide opportunities to thrive during changing economies and seasons.
- Housing is in high demand downtown and will provide a strong economic base for the development.



COMMUNITY

- Community support is critical to the success of Ronstadt.
- We look forward to working with the City of Tucson and all stakeholders to build consensus and confidence for the Ronstadt design.
- Education, and ease of use and access will expand transit use.



3. PROJECT DESCRIPTION



PROJECT SIZE

USE	SIZE
Residential Units	274
Residential	270,547 SF
Office	50,400 SF
Commercial/ Retail	61,820 SF
Hotel / Conference Center	128 Rooms and 87,460 SF
TOTAL Building	470,227 SF
Building Pads	86,360 SF
Parking	140,850 SF, 450 Spaces

BUILDING HEIGHTS

BUILDING	FEET	STORIES
Hotel	92'	7
Building South	140'	11
Building North	80'	6
Toole Arts Warehouse / Parking Garage	104'	8

JOBS

ECONOMIC IMPACT	DIRECT JOBS	INDIRECT AND INDUCED JOBS	PERMANENT JOBS	INDIRECT AND INDUCED ACTIVITIES
Hotel	107	123	43	\$ 13,533,792
New Multi-Family Housing Units	228	262	68	\$ 31,162,581
New Commercial Structures	131	179	35	\$ 9,674,654
Parking/Podium	67	47	5	\$ 5,271,560
TOTAL	426	489	106	\$ 59,642,587

CONSTRUCTION COSTS

AREA	COST
Toole Live / Work Lofts lofts, commercial, & office	\$27,833,768
North Building commercial & residential	\$21,671,767
South Building commercial & residential	\$30,400,916
Hotel / Conference Center 128 rooms	\$23,273,032
Parking Structure 450 stalls	\$8,100,000
Transit Center	
Temporary Transit Center	\$476,814
Permanent Transit Center	\$2,806,247
Market Research / Grant Writer	\$200,000
Pedestrian Bridge bridge, elevator, etc.	\$6,552,000
Plazas plazas, appurtenances	\$1,868,850
Infrastructure	\$914,125
TOTAL	\$124,097,519

TOTAL PROJECT COSTS

TOTAL	\$126,859,424
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STREETSCAPE AND OPENSOURCE

The intention is to provide gathering spaces at the heart of Ronstadt. Both plazas will provide day and night activity, bike parking, public art, multimodal accessibility and interaction with the built environment and open space.

NORTH PLAZA	The north plaza will be a casual quiet 'park like' space characterized by large shade trees, sustainable hardscape materials, and art/play installations.
Shade Trees	Native Trees
Play	Interactive sculpture that conveys the spirit of play to young and old and invites interaction.
Mound	A grassy mound at one end of the plaza invites play and provides alternate seating.
Open Event Space	A smaller open space at the center for performance.
Varied Public Seating Options	The plaza is flanked by benches characterized by organic nature that invites involvement and interaction.

SOUTH PLAZA	The south plaza will be a flexible urban space for large scale entertainment characterized by a fountain, flexible seating and hardscape.
Fountain	An iconic fountain that is at grade for accessible interactive experience and play.
Café Patios	The plaza is flanked north and south by café patios.
Open Space	Large open space provides a setting for larger scale gatherings and entertainment at special events.

CONGRESS POCKET PARK	
Shade Trees	Provided by the built structure above.
Green Learning Garden	Decorate Native vegetation with instructive labels.
Path	Pathway through the garden.
Benches	

SIXTH AVENUE PROMENADE	
Hotel Pickup Zone	At south end of street in front of hotel.
Taxi Pickup Zone	Mid block
Shuttle Pickup Zone	North end of block: airport and other shuttle services.
Continuous Tree Canopy	
8' Wide Enhanced Sidewalk	
Benches	
Bike Parking	
Café Patios	
Retail	
Vertical Circulation	On both sides of Toole Avenue there will be stairs and elevators to provide vertical circulation to the overhead pedestrian walkway.

TOOLE AVENUE

- Interactive Art Large scale public art that invites interaction and play on the south corner of Toole Avenue and N. 6th Avenue.
- Continuous Tree Canopy
- 8' Wide Enhanced Sidewalk
- Benches
- Bike Parking
- Café Patios

CONGRESS STREET

- Continuous Tree Canopy
- 8' Wide Enhanced Sidewalk
- Benches
- Bike Parking
- Retail

RONSTADT HOTEL		128 Rooms	87,460
			ft ²
GROUND LEVEL	<i>Potential Tenant Type</i>		7,060
H-1 Hotel Restaurant			1,940
H-2 Hotel Lobby			2,100
H-3 Retail	<i>Specialty Store</i>		1,280
H-4 Public Market Corridor			120
H-5 Public Market Corridor			120
Service			1,050
Vertical Circulation			450
SECOND LEVEL			9,000
Conference Center			8,550
Vertical Circulation			450
THIRD LEVEL			11,900
Guest Rooms	22	460	10,120
Corridor			880
Vertical Circulation			900
FOURTH LEVEL			11,900
Guest Rooms	22	460	10,120
Corridor			880
Vertical Circulation			900
FIFTH LEVEL			11,900
Guest Rooms	22	460	10,120
Corridor			880
Vertical Circulation			900
SIXTH LEVEL			11,900
Guest Rooms	22	460	10,120
Corridor			880
Vertical Circulation			900
SEVENTH LEVEL			11,900
Guest Rooms	22	460	10,120
Corridor			880
Vertical Circulation			900
EIGHTH LEVEL			11,900
Guest Rooms	18	577	10,400
Corridor			600
Vertical Circulation			900
ROOF DECK			11,900
Exercise			450
Pool Deck			6,750
Bar			800
Vertical Circulation			900
Service			3,000

RONSTADT SOUTH TOWER 158 Units **151,456**

		Ft²
GROUND LEVEL		16,500
S-1 Retail	<i>Restaurant</i>	2,000
S-2 Retail	<i>Speciality Store</i>	2,000
S-3 Retail	<i>Speciality Store</i>	2,500
S-4 Retail	<i>Grab-N-Go</i>	1,300
S-5 Retail	<i>Bike Shop</i>	800
S-6 Lobby	<i>Housing Lobby</i>	920
S-7 Retail	<i>Newsstand</i>	700
S-8 Retail	<i>Produce</i>	700
S-9 Public Market Vendor	<i>Vegetables</i>	120
S-10 Public Market Vendor	<i>Vegetables</i>	120
S-11 Public Market Vendor	<i>Bread</i>	120
S-12 Public Market Vendor	<i>Pies</i>	120
S-13 Public Market Vendor	<i>Flowers</i>	120
S-14 Public Market Vendor	<i>Plants</i>	120
Corridor		1500
Service		2460
Vertical Circulation		900
SECOND LEVEL		14,993
Units		
	1 BR 633 21	13,293
Corridors		800
Vertical Circulation		900
THIRD LEVEL		14,993
Units		
	1 BR 633 21	13,293
Corridors		800
Vertical Circulation		900
FOURTH LEVEL		14,993
Units		
	1 BR 633 21	13,293
Corridors		800
Vertical Circulation		900

FIFTH LEVEL				13,985
Units				
	1 BR	585	21	12,285
Corridors				800
Vertical Circulation				900
SIXTH LEVEL				14,000
Units				
	2 BR	820	15	12,300
Corridors				800
Vertical Circulation				900
SEVENTH LEVEL				14,000
Units				
	2 BR	820	15	12,300
Corridors				800
Vertical Circulation				900
EIGHTH LEVEL				11,996
Units				
	2 BR	858	12	10,296
Corridors				800
Vertical Circulation				900
NINTH LEVEL				11,996
Units				
	2 BR	858	12	10,296
Corridors				800
Vertical Circulation				900
TENTH LEVEL				11,996
Units				
	2 BR	858	12	10,296
Corridors				800
Vertical Circulation				900
ELEVENTH LEVEL				12,004
Units				
	3 BR	1,288	8	10,304
Corridors				800
Vertical Circulation				900

RONSTADT NORTH TOWER		62 Units	102,811
GROUND LEVEL			22,500 Ft ²
N-1 Wellness Center	Potential Tenant Type		22,500
	Pharmacy		4,700
	Minute Clinic		
N-2 Retail	Salon		1,600
N-3 Retail	Pet Services		2,600
N-4 Retail	Dry Cleaner		2,600
N-5 Retail	Café		2,300
N-6 Lobby	Housing Lobby		1,000
N-7 Welcome center	Transit Office		940
N-8 Retail	Bike Shop/ Share		1,000
N-9 Public Market Vendor	Newstand		120
N-10 Public Market Vendor	Hotdogs		120
N-11 Public Market Vendor	Tacos		120
Restrooms			1,200
Service			1,800
Corridor			1,500
Vertical Circulation			900
SECOND LEVEL			22,500
Wellness Center			21,600
	Fitness Center		
	Childcare Center		
	Social Services		
	Employment Center		
Vertical Circulation			900
THIRD LEVEL			16,000
Units			
	1 BR	710	20
			14,200
Corridors			900
Vertical Circulation			900
FOURTH LEVEL			16,000
Units			
	1 BR	710	20
			14,200
Corridor			900
Vertical Circulation			900
FIFTH LEVEL			13,994
Units			
	2 BR	938	13
			12,194
Corridor			900
Vertical Circulation			900
SIXTH LEVEL			11,817
Units			
	3 BR	1113	9
			10,017
Corridor			900
Vertical Circulation			900

RONSTADT TOOLE ARTS		54 units 450 parking spaces	269,350
WAREHOUSE			
			Ft ²
GROUND LEVEL	<i>Potential Tenant Type</i>		40,300
A-1 Offices			9,000
A-2 Loft Housing Lobby			1,400
A-3 Arts Retail	Arts / Gallery		2,000
A-4 Arts Retail	Arts / Gallery		2,000
A-5 Retail	Arts / Gallery		2,000
A-6 Retail	Car Share		2,000
Garage			19,050
Vertical Circulation			1,350
Service			1,500
SECOND LEVEL			40,800
Offices			9,000
Garage			30,450
Vertical Circulation			1,350
THIRD LEVEL			40,800
Offices			9,000
Garage			30,450
Vertical Circulation			1,350
FOURTH LEVEL			40,800
Offices			9,000
Garage			30,450
Vertical Circulation			1,350
FIFTH LEVEL			40,800
Offices			9,000
Garage			30,450
Vertical Circulation			1,350
SIXTH LEVEL			21,950
Live Work Lofts	18	1125	20,250
Corridor			800
Vertical Circulation			900
SEVENTH LEVEL			21,950
Live Work Lofts	18	1125	20,250
Corridor			800
Vertical Circulation			900
EIGHTH LEVEL			21,950
Live Work Lofts	18	1125	20,250
Corridor			800
Vertical Circulation			900



In response to questions and comments, we have made the following modifications and clarifications:

Brick and Tile Arcade

We have met and toured the site with Ronstadt tile artist, Melody Peters, to discuss the integration of the existing brick and tile into our Ronstadt design. Together we are excited to relocate the arcade to create the public market along the transit center, develop components in the public plazas, and integrate brick into the base and façade of our buildings.

Transit Mall

We have extended the transit mall bays to accommodate 16 buses, with the potential to handle 18 busses at one time.

Service

Service bays are located adjacent to Toole and near Congress for access. The bays can be parallel pull-outs, and/or provide perpendicular parking and access into the service cores where the waste and recycling are contained. Dumpsters can be rolled out on pick-up days, or accessed in the building. Service can be scheduled for night and early morning. Normal deliveries can utilize the hotel, taxi, shuttle bays on Congress and 6th Avenue.

Sky Bridge Elevators

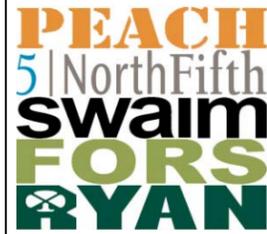
The sky bridge elevators and stairs are clarified on both sides of Toole at 6th Avenue, and at the southwest corner of the Corbett site.

Corbett Site

The Greyhound bus station is no longer shown as a use. Retail is planned on the ground floor with car rental and share at the sky bridge landing. Parking on levels two and above supports the Corbett development, 4th Avenue/Warehouse/Arts District and downtown. Residential is above the parking.



Transit Mall and Public Market from Toole Avenue



3J. Project Schedule

ID	Task Name	Duration	Start	Finish	2016				2017				2018				2019					
					Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	
1	DEVELOPMENT AGREEMENT	274 days	Fri 1/1/16	Fri 9/30/16																		
2	FTA REVIEW	274 days	Fri 1/1/16	Fri 9/30/16																		
3	FINANCE	274 days	Fri 1/1/16	Fri 9/30/16																		
4	EQUITY FUNDING	130 days?	Fri 1/1/16	Thu 6/30/16																		
5	FTA FUNDING	430 days?	Sat 10/1/16	Tue 5/15/18																		
6	DESIGN	398 days?	Fri 7/1/16	Fri 12/29/17																		
7	SITE / TRANSIT CENTER	274 days	Fri 7/1/16	Fri 3/31/17																		
8	TEMP TRANSIT CENTER	65 days?	Mon 1/2/17	Fri 3/31/17																		
9	UTILITIES	201 days?	Fri 7/1/16	Fri 3/31/17																		
10	RETAIL / HOUSING	271 days	Mon 10/3/16	Fri 6/30/17																		
11	HOTEL	271 days	Mon 10/3/16	Fri 6/30/17																		
12	TOOLE ARTS / PARKING / BRIDGE	271 days	Mon 4/3/17	Fri 12/29/17																		
13	PERMIT	360 days?	Mon 1/2/17	Tue 5/15/18																		
14	SITE / DEVEL. PLAN	180 days	Mon 1/2/17	Fri 6/30/17																		
15	TRANSPORTATION	131 days?	Mon 1/2/17	Fri 6/30/17																		
16	TUCSON WATER	131 days?	Mon 1/2/17	Fri 6/30/17																		
17	P.C. WASTEWATER	131 days?	Mon 1/2/17	Fri 6/30/17																		
18	TEP	131 days?	Mon 1/2/17	Fri 6/30/17																		
19	RETAIL / HOUSING	89 days	Mon 7/3/17	Fri 9/29/17																		
20	HOTEL	89 days	Mon 7/3/17	Fri 9/29/17																		
21	TOOLE ARTS / PARKING	88 days	Tue 1/2/18	Fri 3/30/18																		
22	UPRR	163 days?	Mon 10/2/17	Tue 5/15/18																		
23	CONSTRUCTION	490 days?	Mon 7/3/17	Wed 5/15/19																		
24	PHASE I	65 days	Mon 7/3/17	Fri 9/29/17																		
25	TEMP. TRANS.	89 days	Mon 7/3/17	Fri 9/29/17																		
26	UTILITIES	89 days	Mon 7/3/17	Fri 9/29/17																		
27	PHASE II	328 days	Mon 10/2/17	Mon 12/31/18																		
28	TRANSIT	226 days	Mon 10/2/17	Tue 5/15/18																		
29	RETAIL / HOUSING	456 days	Mon 10/2/17	Mon 12/31/18																		
30	HOTEL	456 days	Mon 10/2/17	Mon 12/31/18																		
31	PHASE III	263 days?	Tue 5/15/18	Wed 5/15/19																		
32	TOOLE ARTS / PARKING	366 days	Tue 5/15/18	Wed 5/15/19																		
33	BRIDGE	166 days?	Tue 5/15/18	Mon 12/31/18																		
34	LEASE	747 days	Sat 10/1/16	Wed 7/31/19																		
35	PRE-MARKETING	592 days	Sat 10/1/16	Tue 5/15/18																		
36	LEASE UP	366 days	Tue 5/15/18	Wed 5/15/19																		
37	OCCUPANCY	212 days	Tue 1/1/19	Wed 7/31/19																		

Project: Ronstadt Project Schedule 9-29-15
Date: Tue 9/29/15

Schedule in Calendar Days

Task Progress Summary External Tasks Deadline
 Split Milestone Project Summary External Milestone

Our construction mitigation plan is based on our phasing of the project:

- Phase 1 – Build Temporary Transit Center (on proposed Parking Structure site north of Toole Avenue)
- Phase 2a – Build Infrastructure & Transit Center
- Phase 2b – Build Retail & Apartment Towers
- Phase 2c – Build Hotel
- Phase 3 – Build Parking Structure, Art Studios & Bridge



Ryan and Kittleson will work with the appropriate jurisdictional authorities to provide the traffic plans as needed to build the Temporary Transit Center on the parcel north of Toole Avenue. Once that's completed and operational, we will again work with the jurisdictional authorities to provide traffic plans along with the traffic management components to install the infrastructure needed for the project and start the demolition and installation of the new Transit Center, along with the rest of Phase 2. Once the transit center is complete and the hotel and apartment towers are complete enough for the site to be safe and utilized, we will barricade the parcel north of Toole Avenue to demolish the Temporary Transit Station, and begin construction of Phase 3.



Throughout the construction process, safety is a primary objective. Ryan will ensure that the entire site is safe for not only our work force, but also for the public. The key to a safe environment is planning. Ryan utilizes a process of pre-task planning for all critical tasks which are performed. The pre-task plan allows Ryan to walk through all possible safety issues and develop plans to address any unforeseen circumstances. Additionally, by utilizing proper signage, fencing, barricades, covered walkways, etc., Ryan can keep the public away from potentially dangerous areas of work.

Another key component to constructing a project of this magnitude on an urban site is communication. Ryan is adept at communicating with all stakeholders to ensure the appropriate parties know what is going on at all times. We have several tools and processes to make certain that all parties are communicating well including communication plans, meetings, website posts, newsletters, etc. Ryan's on-site staff will be 100% accessible to respond to any changing conditions which will allow City of Tucson stakeholders and surrounding businesses time to prepare for any forthcoming disruptions.



4. INTEGRATION OF TRANSIT USE

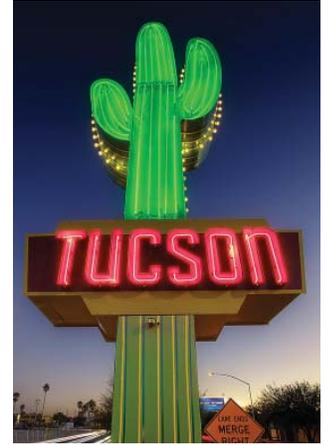


4. Integration of Transit Use

There are no revisions to this section.



5. RESPONSE TO CITY GOALS & PLANS & FTA REQUIREMENTS



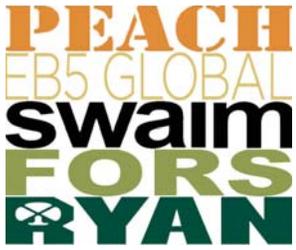
**CITY OF
TUCSON**



5. Response to City Goals & Plans & FTA Requirements

There are no revisions to this section.





6. TEAM

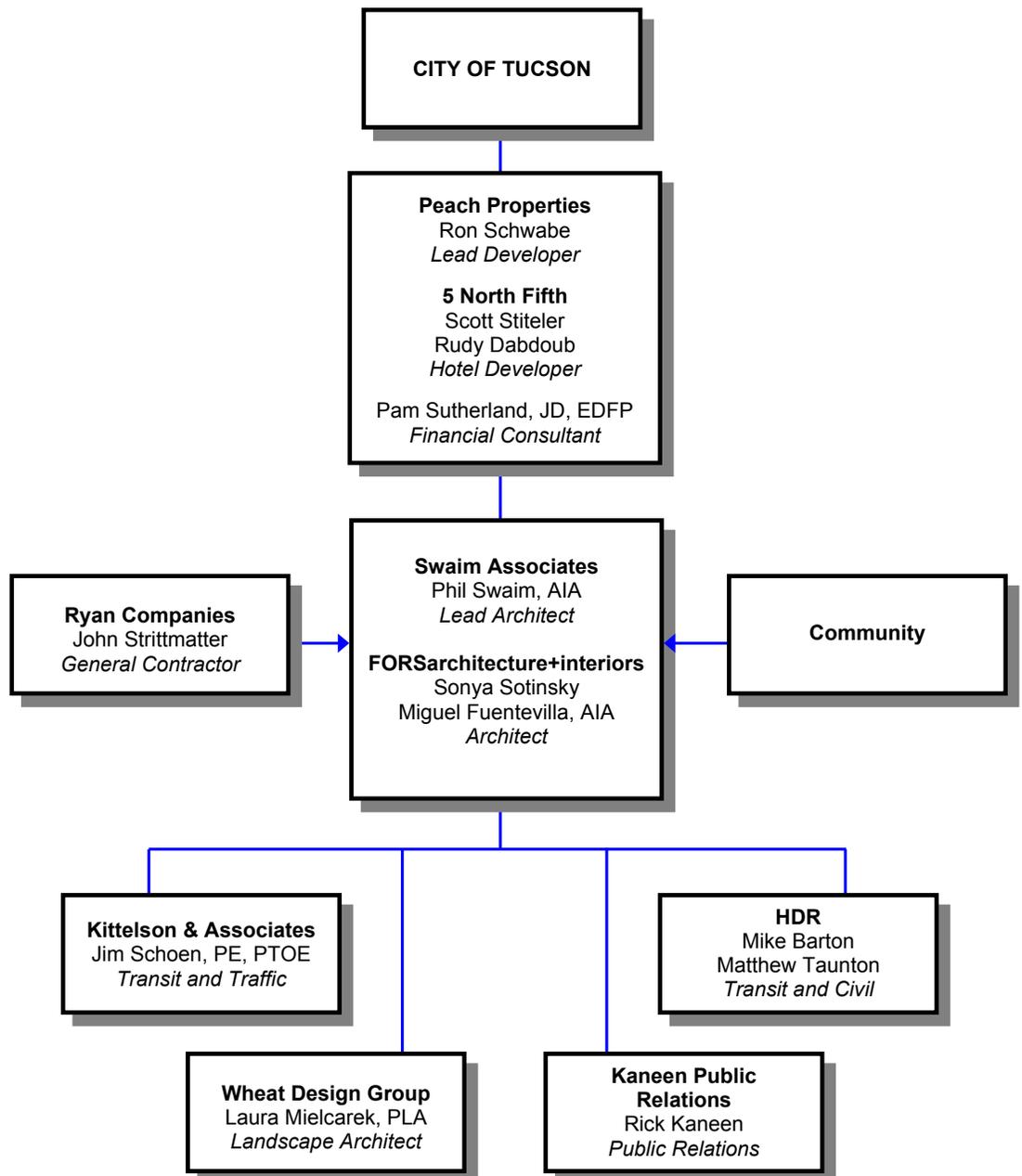


5 | NorthFifth



5 North Fifth, Scott Steitler and Rudy Dabdoub, have joined the team as the Hotel Developer, bringing proven success in Downtown Tucson and a commitment from Marriott. This eliminates the need for EB5 funding.

Stanton Development, Kenneth Golding, has also joined the team as an equity partner.



9/28/15

5 | NorthFifth

Ron,

The meetings between our company, Peach and the design team you assembled have been very helpful with our decision to move toward a new hotel along Congress Street at the Ronstadt Transit Center.

As you know, we started investing in downtown Tucson in 1999 and are responsible for many noteworthy projects along Congress Street and Broadway Boulevard, including the current development of the AC Tucson Hotel.

We believe your proposal is an appropriate next step to expand development on the east end of downtown and possibly connect to the warehouse district and our holdings surrounding the Corbett Building on 6th Avenue.

Your proposal is realistic. It includes the right mix of hotel and residential with a modest offering of retail and office. We appreciate the time you have spent with Sun Tran to properly incorporate transportation with a linear transit mall. Finding the right balance of open space in a dense setting is always a challenge. Your conceptual plan is a good start to achieve this balance.

The timing for our company to develop a second hotel in downtown Tucson at a location across from several of our existing mixed use assets is ideal. Marriott International has given us a preliminary indication of support for one of two brands that we believe will be a good fit to the market. Moxy is a new brand for Marriott that much like our AC Tucson hotel project is part of Marriott's push toward urban hospitality experiences at an upper moderate price point. The Moxy brand will appeal to a wide audience that enjoys all that an energized downtown has to offer. SpringHill Suites is one of Marriott's established brands that went through a complete rebranding with their Generation 5 design. At this point, we are leaning toward Moxy but are pleased to have options as we get closer to a decision.

Under separate cover, we have included:

1. Renderings of Moxy and SpringHill Suite Hotels from current projects across the U.S.
2. Letter of support from Marriott International, Inc.
3. Summary budget and Cash flow for a Moxy Branded hotel.
4. Summary of current demand for hospitality.

Please let us know what we can do to move this important project forward. We are confident our company will be able to deliver a successful hotel project along with the possibility of connecting surrounding sites to create the best possible urban experience.

Regards,
Scott Stiteler
Rudy Dabdoub
5 North Fifth Hotel, L.L.C.



SCOTT STITELER
Principal Owner
Tucson Urban, LLC

5 | NorthFifth

EDUCATION

Bachelor of Science in Economics, Santa Clara University, 1992

COMMUNITY INVOLVEMENT

Night Train Swimmers, Founder

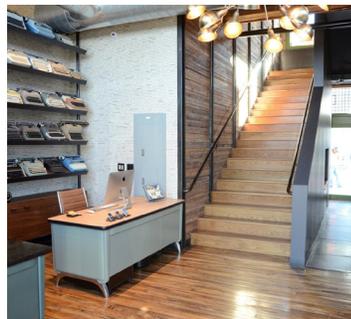
Scott Stiteler is the principal owner of Tucson Urban LLC and several related entities. He received a BS in Economics from Santa Clara University in 1989 and a MBA from Santa Clara University in 1992. In 1990 Mr. Stiteler formed Stellar Homes, Inc. to build urban, infill, residential projects in the San Francisco Bay Area, building over 370 homes from 1990 to 1997. In 1994 Mr. Stiteler expanded development activities to Tucson, Arizona. He has developed and sold hundreds of lots and homes in the Tucson Area and continues with those endeavors. While in Tucson, Mr. Stiteler diversified his development focus, expanding into income producing properties and redevelopment of vintage buildings in downtown Tucson. In the past nine years, projects in downtown Tucson include redevelopment and renovation of three city blocks at the intersection of 5th Avenue and Congress Street.

Notable downtown projects include One North Fifth apartments, the Hub Restaurant, Connect Coworking at Rialto, Hub Ice Cream Factory, Sparkroot, Proper Restaurant, Diablo Burger, Pizzeria Bianco and the soon to be built AC Tucson Hotel by Marriott.

He is a founder and active participant in Night Train Swimmers, a non-profit organization that raises money for local charities, including Semper Fi, Navy Seal Foundation, and Lighthouse. In 2012, Nighthtrain Swimmers began teaching kids water safety skills in urban neighborhoods in the San Francisco Bay Area.



Pizzeria Bianco
Tucson, AZ



Connect Coworking
Tucson, AZ



One North Fifth
Tucson, AZ



Rudy Dabdoub

Owner
North Face Investments, LLC



North Face Investments, LLC, Managing Member, 2003-Present

As Managing Member, I have directed the company towards the development and construction of a full-service Holiday Inn hotel in Chandler, Arizona, which opened for business in March of 2004. A side-by-side Holiday Inn Express and a Candlewood Suites were developed from the ground up in Sierra Vista, AZ. Both hotels opened in mid 2007. A Candlewood Suites was developed and opened for operation in late 2008 in Nogales, AZ adjacent to the existing Holiday Inn Express owned by Hotels of Mexico, LLC. I coordinate all aspects of the development and pre and post-opening management operations. My responsibilities include, but are not limited to: site selection, franchise negotiations, financing, selecting/hiring architect, general contractor and interior designer. I am also involved in the overall day-to-day management through Cima Management (please see Cima below). Under my direction, North Face has recently acquired several sites in Arizona for future hotel development. Projects currently under development include an AC by Marriott hotel in downtown Tucson, AZ.

EDUCATION

Bachelor of Science
in Business
Administration,
Northern Arizona
University, 1990

COMMUNITY INVOLVEMENT

Santa Cruz
County Workforce
Investment Board,
Boar of Directors,
2003-Present

19 South Racing Club
Founder & President,
2006-2011

Santa Cruz County
Tourism Council,
2005-2006

Nogales Port
Authority, Board of
Directors, 2004-2006

International
Association of Holiday
Inns / Western
Region, Committee
Member, 2004-2006

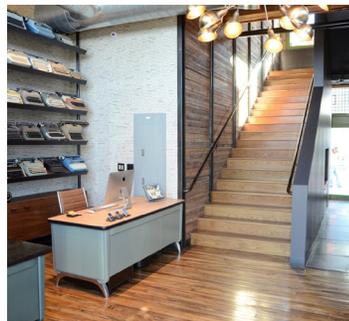
Blue Iguana, Managing Member, 2010-Present

Blue Iguana was started in order to venture into other areas of real estate aside from the hotel development that is being done by North Face Investments, L.L.C. As such, Blue Iguana has a long and successful track record on a variety of projects, including:

- *Acquisition, rehab and sale of residential foreclosures – Tucson AZ
- *Student housing project – Tucson, AZ
- *Mini Storage – Tucson, AZ
- *Coworking office space – Tucson, AZ



Holiday Inn at Ocotillo
Chandler, AZ



Connect Coworking
Tucson, AZ



Holiday Inn Express
Sierra Vista, AZ



Kenneth A. Golding

Stanton Development Corporation
 305 7th Street SE
 Washington, DC 20003
 Work: (202) 544-6666; Mobile: (202) 256-6688
 kgolding@stantondevelopment.com

WORK EXPERIENCE:

- President, Stanton Development Corporation, Washington, DC** *1983- Present*
 - Co-developing transit oriented mixed use development behind the US Capitol of 600,000 square feet (www.700penn.com).
 - Developed and manage mixed-use commercial buildings on Historic Capitol Hill, Washington, DC (www.stantondevelopment.com)

- President, Golding Associates, Washington, DC** *1980- Present*
 - Developed, own and manage urban infill, mixed use projects in Boston, Tampa and Tucson.
 - Co-developed new urbanist village in Santa Fe, NM.
 - Developed, own and manage office and residential properties in Boulder and Louisville and restored and manage boatyards and a transit oriented market center in Boston.
 - Own and manage shopping centers in Florida and Massachusetts

- Project Manager, Willard Associates, Washington, DC** *1979-1983*
 - Co-developed Willard Hotel restoration (430 rooms) and new office/retail addition (220,000 sf) adjacent to the White House.

- City Planner, City and County of Denver, CO** *1973-1978*
 - Neighborhood planner, historic preservation, zoning

PROFESSIONAL ORGANIZATIONS:

- Market Row Association** *2000-Present*
 - President. Initiated renovation of 7th Street SE

- Capitol Hill BID** *2004-Present*
 - Founder. Oversee safety and cleanliness of Capitol Hill commercial streets

- Eastern Market Metro Plaza Committee** *2006-Present*
 - Initiate study and feasibility of improving design and function of Eastern Market Metro

- DC Business and Industry Association** *2002-Present*
 - Retail Committee member. Finding ways to foster local, neighborhood retail shops in DC's community neighborhoods.

EDUCATION:

- 1969 **Brown University, B.A., Providence, RI**

- Maxwell School, Syracuse University, M.P.A., Syracuse, NY** 1972

- Colorado School of Mines, M.Sc., Golden, CO** 1978

7. PUBLIC ENGAGEMENT





There are no revisions to this section.



8. BUSINESS PLAN & FINANCIAL CAPACITY



nplc.com/vj/10/2006



Land Acquisition / Ground Lease

With the four building plots, Peach will utilize 86,360 square feet of the 204,732 square feet of the entire re-development site. The remaining 118,372 square feet will be for public use (transit center, plazas, streetscape, etc.). This means our land use and operation will occupy 42% of the total space available. The FTA's original investment in the facility is estimated to be \$7 million, which means our fair share of the \$7 million investment is \$2,952,738. However, because we are moving (although improving) the transit center, we are proposing to pay for the specific transit related improvements. These improvements plus contingency total \$4,729,212:

- Temporary transit center
- Re-construction of new transit center
- Grant writer/consultant
- FTA match

We will need details from the City of Tucson and FTA on specific requirements governing the Fair Share of Revenue program and disposition of COT/FTA transit center expenditures estimated to be \$7 million. We are confident that the parties (Peach/COT/FTA) can formalize a mutually acceptable structure which makes COT/FTA whole on past FTA expenditures and catalyzes private development in and around the new transit center. We are open to an exclusive lease structure, or a combination of credit and lease structure to make this proposed project happen. We look forward to determining the specifics during the development agreement.

Project Costs/Sources and Uses					Total
SOURCES					
Required Loan Proceeds (Loan from NOI of Commercial, Retail, Residential, Office)					\$ 62,606,093
Private/ Mezzanine Equity					\$ 22,029,570
New Market Tax Credits/ Rio Nuevo Partnership					\$ 8,100,000
Local Improvement District/ Community Facility District					\$ 914,125
Hotel					\$ 23,273,032
FTA Grant Funding For Capital Projects (urban formula, New Starts/Small Starts, bus formula) - hard commercial costs					\$ 9,936,603
Total Sources					\$ 126,859,424
USES					
Acquisition	Land Cost	(\$ 4,729,212 for temporary transit center, new transit center, grant writer, & FTA match) *see Section 8 - Business Plan for explanation			
Development	Description	Units	Qty/ Amt	Unit Cost	Subtotal
	Conventional Buildings				
	Toole				
	lofts, commercial, & office				\$27,833,768
	North Building				
	Commercial & residential				\$21,671,767
	South Building				
	Commercial & residential				\$30,400,916
	Hotel				
	128 rooms				\$23,273,032
	Parking				
	450 stalls	stall	450	\$ 18,000.00	\$8,100,000
	Transit				
	Permanent Transit Center	sf	47,475	\$ 59.11	\$2,806,247
	Temporary Transit Center	sf	73,356	\$ 6.50	\$476,814
	Market Research/ Grant Writer				\$200,000
	Pedestrian Bridge				
	Bridge, elevator, etc	lf	546	\$ 12,000.00	\$6,552,000
	Plazas				
	Plazas, appurtenances	sf	41,530	\$ 45.00	\$1,868,850
	Infrastructure				
	All infrastructure	ls		\$ 914,125.00	\$914,125
Subtotal					\$124,097,520
	Soft Costs/ Contingency for Public Components	18% (25% soft cost/ contingency factored into individual building costs above)			\$ 2,106,704
	Match Required For Federal Grants	10%			\$655,200
Total Development Costs					\$ 126,859,424
<i>These Proforma projections are preliminary only and are subject to change</i>					

Toole

Live / work lofts, retail, & office

Conventional Debt	\$21,977,576
Private / Mezzanine Equity	\$5,856,192
Cost	\$27,833,768

South Tower

Residential & Retail

Conventional Debt	\$23,455,952
Private / Mezzanine Equity	\$6,944,965
Cost	\$30,400,916



North Tower

Residential, retail, & wellness center

Conventional Debt	\$17,172,567
Private / Mezzanine Equity	\$4,499,200
Cost	\$21,671,767

Hotel

128 rooms

\$23,273,032

Transit, Commercial, Retail, Residential

Tucson AZ

NEW CONSTRUCTION

Temporary Transit Center		73,356 S/F
Permanent Transit Center		47,475 S/F
Residential Units		274 Units
Residential		270,547 S/F
Office		50,400 S/F
Commercial/ Retail		61,820 S/F
Hotel	128 Rooms	87,460 S/F
<i>Total Building</i>		<i>470,227 S/F</i>
Land Square Feet	4.7 Acres	204,732 S/F
Privately Used SF		86,360 S/F
Parking	450 Spaces	140,850 S/F

All Building Proforma

Units	Type	Avg Bed s/f	Total S/F	Avg Rent/SF/MO
274	rental units	987	270,547	\$1.83

Gross Potential Rent				\$ 4,710,353
Less Vacancy	10%		-\$ 471,035	
Less Concessions	1%		-\$ 47,104	
Adjusted Gross Potential Rent				\$ 4,192,214
Other Income				
Misc. Residential Income			\$122,640	
Commercial & Office Income			\$2,238,350	
Effective Gross Income				\$ 6,553,204
Expenses			-\$ 894,694	
Net Operating Income				\$ 5,658,510
Net Income After Reserves	2%			\$ 5,545,340
Maximum Commercial Loan Debt Service @ 1.3				
\$ 62,606,095	@ 5.5% 30 yr AM		-\$ 4,265,646	
Cash Flow After Debt Service/Ptr. Expenses				\$ 1,279,694

North Building Operating Proforma - Residential & Commercial

Residential					
Type	Total SF	Net Rentable \$	Units	Market Rent/SF/MO	Affordable Rent/SF/MO
apartments	61,211	50,611	62	\$ 1.80	\$ 0.82
Gross Potential Rent					
					\$ 974,161
Gross Potential Rent Market Rate		80%		\$ 874,558	
Gross Potential Rent Affordable		20%		\$ 99,602	
Less Vacancy		10%		-\$ 97,416.05	
Less Concessions (non-rev units, bad debt)		1%		-\$ 9,742	
Adjusted Gross Potential Rent					\$ 867,003
Other Income					
Misc Residential Income		\$20 per unit		\$ 14,880	
Commercial Income				\$ 888,576	
Effective Gross Income					\$ 1,770,459
Operating Expenses					
(-\$ 3,521.86 per unit total)					
Payroll & Benefits		\$600 per unit		-\$ 37,200	
General & Administrative		\$250 per unit		-\$ 15,500	
Repairs & Maintenance		\$300 per unit		-\$ 18,600	
Contract Services		\$250 per unit		-\$ 15,500	
Advertising & Promotion		\$200 per unit		-\$ 12,400	
Utilities				-\$ 7,000	
Insurance		\$350 per unit		-\$ 21,700	
Apartment Prep/ Turnover		\$150 per unit		-\$ 9,300	
Management Fee		4%		-\$ 30,345.10	
Gross Receipts		3%		-\$ 26,010.09	
Property Taxes	*without GPLET	\$400 per unit		-\$ 24,800	
Ground Lease					
NOI					\$ 1,552,104
Reserves		2%		-\$ 31,042	
NOI after reserves					\$ 1,521,062
Maximum Loan After Debt Service @ 1.3-->					\$ 17,172,567
(5.5%, 30 yr AM)					-\$ 1,170,047
Cash Flow After Debt Service					\$ 351,014
Costs & Acquisition					
Land	22,500	\$54.76 per SF		\$ 1,232,136	*see business plan for land cost explanation
Construction					
	Residential	\$ 155 per SF		\$ 9,487,705	
	Commercial	\$ 165 per SF		\$ 6,864,000	*shell price of \$105 plus TI of \$60
Soft Costs/ Contingency		25%		\$ 4,087,926	*see below
TOTAL Cost & Acquisition					\$ 21,671,767

Commercial			
Type	Total SF	Net Rentable \$	Rent/SF/YR
retail & wellness center	41,600	38,600	\$ 24
Gross Potential Rent			
			\$ 998,400
Less Concessions (non-rev units, bad debt)		1%	-\$ 9,984.00
Less Vacancy		10%	-\$ 99,840
Adjusted Gross Potential Rent			\$ 888,576

*soft costs/ contingency includes:

Tax, Contractor Fee, Insurance, General Conditions and Temporary Requirements, OS&E, Architectural and Engineering Fees, Other Consultants Fees, Pre-opening expenses, Hotel Operator TSA Fees, Legal fees (construction and funding), Geotechnical Report, Traffic Study, Franchise License Fee (if applicable), Off-site Development Costs (to surrounding area), Impact Fees, Permits / Archeological Costs, Marketing, Integral Administration Costs, Development Team Reimbursable Expenses, Title / Escrow Fees, Inspection Fees, Broker Fees, Marketing Fees, Insurance, Developer Fee, Bank Fees, Bank Legal Fees, Loan Fees, Interest Reserve, Commercial Broker commissions, etc

Toole Operating Proforma - Live/ Work Lofts, Commercial, & Office

Toole Residential					
Type	Total SF	Net Rentable SF	Units	Market Rent/SF/MO	Affordable Rent/SF/MO
live/ work lofts	70,100	60,750	54	\$ 2	\$ 0.82 *
Gross Potential Rent					
				\$	1,239,300
Gross Potential Rent Market Rate		100%		\$ 1,239,300	
Gross Potential Rent Affordable		0%		\$ -	
Less Vacancy		10%		-\$ 123,930	
Less Concessions (non-rev units, bad debt)		1%		-\$ 12,393	
Adjusted Gross Potential Rent				\$	1,102,977
Other Income					
Misc Residential Income		\$20 per unit		\$ 12,960	
Commercial Income				\$ 142,400	
Office Income				\$ 921,150	
Effective Gross Income				\$	2,179,487
Operating Expenses (-\$ 3,575.81 per unit total)					
Payroll & Benefits		\$550 per unit		-\$ 29,700	
General & Administrative		\$200 per unit		-\$ 10,800	
Repairs & Maintenance		\$200 per unit		-\$ 10,800	
Contract Services		\$200 per unit		-\$ 10,800	
Advertising & Promotion		\$150 per unit		-\$ 8,100	
Utilities				-\$ 8,000	
Insurance		\$300 per unit		-\$ 16,200	
Apartment Prep/ Turnover		\$100 per unit		-\$ 5,400	
Management Fee		4%		-\$ 38,604	
Gross Receipts		3%		-\$ 33,089	
Property Taxes *without GPLET		\$400 per unit		-\$ 21,600	
NOI				\$	1,986,393
Reserves		2%		-\$ 39,728	
NOI after reserves				\$	1,946,666
Maximum Loan After Debt Service @ 1.3-->					
				\$	21,977,576
				-\$	1,497,435 annual debt service
Cash Flow After Debt Service				\$	449,231
Costs & Acquisition					
Land	40,300	\$54.76 per SF		\$ 2,206,893	*see business plan for land cost explanation
Construction					
Residential		\$ 155 per SF		\$ 10,865,500	
Commercial		\$ 165 per SF		\$ 1,320,000	*shell price of \$105 plus TI of \$60
Office		\$ 165 per SF		\$ 8,316,000	
Soft Costs/ Contingency		25%		\$ 5,125,375	*see North Pro Forma for soft cost notes
TOTAL Cost & Acquisition				\$	27,833,768

*Affordable housing determined from average of current HUD pricing schedule

Toole Commercial			
Type	Total SF	Net Rentable SF	Rent/SF/YR
retail	8,000	8,000	\$ 20

Gross Potential Rent		\$	160,000
Less Concessions (non-rev units, bad debt)	1%	-\$	1,600.00
Less Vacancy	10%	-\$	16,000
Adjusted Gross Potential Rent		\$	142,400

Toole Office			
Type	Total SF	Net Rentable SF	Rent/SF/YR
office	50,400	45,000	\$ 23

Gross Potential Rent		\$	1,035,000
Less Concessions (non-rev units, bad debt)	1%	-\$	10,350.00
Less Vacancy	10%	-\$	103,500
Adjusted Gross Potential Rent		\$	921,150

**NEW HOTEL 2018 ON CONGRESS AT RTC
 SUMMARY COST TO BUILD AND LOAN ASSUMPTIONS**

OF ROOMS 128
 RETAIL SQ FT 7,000
 REVISION DATE: 9/9/15

	\$ AMOUNT	%	PER ROOM
LAND	\$ 1,800,000	7.7%	\$ 14,063
HARD COSTS			
CONSTRUCTION	\$ 12,454,400	53.5%	\$ 97,300
CONSTRUCTION O&P	\$ 809,536	3.5%	\$ 6,325
FF&E	\$ 2,457,600	10.6%	\$ 19,200
TI FOR RETAIL	\$ 420,000	1.8%	\$ 3,281
CONTINGENCY	\$ 1,280,000	5.5%	\$ 10,000
SUBTOTAL	\$ 17,421,536	74.9%	\$ 136,106
SOFT COSTS			
A&E	\$ 1,211,520	5.2%	\$ 9,465
FRANCHISE FEE	\$ 75,000	0.3%	\$ 586
TITLE AND ESCROW	\$ 75,000	0.3%	\$ 586
LEGAL	\$ 160,000	0.7%	\$ 1,250
START UP	\$ 418,176	1.8%	\$ 3,267
LOAN FEES	\$ 185,000	0.8%	\$ 1,445
INTEREST RESERVE	\$ 890,000	3.8%	\$ 6,953
BUILDING PERMITS	\$ 524,800	2.3%	\$ 4,100
MISCELLANEOUS	\$ 512,000	2.2%	\$ 4,000
SUBTOTAL	\$ 4,051,496	17.4%	\$ 31,652
TOTAL COSTS	\$ 23,273,032	100.0%	\$ 181,821
LOAN	\$ 15,127,471	65%	
EQUITY	\$ 8,145,561	35%	
INTEREST RATE	5.50%		
IO 3 YEARS	\$ 832,011		
YEAR 4 TO 25 YEAR AM	\$ 1,114,751		

**NEW HOTEL 2018 ON CONGRESS AT RTC
SUMMARY PROFORMA**

OF ROOMS 128
REVISION DATE: 9/9/15
HOTEL OPENING DATE: 2018

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
	\$ AMOUNT	%								
OCCUPANCY RATE		67%		70%		73%		75%		75%
AVERAGE DAILY ROOM RATE	\$151		\$154		\$157		\$160		\$163	
REVENUES										
ROOMS	\$4,726,662	84.3%	\$5,036,416	84.6%	\$5,354,579	83.8%	\$5,606,400	83.7%	\$5,711,520	83.7%
FOOD & BEVERAGE	\$639,193	11.4%	\$654,853	11.0%	\$747,596	11.7%	\$783,690	11.7%	\$798,385	11.7%
OTHER	\$145,781	2.6%	\$154,783	2.6%	\$166,133	2.6%	\$174,153	2.6%	\$177,419	2.6%
RETAIL	\$95,318	1.7%	\$107,158	1.8%	\$121,405	1.9%	\$133,964	2.0%	\$136,476	2.0%
TOTAL REVENUES	\$5,606,954	100.0%	\$5,953,210	100.0%	\$6,389,713	100.0%	\$6,698,208	100.0%	\$6,823,799	100.0%
DEPARTMENTAL EXPENSES										
ROOMS	\$1,150,056	20.5%	\$1,150,056	19.3%	\$1,189,051	18.6%	\$1,221,144	18.2%	\$1,207,630	17.7%
FOOD & BEVERAGE	\$526,246	9.4%	\$550,425	9.2%	\$575,839	9.0%	\$603,634	9.0%	\$613,384	9.0%
OTHER	\$100,525	1.8%	\$106,821	1.8%	\$114,310	1.8%	\$119,461	1.8%	\$121,370	1.8%
TOTAL DEPARTMENTAL EXPENSES	\$1,776,827	31.7%	\$1,807,302	30.4%	\$1,879,200	29.4%	\$1,944,239	29.0%	\$1,942,384	28.5%
TOTAL OPERATING DEPT. INCOME	\$3,830,127	68.3%	\$4,145,908	69.6%	\$4,510,513	70.6%	\$4,753,969	71.0%	\$4,881,415	71.5%
UNDISTRIBUTED EXPENSES										
GENERAL & ADMINISTRATIVE	\$470,984	8.4%	\$476,257	8.0%	\$492,008	7.7%	\$515,762	7.7%	\$525,433	7.7%
FRANCHISE & MARKETING FEE	\$611,158	10.9%	\$625,087	10.5%	\$645,361	10.1%	\$676,519	10.1%	\$689,204	10.1%
MANAGEMENT FEE	\$196,243	3.5%	\$208,362	3.5%	\$223,640	3.5%	\$234,437	3.5%	\$238,833	3.5%
REPAIRS & MAINTENANCE	\$218,671	3.9%	\$220,269	3.7%	\$223,640	3.5%	\$241,135	3.6%	\$238,833	3.5%
ENERGY AND TECHNOLOGY	\$185,029	3.3%	\$190,503	3.2%	\$198,081	3.1%	\$207,644	3.1%	\$211,538	3.1%
TOTAL UNDISTRIBUTED EXPENSES	\$1,682,086	30.0%	\$1,720,478	28.9%	\$1,782,730	27.9%	\$1,875,498	28.0%	\$1,903,840	27.9%
INCOME BEFORE FIXED CHARGES	\$2,148,041	38.3%	\$2,425,431	40.7%	\$2,727,783	42.7%	\$2,878,471	43.0%	\$2,977,575	43.6%
FIXED CHARGES										
PROPERTY TAXES	\$217,000	3.9%	\$237,000	4.0%	\$257,000	4.0%	\$277,000	4.1%	\$297,000	4.4%
INSURANCE	\$50,463	0.9%	\$47,626	0.8%	\$51,118	0.8%	\$53,586	0.8%	\$54,590	0.8%
RESERVES	\$112,139	2.0%	\$178,596	3.0%	\$255,589	4.0%	\$267,928	4.0%	\$272,952	4.0%
TOTAL FIXED CHARGES	\$379,602	6.8%	\$463,222	7.8%	\$563,706	8.8%	\$598,514	8.9%	\$624,542	9.2%
NOI BEFORE DEBT SERVICE	\$1,768,439	31.5%	\$1,962,209	33.0%	\$2,164,077	33.9%	\$2,279,957	34.0%	\$2,353,033	34.5%



Compass Affordable Housing, Inc.

Ron Schwabe, CEO/President
Peach Properties
44 East Broadway Boulevard, Suite 300
Tucson, Arizona 85701

September 24, 2015

Dear Mr. Schwabe,

I am writing this letter to confirm our interest in working with your team to develop the affordable housing units outlined in your proposal to the City of Tucson to redevelop the Ronstadt Transit Center.

Compass Affordable Housing, Inc. (CAH) believes that all people, no matter their income, should have the opportunity to live in safe, decent and affordable housing. We support efforts by organizations to expand and strengthen housing and services for low and moderate-income households.

The integration of affordable housing in your proposed mixed-use project deserves recognition. The downtown urban core is an appropriate geographic area to be thinking about and acting upon access to affordable housing. Enabling lower-income households to live closer to a strong employment base with easy access to transportation is an effective design and community strategy for the project and for the City of Tucson. The City of Tucson's downtown revival will continue to create a demand for housing for lower-income households. Therefore, we support the addition of the 55 units of affordable housing for all ages and economic backgrounds that is being proposed.

The goals and values of CAH include improving the quality of family and community life by developing, producing, and managing high quality, service-enriched, affordable housing. CAH and staff partnerships with community groups, investors, federal and state agencies, as well as local municipalities, have brought millions of dollars of investment to help invigorate communities and neighborhoods. We have a wealth of experience supervising and directing project management teams including architects, realtors, contractors, financing professionals, lenders, and consultants. We pride ourselves on being able to make significant, positive differences in communities and neighborhoods.

I look forward to continuing our discussions about working together and wish you and your team success with your proposal.

Sincerely,

A handwritten signature in blue ink that reads "Maryam Beerling".

Maryam Beerling, Chief Executive Officer

Alliance Bank

of ARIZONA

A Member of Allstate Bank, Member FDIC

VIA EMAIL: rwschwabe@gmail.com

June 29, 2015

Mr. Ron Schwabe
Peach Properties
299 S. Park Avenue
Tucson, AZ 85719

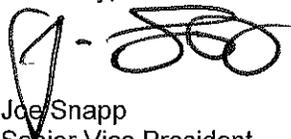
Re: Ronstadt Transit Center RFP

Dear Ron,

Alliance Bank of Arizona, a Division of Western Alliance Bank ("ABA"), has had a significant presence in ground-up and redevelopment projects in downtown Tucson. Specifically, ABA has had the pleasure to work with you (Peach Properties) on two downtown projects, One North Fifth and The Herbert. Peach Properties, yourself, and affiliated companies have all performed with ABA as agreed and we value these relationships.

Should Peach Properties be awarded the RFP, ABA looks forward to the opportunity to work with you on the development of the Ronstadt Transit Center in downtown Tucson.

Sincerely,



Joe Snapp
Senior Vice President
Alliance Bank of Arizona
520-784-6005



Vantage West
CREDIT UNION

June 25, 2014

Ron Schwabe
Peach Properties, LLC
299 S Park Avenue
Tucson, AZ 85719

Re: Ronstadt RFP – Commercial Real Estate

Dear Mr. Schwabe,

This letter shall serve as an indication of Vantage West's interest in financing your project incorporating residential and mixed-use commercial space in downtown Tucson, Arizona. If this RFP is awarded, we feel that your property management group is capable of executing this project from construction through lease up, and into long term operating viability / stabilization.

Please note that this letter is one of interest only, and is not binding on either party. It is neither an offer nor an agreement to lend. Such an agreement would be created until Vantage West has received a formal loan application from you and has – subsequently, completed all due diligence necessary for a thorough underwriting.

We appreciate the opportunity for your Business! As your Credit Union, we also appreciate your membership and look forward to the opportunity to serving you in the future.

With Best Wishes,

James T. Barron
AVP & Senior Relationship Manager
Business Lending & Services

9/10/15

5N5th Hotel, L.L.C. is the developer of the new AC Marriott hotel in downtown Tucson. 5N5th Hotel, in conjunction with our management company Cima Enterprises, L.L.C., has reviewed the feasibility of another hotel as part of the Ronstadt Center proposed development. We have concluded that there is evidence of sufficient demand to not only support the project, but to personally invest and develop the hotel portion of the property.

PKF Consulting recently conducted a feasibility study for the AC Tucson Marriott Hotel. This study highlighted several key metrics, which showed the need for additional rooms in the market. *“Demand for rooms as demonstrated by occupied room nights has exceeded the increase in supply with growth averaging 2.0 percent annually between 2010 and 2014. As of March 2015, demand had increased 3.4 percent, bringing the market occupancy to 82.7 percent, with no additions to supply.”*

Visit Tucson’s Marketing Plan for 2015-16 also showed that Revenue Per Available Room (RevPar) increased 6% in their 2014 – 15 fiscal year. RevPar gains averaged 10.5% with occupancy increases of 8.5% leading the way, January through March, 2015. Not only is the current hotel room environment strengthening but so too is the demand for meeting space. “Metro Tucson meeting activity for 2016 and 2017 is ahead of pace based on conversations with hoteliers” says Visit Tucson.

The economic health of Downtown Tucson is thriving with increased business locale, excellent restaurant and development growth, basic city infrastructure additions i.e. Gibson’s market, vibrant nightlife venues, increased U of A enrollment and activity, and constant foot and streetcar traffic. All of these factors highlight the robust hotel economy trending upwards making the viability of the Ronstadt Center proposed Hotel strong by bringing more hotel room nights into the Downtown market.

In the past, a few hotel developments have been unsuccessful due in large part to the economic conditions at that time, and by offering inferior brands or non-branded options. With a limited number of available hotel sites downtown, in the center of expanding restaurants, entertainment venues, and businesses, the proposed Ronstadt Center Hotel along with the AC Tucson Hotel would be the key properties to meet the increasing room demand.

Scott Stiteler
Rudy Dabdoub

9/28/15

To Whom It May Concern:

The budget presented for Moxy Tucson Hotel is based on actual, current costs from an executed GMP Contract with Lloyd Construction for our AC Tucson Hotel located across the street from this proposed development. Additionally, as a current Franchisee with Marriott Corporation, we have access to their database of construction costs for each brand with adjustments for construction type and location. We used the database as a cross reference for the budget that we submitted.

If you have any questions please feel free to contact me.

Sincerely,
Scott Stiteler
5 North Fifth Hotel, L.L.C.



Marriott International, Inc.
Hotel Development

1301 Dove Street, Suite 500
Newport Beach, CA 92660

Scott McAllister
Vice President
480-962-1809
480-907-1191 fax

August 19, 2015

Mr. Scott Stiteler
The Stellar Companies
1660 Tiburon Blvd
Tiburon, CA

Dear Mr. Stiteler,

It has been a great pleasure working with you on your AC by Marriott hotel in Tucson. We believe that this brand and market will be a great success. This letter is to express our interest in developing a Moxy or SpringHill Suites by Marriott in the downtown Tucson market as well. As we have discussed, Marriott International does believe in the regentrification of the downtown Tucson market that you have been instrument in developing. Marriott is interested in working together with you and developing a Moxy or SpringHill Suites by Marriott in this market and believe that either of these brands would continue adding to the development of downtown Tucson.

Based on my knowledge of the Tucson market and my meetings with several consultants, Marriot would suggest developing either of these hotels somewhere between 100-130 rooms based on site layout and other factors. As you know, the SpringHill Suites is doing very well as a brand and Moxy has been met with great excitement with locations already approved in New York City, Miami, New Orleans, Chicago and Tempe. With a newly designed lobby experience, fitness facility, complimentary breakfast all make for great amenities at both of these brands that would benefit both the business traveler as well as the leisure traveler and millennial traveler.

Please feel free to reach out with any questions or when you are ready to discuss the next steps.

Kind regards,

Scott McAllister
Area Vice President
Marriott Lodging Development







REQUEST FOR PROPOSAL AMENDMENT

CITY OF TUCSON DEPARTMENT OF PROCUREMENT
255 W. ALAMEDA, 6TH FLOOR, TUCSON, AZ 85701
P.O. BOX 27210, TUCSON, AZ 85726
PHONE: (520) 837-4125/FAX: (520) 791-4735
ISSUE DATE: Thursday, August 27, 2015

REQUEST FOR PROPOSAL NO.: 140983
RFP AMENDMENT NO.: One (1)
PAGE 1 Of 1
PRINCIPAL CONTRACT OFFICER: DAN LONGANECKER, CPPB
Dan.Longanecker@tucsonaz.gov

A SIGNED COPY OF THIS AMENDMENT MUST BE SUBMITTED WITH YOUR SEALED PROPOSAL.
THIS REQUEST FOR PROPOSAL IS AMENDED AS FOLLOWS:

Ronstadt Transit Center Joint Development Project: Phase II

ITEM ONE (1): PHASE II REVISED PROPOSALS DUE DATE:

You will receive separate notification on this date.

Included will be requested clarifications on the Phase II submittals assembled from city staff and independent third party subject matter experts.

It is anticipated that a 30 day responses period will be sufficient to provide clarifications and/or proposal revisions.

ITEM TWO (2): MODIFICATIONS / CLARIFICATIONS / ADDITIONAL INFORMATION:

PUBLIC ART

Subsequent to the public presentations on the Offerors' Ronstadt Transit Center Joint Development Project proposals, it was brought to our attention that the tiles created by artist Melody Peters and included in the arcade on the Ronstadt Transit Center site were commissioned as public art and require proper handling as art assets in the City's collection. The City of Tucson is committed to keeping the art, and expects the selected Offeror to either:

1. Retain the tiles in their current location
2. Work directly with the artist on the integration of the tiles within the project to ensure that the integrity of the artwork and the interest of the artist and the public are respected.

Offerors should indicate which option they would pursue if they were to be selected. This may be done in conjunction with any revisions being made to proposals. See Item 1 of this amendment for submission of revisions.

ALL OTHER PROVISIONS OF THE REQUEST FOR PROPOSAL SHALL REMAIN IN THEIR ENTIRETY.
VENDOR HEREBY ACKNOWLEDGES RECEIPT AND UNDERSTANDING OF THE ABOVE AMENDMENT.

 9.29.15
Signature Date

Phil Swaim, President
Print Name and Title

Swaim Associates, Ltd.
Company Name
7350 E. Speedway, Suite 210
Address
Tucson, AZ 85710
City State Zip

Peach Properties Team
Ronstadt Transit Center Joint Development Project
City of Tucson Technical Comments

The City of Tucson appreciates the time, effort and expense that your team has put into this complex development project. As part of the Phase 2 process, the City has hired outside consultants with expertise in cost estimating, construction scheduling/mitigation planning, and transit related joint development to help us evaluate the proposals. In addition, we have had Sun Tran operational experts review both proposals.

Based on review by these parties, below are 1) a list of key issues you are requested respond to now through additional explanation or proposal modifications, and 2) additional detailed questions and clarifications that further elaborate key issues, may be raised by the selection committee, and/or will need to be addressed during development agreement negotiation. Where possible we would like these additional questions addressed now, however understand some of these details will be worked out in negotiations with the City, or in later stages of the design. The goal of providing these questions to you at this time is to help you fine tune your proposal.

Summary of Key Issues

1. Project Scope and Cost – Overall, the proposed project costs seem high and scope seems ambitious with too many different commitments and/or expectations that may not be financially feasible.

At this point the project is still in the concept and design stages. This is an urban development, which should cost significantly more than a suburban development, so we want to be conservative with our cost ceiling. For example, the new AC Hotel is costing \$33 million for less than a half of an acre. The Ronstadt site is 4.7 acres. Any developer would be doing a disservice to Tucson if they were to spend less than \$100 million on a site of this size and of this importance. Since our team's presentation we have continued to value engineer the project and with a change in building materials, design changes, and alternative funding sources we have decreased that ceiling. The revised anticipated project cost is \$126,859,424. Please refer to the cost section of the Business Plan in section 8C.

The project has been modeled with conventional, bank and equity financing to allow for customary underwriting. Therefore, each building stands on it's own as a solid, fundable investment. Please refer to the individual building's pro formas in the Business Plan. That being said

this project is a joint development with the Federal Transit Administration. It would only be appropriate for the developer of this site to explore those available Federal funds. We have allotted \$200,000 of investor equity to fund a grant writer/ consultant for mixed-funding procurement, and if the City of Tucson is willing to cooperate we are eager to apply those funds to produce some great transit oriented improvements. Our proposed pedestrian bridge is the ONLY component of our plan that is dependent on FTA funding and our project is in no way dependent on it being built. All other pieces of our plan rely on the same funding sources as our competitors (e.g; parking, plazas, streetscape, etc).

2. Financing – Financing is unclear especially with the complexity and timing of the application and approval process for the following: FTA grants, EDA Grants, HUD section 108 loan, NMTC (CERTIFIED CDE), HOME Investment Partnership Program (ADOH), LIHTC (ADOH), and EB5 (Green Card Fund). In addition, NEPA requirements may prolong the timeline and Davis Bacon increase the costs.

The pedestrian bridge is the only component of our project that depends on FTA financing and it would not start construction until 2018, which gives us plenty of time for grant application and processing. For other non-conventional financing the lead times on the schedule of those components allow adequate time for procurement as well. EB5 funding is no longer a financing consideration. Each building is modeled under conventional debt and equity financing, so they will not be waiting for alternative sources of funding. We have accounted for NEPA requirements in our revised schedule and we have factored an increase to accommodate Davis Bacon wage premiums for the construction of any Federally assisted public spaces.



Portland Transit Mall

3. Transit Center – It is unclear how the proposed configuration can be implemented with Sun Trans current pulse system. It appears the linear mall concept would be more confusing than the assigned bus bay concept for those transferring and for the elderly and visually impaired. The location of trash and loading for retail uses related to transit center is not clear. Please provide the evidence and examples that a mall concept would be for Sun Tran.



Minneapolis Transit Mall

Examples of similar linear transit malls can be found in Seattle (3rd Avenue and Downtown Seattle Transit Tunnel), Portland (5th and 6th Avenue), and Minneapolis (Nicolette Mall). See the photos included. The common principle of a transit mall is that multiple bus routes are assigned to a single bus boarding area (or bay), as opposed to individual bus routes being assigned to an individual bus bay (like the Ronstadt Transit Center today). The advantage of the linear transit mall is that it provides more operational flexibility in terms of frequency and bus fleet.

Our proposal does not depend on increased frequency, but rather allows for increased frequency to occur (for example if the Sun Tran bus system changes from a pulse based transit system to more of a frequent transit network system). The current concept shows that the linear transit mall can accommodate 16 to 18 bays compared to the existing 12 bays. The linear transit mall anticipates that Sun Tran will want to change the bus network from a pulse based transit system to a more frequent transit network where bus volumes are more equitably distributed throughout the hour. In other words, it would accommodate more buses per hour, but there would not be as many buses at the Center at one time as there are today. The linear model is more flexible, better in urban settings, and proven in multiple cities across the US. However, it is Sun Tran's decision whether they want to move to a linear transit mall or stay with their current pulse system. Our plan can accommodate either approach.

Service bays are located adjacent to Toole and near Congress for access. The bays can be parallel pull-outs, and/or provide perpendicular parking and access into the service cores where the waste and recycling are contained. Dumpsters can be rolled out on pick-up days, or accessed in the building. Service can be scheduled for night and early morning. Normal deliveries can utilize the hotel, taxi, shuttle bays on Congress and 6th Avenue.

In addition to the examples and explanation of how the transit mall works for Sun Tran, it is also beneficial for circulation downtown. Congress and Toole are both critical to downtown circulation and the success of the Ronstadt redevelopment project. Currently, the traffic volume on Congress is approximately 15,000 vehicles per day. Studies conducted for the Downtown Links project showed that nearly 50% of weekday traffic on Congress was through traffic, not destined for downtown. Conservatively, it is expected that 25% of the current traffic on Congress, or some 3800 vehicles will use the Downtown Links by-pass when it is open in two to three years. As such, it is expected that traffic volumes on Congress will decrease, even with added buses. Bus access to the transit mall is essentially equally distributed on Toole and Congress. Alternatively, focusing all bus access to the Ronstadt transit center onto Toole would significantly impact the transit mall's capacity and downtown circulation function, pushing more traffic onto Congress and impacting the potential for additional downtown redevelopment. As the downtown area continues to redevelop, it is expected that Toole will serve a greater role to relieve auto traffic demand on Congress. Therefore, maintaining the traffic carrying capacity of Toole is critical. Placing all access to the transit center onto Toole will substantially diminish its capacity and ability to support its important role. One of the benefits of the transit mall is that it avoids this impact.

4. Greyhound – Greyhound is currently working with the City of Tucson on other sites for the relocation of their station. Your plan should not rely on the relocation of Greyhound on the site.

They are actively pursuing other sites, so they are not an integral part of our plan. However, the Corbett site would be ideal to expand our multi-modal transit hub, so if they do not locate elsewhere we are eager to work with them. We still have the opportunity to incorporate medium haul bus lines into the Corbett site as well as car rental, car share, and parking facilities.

Detailed Questions and Clarifications

I. Scope

a. Please clarify the start and end point of the proposed sky bridge, and the details regarding elevators.

The first priority of the pedestrian bridge is to go over the Union Pacific Rail Road tracks in order to connect downtown to the Warehouse/ Arts District and 4th Avenue. We have planned and would like it to go over Toole in order to connect the residential to the parking at Toole. Therefore, the start point could be before or after Toole, with the end point at the Southern tip of the Corbett site. Please see the revised Site Plan for the three elevator locations. Also note that the pedestrian bridge is a separate component of our plan. The original RFP from the City labeled this project as a joint development with the City, FTA, and developer, so we are ready and eager to use this partnership. The pedestrian bridge is the only component of our proposal that is dependent on FTA funding and we will need the City of Tucson's cooperation in collaborating with the FTA. Please see updated site plan with elevators in Section 3B.

b. Has developer allowed for Davis Bacon wage conditions and schedule impacts of given reliance on federal funding?

Yes, we have factored an increase to accommodate Davis Bacon wage conditions into the construction budget where appropriate.

c. Does this proposal reflect the construction of all public improvements in compliance with Title 34 of Arizona Revised Statutes, and is this reflected in the cost and schedule?

Yes, our current budget is compliant with Title 34 Revised Statutes for the building of our public improvements.

II. Cost

- a. How has the construction cost for the residential portion of the project been calculated, and how does it relate to other recent Tucson developments?

We combined estimates from Ryan, our builder, and comparable recent projects from the core of Tucson for our per square foot construction cost. Our plan is to use urban vertical materials and design throughout our buildings in order to avoid, where possible, using stick frame stucco construction. Please refer to the individual building pro formas in Section 8C.

- b. Has developer included a cost premium for building to LEED Silver?

Our building costs include a premium for building to LEED Silver, though with the current building codes, our design standards and a downtown location, the premium is minimal. Swaim Associates has been involved in seventeen LEED projects. Of their eleven certified projects, one is Platinum, seven are Gold (including Unisource), and three are Silver. (Six projects still have their final certification pending including the AC Hotel at Silver.)

- c. Please confirm the assumptions for the temporary transit center cost allowance, and which option is recommended.

There is just one site for the temporary transit center and that is the Toole site. Our budget allows for a basic temporary station on the paved parking lot to the north. The cost allows for temporary structures including ticket booth, restroom facilities, shade structures, site work to create the appropriate entries and circulation, and infrastructure to accommodate the functional equipment (e.g. ticketing, display boards, lighting, etc).

- d. Please provide a breakdown as to how costs were generated for the hotel.

The costs are based on the AC Marriott currently under construction. Please see the attached Project Costs spreadsheet and letter from our hotel partner, 5N5th in section 8C.

- e. In the Business Plan, Project Costs table, the total costs listed do not equal the Total Development Costs figure noted at the bottom. Please provide a table with updated figures.

You are correct thank you. Please see the attached Revised Project Costs spreadsheet in section 8C.

- f. The Business Plan, Project Costs table includes line items for a second parking structure—please confirm if these are figures restated from above, or if developer is proposing two parking garages.

We are not proposing two parking structures. Please disregard the re-stated parking garage and reference our Revised Project Costs spreadsheet in section 8C.

g. Please provide details regarding the 20% Soft Costs assumption. Our Soft Costs/ Contingency assumption, 18% for Public Components, 25% for Buildings, includes the following: Tax, Contractor Fee, Bonds and Insurance, Escalation, General Conditions and Temporary Requirements, FF&E, OS&E, Architectural and Engineering Fees, Other Consultants Fees, Pre-opening expenses, Hotel Operator TSA Fees, Legal fees (construction and funding), Geotechnical Report, Traffic Study, Franchise License Fee (if applicable), Off-site Development Costs (to surrounding area), Impact Fees, Permits / Archeological Costs, Marketing, Integral Administration Costs, Development Team Reimbursable Expenses, City and Utility Fees, Property Tax Reserves, Title / Escrow Fees, Inspection Fees, Broker Fees, Management / Marketing Fees, Insurance, Developer Fee, Bank Fees, Bank Legal Fees, Loan Fees, Interest Reserve, Commercial Broker commissions.

h. Within the business plan, please confirm whether the following items have been accounted for: Tax, Contractor Fee, Bonds and Insurance, Escalation, General Conditions and Temporary Requirements, FF&E, OS&E, Architectural and Engineering Fees, Other Consultants Fees, Pre-opening expenses, Hotel Operator TSA Fees, Legal fees (construction and funding), Geotechnical Report, Traffic Study, Franchise License Fee (if applicable), Off-site Development Costs (to surrounding area), Impact Fees, Permits / Archeological Costs, Marketing, Integral Administration Costs, Development Team Reimbursable Expenses, City and Utility Fees, Property Tax Reserves, Title / Escrow Fees, Inspection Fees, Broker Fees, Management / Marketing Fees, Insurance, Developer Fee, Bank Fees, Bank Legal Fees, Loan Fees, Interest Reserve, Commercial Broker commissions.

Most of the above costs have been accounted for in the Soft Cost/ Contingency Cost. The hotel has accounted for all of their related expenses. We plan on having an Escalation Clause in our construction agreement. For commercial, we have budgeted for customary FF&E and we will evaluate on a tenant by tenant basis. Residential and hotel costs include OS&E, but commercial tenants will be responsible. Consultant fees are included in the soft costs; however, we have budgeted an additional \$200,000 of investor equity for mixed funding procurement. City and Utilities fees have been accounted for in our infrastructure cost. We have accounted for property taxes and we will also be eligible for GPLET tax abatement. We have accounted for management fees in each building's pro forma.

III. Schedule / Phasing

- a. Please confirm assumed plan review durations for City and other public agencies.

We have updated our project schedule based on the Development Agreement process beginning in January, 2016. The public agency review periods for the Development Plan, utilities, building permits, and UPRR approval are included to support each phase of the project. The durations are based on agency standards, and are conservative based on our experience. We have had continued success accelerating these approvals by coordinating closely with the agencies during the design process. The updated schedule is included in section 3J.

- b. How does the UPRR coordination and permit process for the skybridge fit in to the overall schedule? Please show on the schedule. How does the skybridge schedule fit in with the assumed Downtown Links schedule, and what temporary measures would need to be incorporated?

The easement for the bridge over the UPRR already exists, allowing us to start coordinating with UPRR when our site design begins in 2016. The final approval process with UPRR has reasonable time with the bridge construction anticipated to start in mid 2018. Downtown Links is scheduled to begin construction in late 2016 and continue for two years. With HDR being the engineers for both the bridge and Downtown Links, early coordination of bridge column and foundation locations is facilitated. Early foundation construction may be valuable to integrate with the road construction schedule. Our updated schedule showing the UPRR permit and bridge construction is included in section 3J.

- c. Developer's schedule is accelerated from City dates for Proposal selection and execution of development agreement. Assuming a Nov 2015 selection date, does developer see early 2016 as an attainable date for development agreement execution?

We have revised our project schedule to have the Development Agreement process begin in January, 2016, and have allowed nine months for execution by the end of September, 2016. We would be pleased to have it completed sooner.

- d. It appears as if at least half of the project design will be complete before financing is complete. What is the plan to cover these design costs before financing is complete?

Equity investment will be the initial outlay to cover planning costs. We have added an Equity Funding component to our schedule. As soon as the project is awarded we will begin solidifying our Equity agreements. This will continue into Quarter Two of 2016, but will give us funding for planning to begin earlier in 2016.

- e. Schedule indicates some construction occurring before financing is completed. Please explain.

Financing isn't complete until Quarter Three of 2016, but we will have equity available before that point. 5N5th will ensure the hotel is funded. We have also teamed up with Kenneth Golding, of Stanton Development, on the North and South apartment buildings. Therefore, equity can fund early costs. However, we have adjusted our schedule to be more conservative to allow more time for community involvement in the early design process, but still have the ability to shorten the revised schedule.

- f. Please confirm the schedule and any phasing for design of the temporary transit center.

The temporary transit center design is identified in our schedule to coordinate with the site and transit center design, and is the critical path for permitting and construction to be complete prior to beginning construction of the major phases. The updated schedule is included in section 3J.

- g. Does the utilities line item on the schedule include utilities for both phases 2 and 3? Will this be possible given the presence of the temporary transit center?

The utilities line items for design and permitting are for the overall utility infrastructure for off-site and building connections. Much of the on-site utility work is permitted and completed with the building phases. The temporary transit center will not create a conflict.

- h. The construction schedule appears very aggressive given the scope presented. What work hours are proposed in order to accommodate this schedule? Are any special City Permissions requiring in order to achieve this schedule?

Our construction schedule has been adjusted to allow approximately two years for construction. Our contractor, Ryan Companies, has extensive experience with large scale urban construction. Special permission may be requested at times for extended hours for certain phases of construction, such as pouring concrete. However, we are sensitive to the construction adjacent to existing commercial uses during the day and residential at night.

- i. Please clarify developer's plan for mitigating noise, and any special mitigation measures unique to this project taken to maintain this schedule and ensure public safety.

The initial approach to our construction mitigation plan is included in section 3K. Safety, noise and dust barriers will be utilized, and noisy operations will be scheduled to minimize disruption. The Unisource Headquarters was constructed by Ryan with a similar scope and schedule without complaints or safety issues.

- j. Since the permanent transit center is scheduled to open right in the middle of the south block retail/housing/hotel construction, what will be done to ensure the safety of those using the transit center?

The new transit center will not be utilized until the site is safe. The hotel, retail and housing exterior shell construction adjacent to the transit center must be complete enough to eliminate any safety concerns. Exterior work not adjacent to the transit center, as well as interior work, can continue with the center in operation. Restrooms and other important facilities to support the transit center must already be complete.

IV. Business Terms

- a. Please confirm the portion of the site that developer is proposing to acquire—the Business Plan section shows acquisition of 197,200 SF (4.5 acres), but this is not consistent with the narrative throughout the proposal.

The total project site is 204,732 SF (4.7 acres), however our proposed building footprints take up 86,360 SF (42% of the total area). Please refer to our revised our proposed land acquisition / ground lease in the section 8B.

- b. Please confirm what zoning relief and title encumbrances / commitments are required to build the project as drawn.

The site is predominantly OCR-2, so we intend to meet the subsequent zoning requirements. The entire site is also in the Downtown Incentive Overlay Zone, so we are not aware of any specific relief required.

- c. Please confirm whether developer has had discussions with prospective lenders regarding the location of the off-site parking garage and the viability of financing given this arrangement.

Both Vantage West Credit Union and Alliance Bank have financed Peach, Stiteler and Golding projects downtown with little or no dedicated parking. Two similar projects are: One North Fifth and Herbert Residential. One North Fifth, was the first new residential in Downtown Tucson and ninety-six units went through lease-up and stabilization without any dedicated parking. Peach developed The Herbert three years later with 145 units and went through lease-up and stabilization with only 36 dedicated parking spaces.

Regarding the Ronstadt, there is immediate availability, an average of 300-400 spaces, across the street at the City' Pennington Garage. In the future we will be building a 450 space garage on the Toole site for the entire development. Additionally, valet parking for the hotel will be accommodated at the AC hotel parking.

- d. Please confirm where parking for restaurant / retail space employees and customers is intended to be provided, and at what rates.

Our plan, ultimately, includes a 450 space parking garage located at Toole. Those spaces are projected to be \$80/month or the market rate at the time of operations. As mentioned above, there is plenty of additional parking that can be used by our tenants and customers across 6th Ave at the Pennington Garage. It is important to note that this development is located within the City of Tucson Downtown Overlay District, where parking is not required for commercial/ retail. Again, parking for the hotel will be located at the AC hotel via a valet service.

- e. Please confirm whether Developer intends to apply for LIHTC funding or any other subsidy program for the affordable housing.

Yes, we will take advantage of as many programs such as LIHTC as we deem feasible. Since conception of our plan we have committed to provide 20% affordable housing, which makes this development a candidate for most affordable housing incentive programs. Our team has extensive experience in a full spectrum of these programs including Section 42 Tax Credit financing, Section 221(d)(4) HUD program, and New Market Tax Credits. We had discussion with Compass Affordable Housing Inc about their HOME Housing program, which will substantially enhance our overall numbers. Please see letter from them in section 8C.

- f. Is the hotel contingent on securing EB5 green card funding? Does the developer have a contingency plan for bridge financing if this is slow to materialize?

Our partner on the hotel is no longer EB5 Global. We are excited to partner with Stiteler and Dabdoub of 5N5th, the current developers of the new AC Hotel. They are not dependent on EB5 financing. Please see the attached hotel cost and projection spreadsheets in the Business Plan in section 8C. We will pursue development and funding of the pedestrian bridge on the existing City of Tucson's easement over the UPRR as per our plan. However, our plan is not dependent on the pedestrian crossing as it is a separate component and will need the FTA's cooperation or other funding. This is the only piece of our project that is potentially dependent on FTA funding.

g. Please confirm whether operational responsibility and costs for maintenance and security of the Transit Center are proposed to be developer, City of another entity.

All of the private common areas operation and maintenance costs are covered by Common Area Maintenance charges to commercial tenants or subsidized into residential rents. Through the City of Tucson and FTA Joint Development Agreement, the transit center and public common spaces will be subsidized via Fair Share of Revenue.

h. Is developer proposing to provided maintenance and security for the Transit Mall? For the plazas? For other public areas in and around the site?

Maintenance and security for the transit mall and plazas (all public spaces that are not affiliated with a particular building) will be subsidized by the Fair Share of Revenue determined by the City of Tucson and FTA Joint Development Agreement. Private common areas will be covered by Common Area Maintenance charges to commercial tenants or subsidized per residential revenues.

i. Is developer proposing to construct and operate the Dog Park at developers cost?

The dog park expenses will be subsidized by residential revenues in the development.

j. Is developer proposing to provide the Police Substation fro the City's use at no cost, or will the City incur costs for lease, propoortionate CAM charges, etc.?

The Police Substation space will be available at no charge.

k. Is there a proposed operator for the Wellness Center?

We have talked to several local health care providers, and have letters of interest from two national pharmacies including CVS and Walgreens. We are eager to see more social services offered in Tucson's core.

l. Does developer control the Corbett Site N of the railroad tracks?

Peach does not control the Corbett site, but 5N5th does and they are now an official member of our team. Please see attached letter from Scott Stiteler and Rudy Dabdoub.

m. Please confirm developer's expectations regarding City funding or performing any utility relocations and upgrades.

For any relocation and expansions of utilities we plan to structure a Local Improvement District to carry those costs. We are not reliant on City funding, however this a joint development between the City of Tucson and the FTA. As noted above there are FTA funds available for projects like this, so we hope to have the City's cooperation with procurement. Please refer to the cost breakdown in section 8.

n. Would developer be amenable to an air rights lease or condominium ownership arrangement if the City requires continuing ownership of the land and transit center?

Yes, we are eager to work with the City of Tucson and the FTA to determine the best property control structure and are open to a ground lease or air rights condominium arrangement. Please see the land acquisition/ ground lease revision to our Business Plan.

o. Would developer be open to a revenue sharing arrangement based on the projects financial performance.

Yes, we knew that would likely be a part of the arrangement due to the Fair Share of Revenue guidelines from the FTA. As stated above, we are planning on supplementing transportation and public space costs with revenues from street commercial, public market revenue, and transit support space. Again, we are excited to begin these discussions.



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