

APPRAISAL REPORT

MARKET VALUE APPRAISAL  
OF THE VACANT LAND  
AT 5541 EAST THOMAS ROAD,  
MESA, ARIZONA

PREPARED FOR

ADOT RIGHT OF WAY OPERATIONS - APPRAISAL  
1655 WEST JACKSON STREET, ADOT MAIL ROOM  
PHOENIX, ARIZONA, 85007

ATTN: MR. TIMOTHY F. O'CONNELL, JR.  
RIGHT OF WAY PROJECT MANAGEMENT SECTION, REVIEW APPRAISER

PARCEL: L-M-448  
OWNER: ADOT

EFFECTIVE DATE: DECEMBER 20, 2018

MFVS FILE NO. 18237

PREPARED BY

WENDELL L. MONTANDON, MAI  
AND  
R. JOHN MCDONALD, MAI

OF

MONTANDON FARLEY VALUATION SERVICES  
1440 EAST MISSOURI AVENUE, SUITE C-100  
PHOENIX, ARIZONA 85014



January 14, 2019

ADOT Right of Way Operations - Appraisal  
1655 West Jackson Street, ADOT Mail Room  
Phoenix, Arizona, 85007

Attn: Mr. Timothy F. O'Connell, Jr., Right of Way Project Management Section, Review Appraiser

RE: The vacant land parcel at 5541 East Thomas Road, Mesa, Arizona  
CONTRACT: 2016-018.11  
APPRAISAL: TO-18-014  
PROJECT: Excess Land M697201X  
HIGHWAY: 202L – MA 000 H5400 01R  
SECTION: Gilbert Road – Higley Road  
PARCEL: L-M-448  
OWNER: ADOT

At your request and for the purpose of estimating its market value, we have made relevant investigations and have inspected the above-referenced property.

The property is legally and otherwise described in the attached appraisal report containing data and discussions from which, together with our experience as appraisers, the value estimate was formed. This appraisal has been prepared to comply with the appraisal reporting guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP) as established by the Appraisal Foundation, and the Standards of Professional Practice as defined by the Appraisal Institute. It is also intended to comply with the appraisal guidelines of the ADOT Right of Way Procedures Manual Project Management Section Chapters Three and Four, The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24.

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ADOT Right of Way Operations - Appraisal  
January 14, 2019  
Page Two

After considering all of the facts available to us, subject to the underlying assumptions and limiting conditions contained herein, it is our opinion that the fee simple estate in the subject property had a market value, as of December 20, 2018, of

**\$243,000**

Value of Land	<b>\$243,000</b>
Value of Improvements	\$0
<b>Total</b>	<b>\$243,000</b>

Sincerely,



Wendell L. Montandon, MAI  
Certified General Real Estate Appraiser  
Certificate Number 30159, State of Arizona



R. John McDonald, MAI  
Certified General Real Estate Appraiser  
Certificate Number 31618, State of Arizona

## EXECUTIVE SUMMARY

Address: 5541 East Thomas Road, Mesa, Arizona

Assessor's Parcel No.: Not Assigned and a portion of 141-40-002

Date of Report: January 14, 2019

Effective Date: December 20, 2018

Interest Valued: The fee simple estate

Land Area: Frontage on Thomas Road - 550 feet  
Total Net Area – 121,634 square feet, or 2.79 acres

Zoning: RS-90, Single Residence, by the city of Mesa

Improvements: The subject is unimproved.



**“As Is” Value Conclusion: \$243,000**

Exposure Time: Estimated at 12 months

Marketing Time: Estimated at 12 months

TABLE OF CONTENTS

PREFACE

LETTER OF TRANSMITTAL

EXECUTIVE SUMMARY

TABLE OF CONTENTS

PURPOSE OF THE APPRAISAL ..... 1

INTENDED USER AND USE..... 1

*Assessor’s Map & ADOT Right of Way Plan*.....2

DEFINITIONS ..... 3

SCOPE OF WORK ..... 4

METROPOLITAN PHOENIX..... 5

NEIGHBORHOOD..... 10

*Aerial Photograph*..... 11

MARKET ANALYSIS ..... 14

PROPERTY DATA ..... 18

HIGHEST AND BEST USE ..... 20

VALUATION APPROACHES..... 22

LAND SALES COMPARISON APPROACH..... 22

*Land Sales Summary* ..... 27

*Land Sales Adjustment Grid*..... 31

VALUATION CONCLUSION ..... 34

CERTIFICATION..... 35

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS..... 38

ADDENDA

ZONING & FLOOD MAPS

SUBJECT PHOTOGRAPHS

LEGAL DESCRIPTION

TITLE REPORT

RIGHT OF WAY PLANS/AS BUILTS

QUALIFICATIONS

## PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to provide the appraiser's best estimate of the market value, as of December 20, 2018, of the fee simple estate in the vacant land at 5541 East Thomas Road, in Mesa, Arizona.

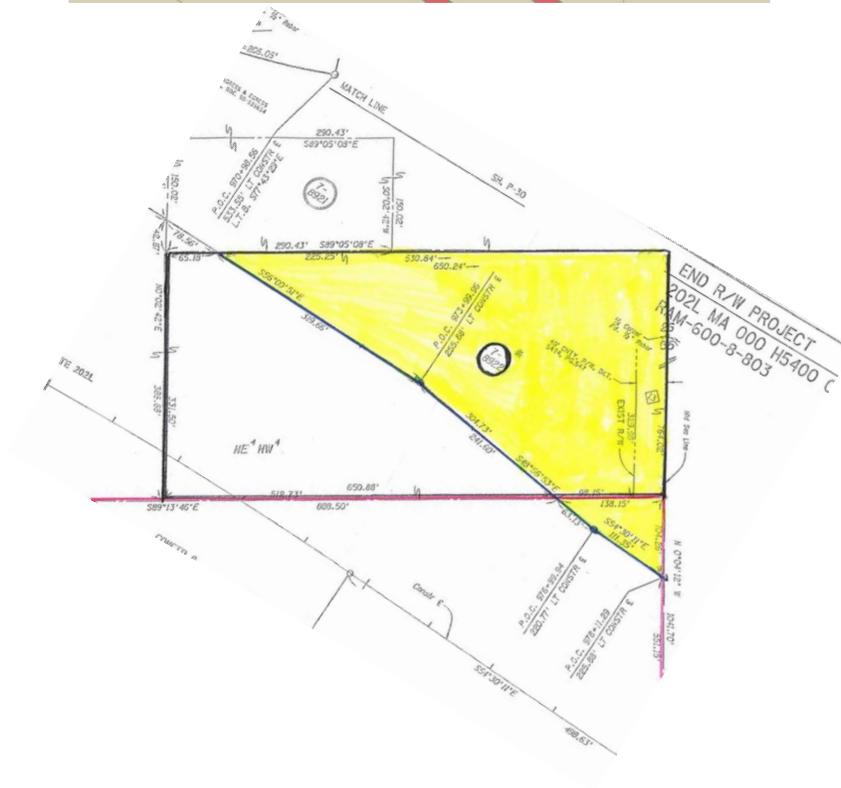
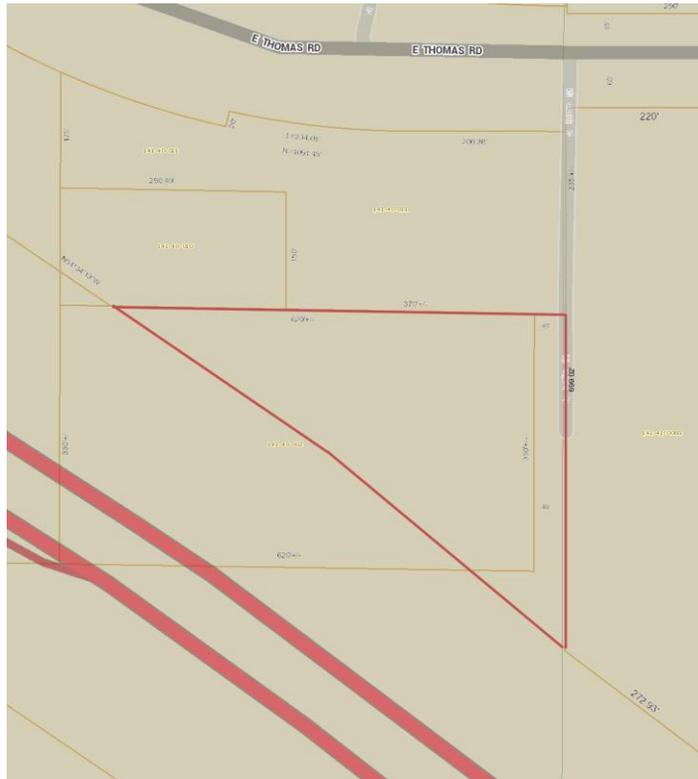
The legal description of the property prepared by Arizona Department of Transportation (ADOT) is included in the addendum of this report.

The property is a portion of Assessor parcel 141-40-002 in addition to other area currently not identified with a parcel number by the Maricopa County Assessor. However, a copy of the Assessor's map with our outline of the subject outlined in red is included on the following page along with a Project Right of Way Plan prepared for by ADOT in October 2000 with the subject highlighted in yellow.

## INTENDED USER AND USE

This report is intended for use only by Arizona Department of Transportation (ADOT) for use in making asset management decisions regarding the disposition of excess land. Use of this report by others, or for any other use, is not intended by the appraisers.

Assessor's Map & ADOT Right of Way Plan



## DEFINITIONS

*Market Value*, pursuant to Arizona Revised Statute 28-7091, is as follows:

“...Market Value’ means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.”<sup>1</sup>

*Market value “As Is”* is defined as:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)<sup>2</sup>

*Fee simple estate* is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>3</sup>

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<sup>1</sup> Page 21 – R/W Appraisal Standards and Specifications

<sup>2</sup> *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, (Chicago, Illinois: 2010)

<sup>3</sup> *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, (Chicago, Illinois: 2010), p. 78.

## SCOPE OF WORK

The scope of the appraisal required investigating sufficient data, relative to the subject, to derive an opinion of value. The depth of the analysis was intended to be appropriate in relation to the significance of the appraisal problem. We made a physical visit to the property on December 20, 2018 and have also gathered information on the neighborhood to determine its physical features and recent development patterns. A search of public records was completed to ascertain the current and historical assessment and ownership data regarding the property. The data sources used to gather information for this report include, but are not limited to, the following:

- Planning and Zoning Department of Mesa
- Maricopa County Assessor's, Treasurer's and Recorder's websites
- CoStar Comps database
- Internal database

We have researched recent sales of vacant land in the subject market area suitable for residential or business park use. The most pertinent sales discovered have been analyzed in the Sales Comparison Approach

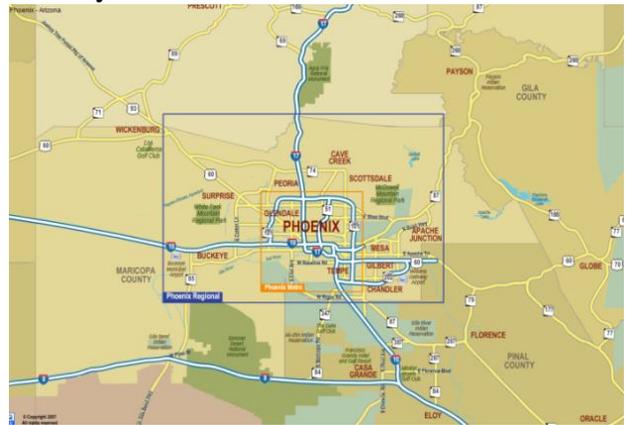
The subject's current physical and legal condition, its background and history were researched with all due diligence expected of professional real estate appraisers in the course of performing appraisal services. The appraisers have attempted to analyze the property as seen through the eyes of the hypothetical "most probable" buyer. The market area was examined to determine existing and proposed inventory, demand and the marketability of properties comparable to the subject.

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report.

## METROPOLITAN PHOENIX

The valuation of any form of real estate requires the consideration of the underlying economics and the demographic profile of the surrounding community. Potential demand for real estate is a product of the growth and stability of its environs. The following summary discussion of the demographic, economic, governmental and environmental forces acting on the Phoenix area is deemed an integral part of this analysis.

As a metropolitan area, Phoenix is synonymous with Maricopa County, one of the nation's largest and most populous counties.<sup>1</sup> Phoenix' growth represents most of the state's growth and economic vitality, accounting for a high percentage of the state's net in-migration for the past four decades.



Arizona enjoyed a prolonged period of above-average growth over the past 30 years, but the growth has slowed sharply over the past several years. However, the long-term outlook remains positive.

Arizona industries that have grown much faster than the national average have been manufacturing, construction, finance, insurance and real estate. The government sector grew too, but paralleled growth of government employment nationally. Set forth below are population estimates for Maricopa County and the state of Arizona.

### ***Population<sup>2</sup>***

	<u>Phoenix-Mesa-Scottsdale</u>	<u>Maricopa County</u>	<u>Arizona</u>
2000 Census:	3,251,884	3,072,149	5,130,632
2010 Census:	4,192,887	3,817,117	6,392,017
July 1, 2017	4,649,287	4,221,684	6,965,897
July 2020 <sup>3</sup> :		5,276,074	8,779,567

Growth in Maricopa County's population between 1990 and 1995 was approximately 80,000 per year. For 1996 through 2000, population growth ballooned to an average 92,510 per year. The growth for years (2000 through 2010) reflecting the impact of both the great recession and a change in immigration policies was 74,797 per year. For the five years ending July 1, 2015, the average annual population growth slowed to 57,795.

<sup>1</sup> The Phoenix MSA (metropolitan statistical area) was synonymous with Maricopa County until 1993, when the federal government changed to the Phoenix-Mesa MSA, including part of Pinal County due to the encroachment of urbanized Phoenix into the Apache Junction area of Pinal County.

<sup>2</sup> Population Statistics Unit, Arizona Department of Economic Security

<sup>3</sup> Projected

## *Economic Forces*

The economic base of the Phoenix metropolitan area is relatively well diversified and can absorb changes in the economy due to its blend of high technology, manufacturing and service industries. Over 46% of all manufacturing jobs in Phoenix are related to high-tech industries like computer components, instrumentation and scientific technology.

Phoenix also has a relatively high percentage of jobs in eating and drinking places, each of which is tied to the region's tourism. Roughly 18 million visitors traveled to Phoenix in 2016 with estimated spending of over \$3.3 billion. Phoenix is rated as one of the top hotel/resort destinations in the United States.

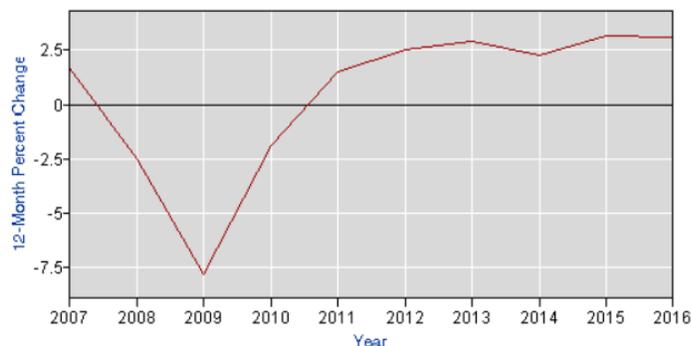
Credit card processing has become a major Metropolitan Phoenix industry. Arizona passed a bill in 1989 deregulating the state's credit card industry. The market establishes rates and fees on credit cards based here. There are no artificial fee or price constraints. Besides having regulations that allow for a market driven, credit card fee structure, Arizona's cost of living and operating costs are much lower than California's.

The top 20 non-government metro Phoenix employers listed in relation to their 2016 employee ranking include Banner Health, Walmart, Wells Fargo & Co., HonorHealth, Dignity Health, Intel, JP Morgan Chase & Co., Bank of America, America Airlines Group, Honeywell International, Freeport-McMorRan, American Express, United Healthcare of Arizona, Mayo Clinic, Verizon, Fry's Food Stores and Bashas' Family of Stores. Each employed over 4,000 in 2017.

The economy of metropolitan Phoenix, like that of the nation is currently in a growth stage following recovery from a deep recession.

## *Job Growth*

The chart below illustrates the annual percentage change in non-farm job growth for the Phoenix metro area economy from 2007 thru 2016 as plotted by the US Bureau of Labor Statistics. Job growth rate has been positive since emerging from the 2009 trough of the great recession.



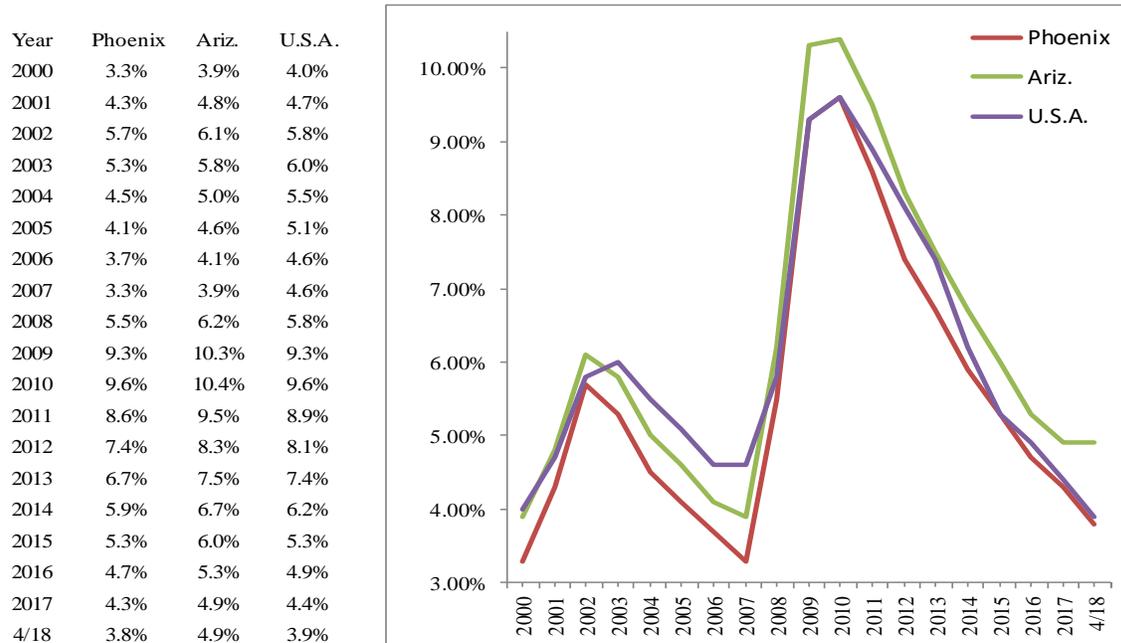
The Greater Phoenix Blue Chip Forecast is a long standing respected survey historically made up of about a dozen local participants from industries with a desire understand trends. Their consensus projection for 2018 as of the 4<sup>th</sup> Quarter of 2017 is for wage and salary employment growth of 3.2%, up slightly from 3.0% in 2016. The forecast for manufacturing employment growth is

2.5%, up from 1.4% in 2016 with growth in construction employment of 6.5%, up from 5.6% in 2016.

## Unemployment

Metropolitan Phoenix has traditionally followed national and Arizona trends in direction of unemployment, but in recent times the percentage has not exceeded either benchmark while changing with less severity than the national rate. The unemployment rate for Phoenix ranged from 2.6% to 3.7% between 1995 and 2000. It peaked at 9.6% in 2010 near the depth of the great recession steadily declining since to an average of 4.3% in 2017, slightly lower than the 4.4% U.S.A. average and continuing to be much lower than average for all of Arizona. The trends are compared in the next chart. Phoenix, Mesa, Scottsdale MSA are presented as Phoenix. Unemployment rates for all three have continued to trend lower in 2018.

**Historical Annual Average Unemployment Rates from the USA Bureau of Labor Statistics.**



## Standard of Living

The “14<sup>th</sup> Annual Demographia International Housing Affordability Survey: 2017”, based on data for the 3<sup>rd</sup> quarter of 2017, seven of the ten most affordable housing markets can be found in the United States, all in the Midwest, Southeast and Northeast. The least affordable world market is Hong Kong. The Demographia report scores housing markets using the "median multiple" principle, which takes median house price divided by gross annual median household income to calculate affordability for housing markets over one million in population. This method has been recommended by the World Bank and the United Nations. An overall median multiple of 3.0 is defined as affordable. Housing Unaffordable Ratings are:

Moderately Unaffordable	3.1 to 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	5.1 & Over

For the fifth year in a row, the United States has the most affordable housing market among major housing markets, with a moderately unaffordable Median Multiple of 3.9.” At 4.2 Phoenix is barely in the Seriously Unaffordable category, ranked 40 of 92 in Major Markets and 158 of 293 in All International Markets.

## ***Governmental Forces***

The city of Phoenix government is a city council form, with a mayor and a city manager. This form is the most common among the larger communities in the metropolitan area.

Most of the major issues facing Metropolitan Phoenix city governments relate to problems caused by rapid growth, such as: air and ground water pollution, freeway construction, annexations and urban sprawl, preserving residential neighborhoods, ensuring an adequate water supply, flood control and mass transit alternatives.

## ***Transportation***

The Regional Transportation Authority was created in 1985. In October of 1985 voters approved a half-cent sales tax increase to fund right-of-way acquisition and freeway thru 2005. Public-transit was implemented in 2000 expanding bus and light rail service. In 2004 voters extended the half cent county sales tax. In November of 2014, voters renewed the tax through 2025 by approval of Proposition 400. In August 2015 voters approved Proposition 104, increasing the state sales tax by 0.3 percent. The increase will pay for tripling of light rail miles, expanded bus service, street re-pavement and transit infrastructure improvements.

## ***Natural Resources***

National forests and some of the country's largest county and city parks and preserves provide an abundance of outdoor activities. Most of Metropolitan Phoenix' growth, as well as its tourist industry, is attributable to its climate, scenery and recreational opportunities. Water sports, at several man-made lakes, and snow skiing are available within several hours drive.

The Phoenix area is characterized by a dry climate with a wide range between minimum and maximum temperatures. June and July are the hottest months with an average maximum temperature of 106.4°F. December is the coldest month with an average minimum temperature of 42.8°F. February and March provide the most ideal temperatures and are the peak tourist months. The average annual minimum temperature is 63.1°F while the average maximum temperature is 86.9°F. Annual precipitation averages 8.4 inches.

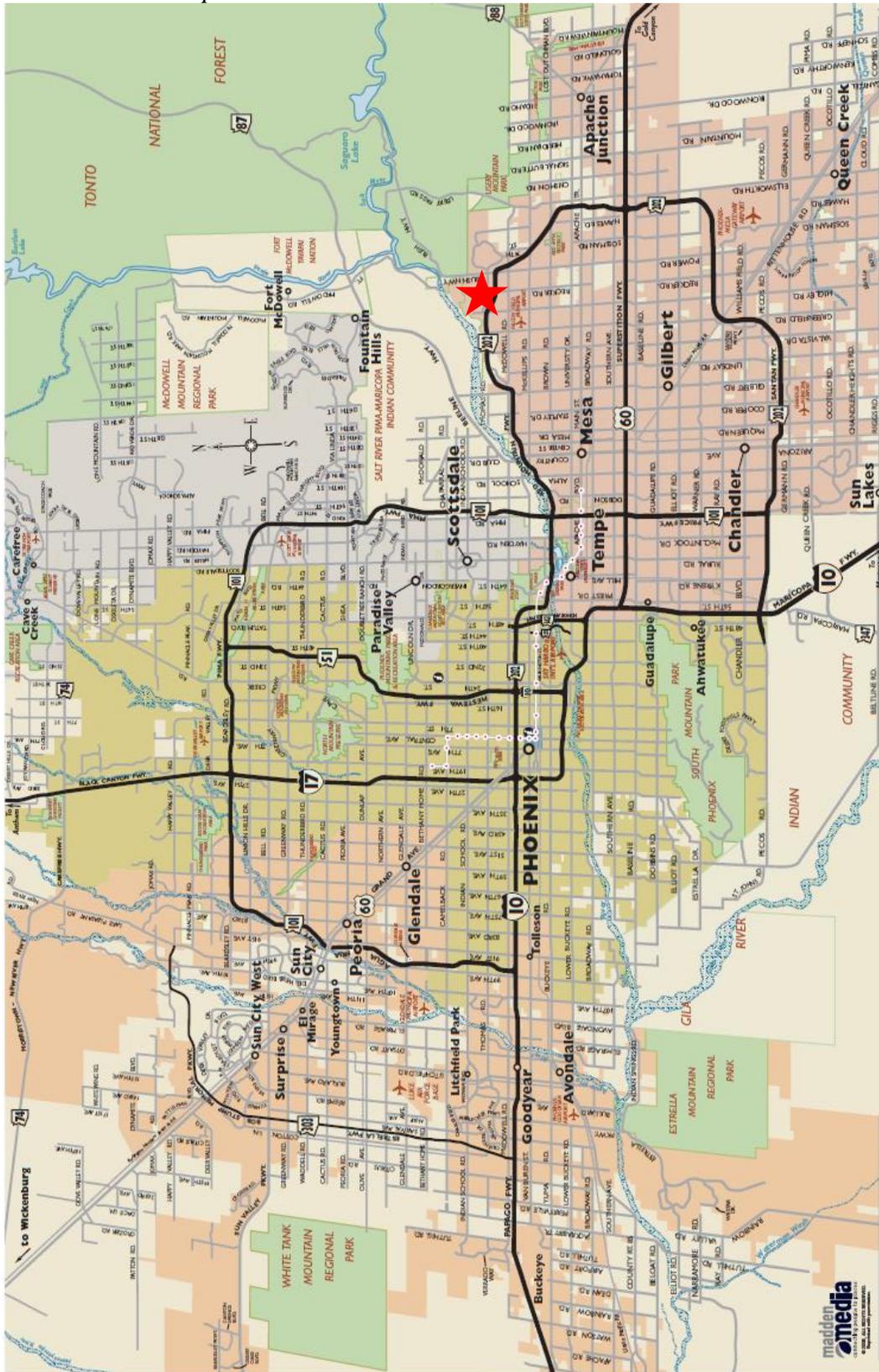
Water is a precious commodity in the desert, but Phoenix has sufficient supplies to support its continued growth. As more agriculture is eliminated, the net demand for water decreases even with the burgeoning growth in population. One acre of typical residential growth requires about one-third of the water of one acre of agricultural land.

The area's mild winter climate, proximity to several major southwest cities, and the area's availability of water and developable land has enabled the Phoenix area to become one of the fastest growing metropolitan areas in the country. The economy is relatively diverse, relying primarily on service, trade, manufacturing and government sectors as major employers.

## ***Conclusion***

The near-term outlook for the individual real estate sectors and the economy as a whole for Metropolitan Phoenix is for steady growth.

Metropolitan Phoenix Map



## NEIGHBORHOOD

The subject is located near the northern boundary of Mesa about 20 miles east of downtown Phoenix. The neighborhood boundaries are the Salt River on the north, McKellips Road on the south, Power Road on the east, and Val Vista Drive on the west. A copy of an aerial photograph of the subject area is included on the following page.

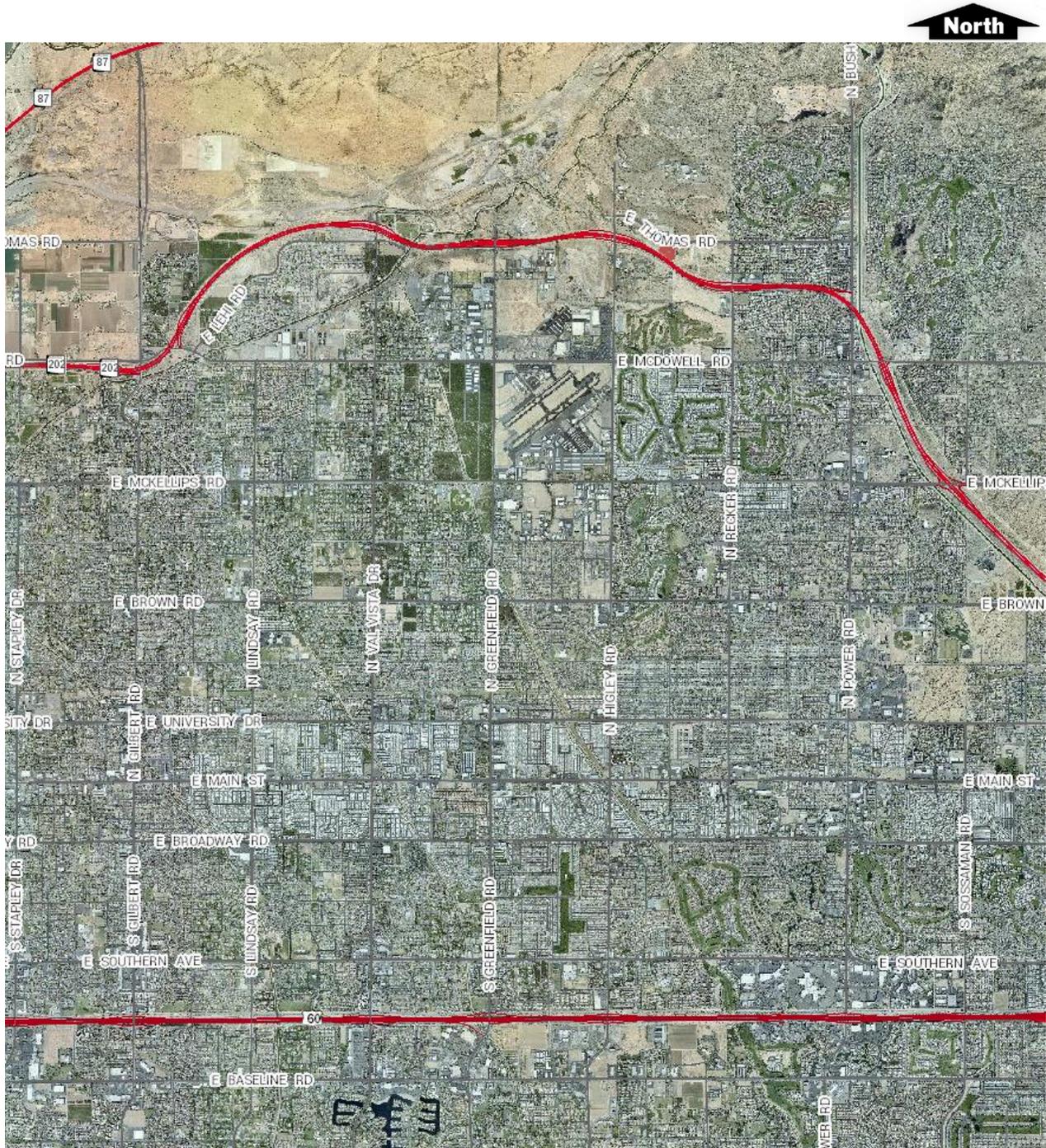
The subject site is part of a small industrial enclave interspersed with some single-family home lots located to the north of the Red Mountain Freeway (Loop 202). Tracts of State Trust Land are located about one-half mile north of the subject and to the west of Higley Road. Some of this land has been leased to Nammo Talley, a defense contractor.

The focal point of the neighborhood is Mesa's Falcon Field. The airport is bordered by McDowell Road on the north, McKellips Road on the south, Greenfield Road on the west and Higley Road on the east. Falcon Field includes a total of 784 acres and has two active runways. Falcon Field serves as the home base for more than 700 aircraft and 100 plus businesses. The largest business in the area is Boeing Helicopter Systems, whose assembly and testing facility is located on 190 acres directly north of the airport. The Boeing Company has approximately 4,000 employees in Mesa. MD Helicopters also manufactures helicopters on site. The subject property is within the Falcon Field Airport area and has direct taxiway access. Currently there are about 60 acres of land available for lease and aviation-related business development at Falcon Field Airport. Approximately 63 acres of orchard property is available for lease and non-aviation development off the airport, immediately to the west.

The area north of the airport and extending to the Red Mountain Freeway (Loop 202) is composed of industrial uses, a sand and gravel plant and undeveloped land. The dominant use is the 190-acre Boeing plant.

Extending for about one-half mile south of the airport is a mixed-use area that is about 60% developed. This area includes many single and multi-tenant industrial buildings, office buildings and an elementary school, plus retail development at the southeast corner of McKellips and Greenfield Roads; and the southwest corner of McKellips and Higley Roads. The development at the southeast corner of McKellips and Greenfield Road is anchored by a Super Wal-Mart. Rosemont Business Park II is a mixed-use area at the southeast corner of McKellips Road and Rosemont. South of this mixed-use area are single family neighborhoods and undeveloped land.

Aerial Photograph



Less than one mile east of the subject is the 840-acre master planned community of Red Mountain Ranch. Further east is the Power Road entrance to the 2,400-acre Las Sendas master planned community. Red Mountain Ranch is 100% built-out with a total of 1,686 residences. The community is oriented around the Red Mountain Ranch Golf Club. Las Sendas has approximately 3,000 residences. The development is a combination of production and semi-custom homes. Las Sendas offers several recreational facilities including an 18-hole championship golf course designed by Robert Trent Jones II (privately-owned public course), a multi-purpose fitness center, a tennis center, swimming pools, community parks and an extensive trail system.

The Salt River Pima-Maricopa Indian community is located to the north of the Red Mountain Freeway (Loop 202), beginning about three-quarters of a mile north of the subject and encompassing roughly two townships between Pima Road, the Doubletree Ranch Road alignment and the Salt River. The reservation is predominantly agricultural in character and is sparsely developed.

***Transportation***

The subject site is immediately north of the Red Mountain Freeway (Loop 202), a segment of the countywide freeway system. The freeway extends west into central Phoenix to link with Interstate 10. It extends east and links with the Santan and Superstition freeways to the east of Ellsworth Road. There is a full diamond interchange at Higley Road.

A demographic profile prepared by CoStar revealed the following 2018 statistics for the subject area:

	1 Mi	3 Mi
Population	3,265	40,519
Households	1,398	16,244
Average Age	46.90	44.10
Median HH Income	\$77,833	\$76,546
Daytime Employees	4,541	17,860
Population Growth '18-'23	↑ 8.3%	↑ 8.6%
Household Growth '18-'23	↑ 8.4%	↑ 8.5%

### *Immediate Neighborhood*

A summary of the uses surrounding the subject is included below.

North – Vacant land zoned for employment park. Across Thomas Road is a Salt River Project substation developing industrial subdivision and vacant land owned by city of Mesa to the northeast

South – Loop 202 freeway

East – A single family home on large lot owned by Tri City Ready Mix Inc. followed by vacant land zoned for employment and industrial use.

West –Northwest is vacant land zoned for employment/industrial office park use; southwest is the Loop 202 Freeway.



In summary, the property is in a mixed-use area of northeast Mesa. Large tracts of land zoned for industrial/business park use are still available in the immediate area. This area is expected to experience additional industrial/commercial and residential infill development in the future.

## MARKET ANALYSIS

Set forth on the following pages are overall market statistics from the 3<sup>rd</sup> Quarter 2018 *CoStar Industrial Report*. The study breaks the Metropolitan Phoenix area into nine geographic markets and further subdivides the markets into smaller submarkets. A chart summarizing statistics for the primary markets is included below. The subject is in the Southeast Industrial Market and the Falcon Field/Apache Junction Industrial Submarket.

### Total Industrial Market Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Ind	2,135	52,076,119	3,836,431	3,947,265	7.6%	674,756	49,900	674,062	\$8.19
North Outlying Ind	14	136,963	0	0	0.0%	0	0	0	\$0.00
Northeast Ind	891	16,744,837	850,421	859,902	5.1%	345,661	61,992	59,400	\$12.56
Northwest Ind	2,639	64,205,723	4,019,301	4,094,588	6.4%	1,094,670	1,761,945	801,500	\$7.30
Northwest Outlying Ind	3	38,738	0	0	0.0%	0	0	0	\$0.00
Pinal County Ind	375	9,597,509	308,783	341,783	3.6%	65,036	0	108,535	\$7.74
<b>Southeast Ind</b>	<b>3,317</b>	<b>97,177,634</b>	<b>6,157,593</b>	<b>6,432,178</b>	<b>6.6%</b>	<b>1,358,953</b>	<b>837,595</b>	<b>1,953,881</b>	<b>\$8.60</b>
Southwest Ind	1,440	99,536,526	8,098,474	8,228,702	8.3%	1,477,826	1,682,867	3,451,262	\$5.13
Southwest Outlying Ind	4	99,833	33,000	33,000	33.1%	0	0	0	\$2.52
<b>Totals</b>	<b>10,818</b>	<b>339,613,882</b>	<b>23,304,003</b>	<b>23,937,418</b>	<b>7.0%</b>	<b>5,016,902</b>	<b>4,394,299</b>	<b>7,048,640</b>	<b>\$7.24</b>

Source: CoStar Property®

The Phoenix Industrial Market has grown steadily over the past three decades. Set forth below are some overall figures since 2008 that illustrate this trend.

### Total Industrial Market Statistics

Third Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 3q	10,818	339,613,882	23,304,003	23,937,418	7.0%	790,484	8	1,581,478	49	7,048,640	\$7.24
2018 2q	10,810	338,032,404	22,440,297	23,146,424	6.8%	2,717,578	10	2,090,456	38	6,712,876	\$7.24
2018 1q	10,799	335,911,389	22,931,261	23,742,987	7.1%	1,508,840	14	722,365	40	7,409,946	\$7.20
2017 4q	10,785	335,189,024	23,726,269	24,529,462	7.3%	4,202,851	18	2,251,872	38	4,855,813	\$7.16
2017 3q	10,762	332,732,353	25,693,724	26,275,642	7.9%	2,738,900	6	1,867,857	49	5,321,991	\$7.12
2017 2q	10,755	330,615,263	26,326,374	26,897,452	8.1%	1,594,226	10	426,669	44	5,829,514	\$6.94
2017 1q	10,741	329,707,912	26,519,891	27,588,683	8.4%	2,656,339	11	1,802,681	31	4,420,180	\$6.88
2016	10,730	327,905,231	26,995,109	28,442,341	8.7%	5,909,997	36	4,262,205	32	4,178,548	\$6.74
2015	10,703	324,100,452	29,333,355	30,547,559	9.4%	8,088,442	44	6,021,307	34	3,778,072	\$6.59
2014	10,673	319,114,748	32,164,438	33,650,297	10.5%	9,731,307	36	6,783,627	33	5,096,767	\$6.31
2013	10,641	312,574,212	35,036,542	36,841,068	11.8%	4,370,492	21	5,779,539	20	5,547,968	\$6.27
2012	10,626	306,591,162	33,497,113	35,228,510	11.5%	6,488,479	12	2,974,298	19	6,126,356	\$6.06
2011	10,619	303,828,804	37,686,665	38,954,631	12.8%	6,995,505	10	498,855	14	4,262,402	\$5.90
2010	10,603	303,350,117	43,988,513	45,471,449	15.0%	5,084,856	12	1,799,355	11	761,812	\$6.05
2009	10,594	301,618,820	46,812,777	48,825,008	16.2%	(5,262,493)	36	3,192,867	11	1,432,558	\$6.54
2008	10,558	297,957,449	38,538,647	39,901,144	13.4%	(1,198,460)	197	10,728,875	38	3,801,580	\$7.53

Overall vacancy increased sharply during 2008 and 2009 due to the economic collapse, negative absorption and the completion of over 14 million square feet of new space. New construction slowed from 2009 thru 2011 in response to declining demand. However, an increase in demand from large distribution users has resulted in increased development activity over the past six years. The vacancy rate has declined steadily since 2009. The 3<sup>rd</sup> Quarter 2018 vacancy rate was 7.0%, a slight up tic from the previous quarter but down from 7.9% in the same quarter year ago.

A breakdown by submarket of the third quarter 2018 statistics by submarket is included below.

### Total Industrial Submarket Statistics

Third Quarter 2018

Market	Exst'ng Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Phoenix Ind	353	4,438,666	169,649	169,649	3.8%	82,404	61,992	59,400	\$10.79
Chandler Airport Ind	96	3,650,844	756,762	758,066	20.8%	109,454	144,794	0	\$10.14
Chandler Ind	373	21,350,427	1,148,529	1,148,529	5.4%	81,050	64,240	723,668	\$9.40
Chandler N/Gilbert I.	785	20,098,402	782,781	894,259	4.4%	595,752	266,314	722,524	\$8.28
Deer Vly/Pinnacle Pk.	692	17,259,751	1,396,806	1,440,151	8.3%	309,836	476,024	387,330	\$9.14
Falcon Fld/Apache Jc.	248	5,060,733	387,041	426,207	8.4%	55,731	244,897	200,689	\$8.99
Glendale Ind	131	10,213,387	1,244,713	1,244,713	12.2%	789,324	1,285,921	194,170	\$5.72
Goodyear Ind	171	12,301,084	2,324,228	2,324,228	18.9%	6,922	800,000	901,700	\$4.74
Grand Avenue Ind	626	13,357,134	464,350	489,350	3.7%	94,498	0	0	\$5.61
Mesa Ind	474	7,746,426	453,119	453,119	5.8%	(47,864)	0	0	\$7.73
N Glendale/Sun City .	151	3,580,512	92,456	94,898	2.7%	107,428	0	220,000	\$8.22
North Airport Ind	640	13,609,882	832,484	841,684	6.2%	241,759	47,500	0	\$8.75
North Black Canyon I.	253	4,507,689	398,667	398,667	8.8%	(73,976)	0	0	\$9.39
North Outlying Ind	14	136,963	0	0	0.0%	0	0	0	\$0.00
Northwest Outlying I.	3	38,738	0	0	0.0%	0	0	0	\$0.00
Pinal County Ind	375	9,597,509	308,783	341,783	3.6%	65,036	0	108,535	\$7.74
S Airport N of Roese.	515	15,754,640	1,785,308	1,800,971	11.4%	142,480	0	115,350	\$8.92
S Airport S of Roese.	166	4,560,703	134,075	215,426	4.7%	63,195	0	0	\$7.31
SC N of Salt River I.	681	15,617,033	673,972	678,592	4.3%	227,240	2,400	558,712	\$7.69
SC S of Salt River I.	133	2,533,861	410,592	410,592	16.2%	82	0	0	\$5.57
Scottsdale Airpark I.	369	6,846,556	508,543	518,024	7.6%	135,626	0	0	\$13.24
Scottsdale/Salt Rive.	169	5,459,615	172,229	172,229	3.2%	127,631	0	0	\$12.35
Southwest Outlying I.	4	99,833	33,000	33,000	33.1%	0	0	0	\$2.52
SW N of Buckeye Road.	724	33,466,154	1,982,933	2,005,528	6.0%	339,590	568,340	330,842	\$5.26
SW S of Buckeye Road.	307	17,904,710	1,034,377	1,036,277	5.8%	570,272	0	0	\$6.74
Tempe East Ind	377	6,699,555	291,660	297,780	4.4%	96,738	7,744	0	\$8.38
Tempe Northwest Ind	345	10,963,376	709,074	720,891	6.6%	79,803	109,606	307,000	\$9.22
Tempe Southwest Ind	619	21,607,871	1,628,627	1,733,327	8.0%	388,289	0	0	\$7.91
Tolleson Ind	238	35,864,578	2,756,936	2,862,669	8.0%	561,042	314,527	2,218,720	\$4.71
W Phx N of Thomas Rd	466	8,290,745	244,637	249,137	3.0%	(97,638)	0	0	\$5.82
W Phx S of Thomas Rd.	320	6,996,505	177,672	177,672	2.5%	(34,802)	0	0	\$5.74
<b>Totals</b>	<b>10,818</b>	<b>339,613,882</b>	<b>23,304,003</b>	<b>23,937,418</b>	<b>7.0%</b>	<b>5,016,902</b>	<b>4,394,299</b>	<b>7,048,640</b>	<b>\$7.24</b>



Quarter	# Bldgs	Inventory SF	Vacant SF	Vacant Percent %	Net Absorption SF	Deliveries Bldgs	Deliveries SF	U/C Bldgs	U/C SF	NNN Rent
2018 Q3	217	4,656,652	317,051	6.8	19,601	0	0	6	198,689	\$8.76
2018 Q2	217	4,656,652	336,652	7.2	4,430	2	244,897	3	68,000	\$8.47
2018 Q1	215	4,411,755	96,185	2.2	21,066	0	0	5	312,897	\$8.85
2017 Q4	215	4,411,755	117,251	2.7	6,643	0	0	2	244,897	\$8.47
2017 Q3	215	4,411,755	123,894	2.8	-12,859	0	0	1	147,435	\$8.76
2017 Q2	215	4,411,755	111,035	2.5	34,083	1	33,147	0	0	\$8.23
2017 Q1	214	4,378,608	111,971	2.6	33,326	0	0	1	33,147	\$8.42
2016 Q4	214	4,378,608	145,297	3.3	11,295	1	4,370	1	33,147	\$8.33
2016 Q3	213	4,374,238	152,222	3.5	35,209	0	0	2	37,517	\$8.13
2016 Q2	213	4,374,238	187,431	4.3	-33,897	0	0	1	4,370	\$6.82
2016 Q1	213	4,374,238	153,534	3.5	53,273	0	0	0	0	\$6.92
2015 Q4	213	4,374,238	206,807	4.7	22,381	0	0	0	0	\$6.99
2015 Q3	213	4,374,238	229,188	5.2	17,101	0	0	0	0	\$7.07
2015 Q2	213	4,374,238	246,289	5.6	63,627	1	12,862	0	0	\$7.29
2015 Q1	212	4,361,376	297,054	6.8	9,396	0	0	1	12,862	\$7.63
2014 Q4	212	4,361,376	306,450	7	14,757	0	0	1	12,862	\$7.72
2014 Q3	212	4,361,376	321,207	7.4	27,648	1	7,473	1	12,862	\$7.58
2014 Q2	211	4,353,903	341,382	7.8	-2,354	1	6,450	1	7,473	\$7.30

The Falcon Field/Apache Junction industrial submarket is one of the smaller submarkets (total inventory square footage) in metropolitan Phoenix, with 1.3% of the total square footage in the metro market. Despite its smaller size, it has typically experienced a lower vacancy rate than the metro area. Positive absorption in recent years pushed vacancy rates in this submarket to record lows. Although new construction in the first half of 2018 resulted in a modest increase in the vacancy rate. Due to generally positive absorption, the average quoted lease rate has trended higher over the past five years. The average rate at the end of the third quarter of 2018 of \$8.76 per square foot per annum, net is the same as it was for the same quarter in the prior year and up 16% from the lease rate in third Quarter 2014 of \$6.74 per square foot.

Limited speculative construction activity has helped both absorption and lease rates. Only seven buildings have been completed over the past five years with a combined area of 74,957 square feet. There are currently five new buildings under construction with a combined area of 309,199 square feet including the 147,672 square foot Longbow Gateway One building at 3115 North Higley Road and Eastgroup's 97,462 square foot building at Falcon Field Center. Both buildings are designed for distribution use and are being developed on a speculative basis. We anticipate the subject submarket will experience additional development in the future, aided by its freeway access and available land for new development.

## PROPERTY DATA

### ***Property History:***

The owner of record is

### **ADOT**

ADOT acquired the subject property as part of condemnation of a larger parcel in 1987 for the construction of the Loop 202 Freeway. The subject is now excess land and has been marketed at \$304,000 or \$2.50 per square foot since late 2015. ADOT reports that there has been some interest in the property, most recently from an RV and boat storage developer, but no offers have been made. Interested parties have cited the sloping terrain and associated unknown engineering costs to level the site as an impediment to making a deal.

### ***Site Data:***

The site has a triangular shape and contains 121,634 square feet, or 2.79 acres. It has dimension of approximately 530 feet along its east property line, 660 feet along its north property line and 830 feet along the southwest property line. A portion of the subject's east property line has frontage on the alignment of 56<sup>th</sup> Street which accesses Thomas Road to the north<sup>1</sup>.

### **Topography**

The site has topography that slopes downward approximately 15 feet from northeast to southwest. toward the freeway (see orange 10-foot contours at right). This allows good visibility from the freeway and provides city views from the site looking southwest. Drainage for the area is adequate.



### **Zoning:**

The subject is zoned RS-90, Single Residence, by the City of Mesa. This zoning allows detached single residence housing and allows one unit per 90,000 square feet of area. This district also provides for residential care facilities, day care group homes, and civic and institutional uses such as churches. A zoning map is included in the addendum.

The city of Mesa General Plan shows the subject in an area designated for “employment.” This designation promotes professional and medical office parks, research and development facilities, light manufacturing and call centers. Planners at the city of Mesa suggested that the subject is a candidate for a rezoning since its existing residential zoning is not consistent with the general plan “employment” designation. The property adjacent north was rezoned from

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<sup>1</sup> Thomas Road right of way is approximately 260 feet north of the subject

RS-90 to PEP several years ago for eventual development of an office complex. The PEP, Planned Employment Park, zoning allows for professional and medical parks, light manufacturing in a campus setting with ancillary restaurants, retail and other supportive establishments.

#### Utilities:

Electricity and phone service are available to the site and water is available at Thomas Road. Sewer is not available in the immediate area. A 12 inch sewer line is located east at Higley Road and also south of the freeway. Septic systems are used by most developments in the immediate area.

#### Flood Hazard and Environmental Hazards:

The subject is not in a special flood hazard area. Included in the addenda is a flood map showing the subject relative to surrounding uses.

#### Easements

We have reviewed the title report included in the addendum which did not reveal any adverse easements that would affect the utility or marketability of the subject.

#### Access:

Thomas Road is an east/west arterial route that is paved in the subject area for two lanes of traffic in each direction, plus a center turn lane. Both sides of the street are improved with curbs, gutters and sidewalks at its intersection with 56<sup>th</sup> Street.

A full diamond interchange with Loop 202 is one third of a mile west at Higley Road.

The 56<sup>th</sup> Street alignment provides access to the subject. This roadway is currently improved with asphalt chip seal and graded dirt.

#### ***Environmental Assessment***

We have not had the benefit of a Phase I Environmental Report and are unqualified to complete this type of study. Our inspection did not reveal any obvious environmental hazards. We have assumed for the purposes of this analysis that the property is free of any environmental contamination that could have an impact on value.

#### ***Property Taxes***

The subject is owned by Arizona State Department of Transportation and currently does not have a parcel number designation or pay property taxes.

## HIGHEST AND BEST USE

### As If Vacant

#### ***Legally Permissible***

The site is zoned RS-90, Single Residence, by the city of Mesa. This district protects rural residential uses and also allows for group homes and churches. Based on the subject's size only a single residence is allowed on the subject site under this zoning. The city of Mesa's General Plan has the subject designated for employment use and similar sites in the subject area have successfully rezoned from RS-90 to PEP, Planned employment Park, and LI, Light Industrial. PEP allows for light manufacturing uses in addition to office development and supportive ancillary uses. Therefore, the legally permissible uses of the site include development with a single-family residence under existing zoning or a light industrial/planned employment park use, after rezoning.

#### ***Physically Possible***

The subject has access to Thomas Road from a partially paved driveway along the 56<sup>th</sup> Street alignment and contains 121,634 square feet, or 2.79 acres. The site is not in a special flood hazard area. The shape of the site is triangular but has adequate length and depth that permits typical development. The site is sloping and will require considerable site work prior to development if more than a very small development is considered to maximize the site. The site has good visibility from the freeway with an elevation that permits city views to the southwest. All necessary utilities are available in the area but sewer will need to be extended to the site or septic developed on site. Moreover, a commercial development would have to extend new roadway/driveway to the subject. Virtually any urban improvement is physically possible on the site, limited only by size and the need to engineer the sloping topography.

#### ***Financially Feasible/Maximally Productive***

The subject benefits from good proximity to a large base of employers to the south and the Loop 202 freeway. The legally permissible uses are for development of a single-family residence or rezoning to allow a planned employment park or light industrial use.

The subject's location adjacent to a freeway allows for noise and stigma that is a negative for development of a large lot single family home. Moreover, the sloping terrain provides for limited location for home placement with the most logical placement at a relatively level area near an adjacent existing home to the east.

The industrial market in the subject submarket is active with overall vacancy trending lower and rents that are near the average for the metropolitan area. However, the subject's immediate area does not have sewer and new construction has only consisted of a few build-to-suit developments within industrial parks. Most of the vacant land in the subject area that has been purchased in the past seven years is being held for future development or has been on the market for sale for several years. The added expenses for extending driveway access to the site and grading for the topographical conditions on site diminishes its appeal for immediate development. Therefore, it is less valuable than other properties that are available and that have sold for industrial or similar employment related use.

In our opinion, the highest and best use of the site, as if vacant, is for speculative holding for eventual employment/industrial use with the additional speculative possibility that a prospective home owner may find value in the elevated views at a relatively discounted price to account for the freeway noise and eventual adjacent commercial surrounds. The most likely buyer of the project is an investor willing to invest in site engineering and preparation.

## VALUATION APPROACHES

The estimation of a real property's market value involves a systematic process in which the problem is defined; the work necessary to solve the problem is planned; and the data required is acquired, classified, analyzed and interpreted into an estimate of value. In this process, three basic approaches, when applicable, are used by the appraisers: the Cost, Sales Comparison and Income Approaches. The value estimates, as indicated by the direct approaches, are then reconciled into a final estimate, of the property's value based on the appropriateness of each approach, the accuracy of the data and the quantity and the quality of the evidence. When one or more of these approaches is not applicable in the appraisal process, justification is presented.

The subject is vacant land and only the sales comparison approach is applicable.

## LAND SALES COMPARISON APPROACH

Set forth on the following pages are the land comparables that have been considered in estimating the "as is" market value of the site on a direct comparison basis. A summary and map of the comparables follow the detailed data.

LAND SALE ( 1 )

GRANTOR: Higley Land Investments LLC  
GRANTEE: DCSJ LLC  
DOCUMENT NO.: 16/338437  
LOCATION: 3410 North Higley Road, Mesa  
ASSESSOR'S PARCEL: 141-37-056A (Split from 141-37-001D)  
DATE: May 2016  
LAND SIZE: Frontage along Higley Road– 780 feet  
Total Net Area<sup>1</sup> – 202,293 square feet, or 4.64 acres  
ZONING: LI, Mesa  
PURCHASE PRICE: \$400,000 cash  
UNIT PRICE: \$1.98 per square foot  
COMMENTS: The buyer plans to construct a built to suit industrial buildings on the site. The site did not have water or sewer to the site. The price includes a \$100,000 discount to bring a waterline to the property and site work related to a drainage channel that will bisect the site. The site was in escrow for two months.  
SALES HISTORY: Public records do not indicate another arm's length sale in the previous three years.  
CONFIRMED BY: John McDonald with buyer and Randolph Titzck at Land Advisors Organization



Before and after start of site development



<sup>1</sup> \Includes pro rata share of common area parcel (#131-37-062) along frontage shared with adjacent parcel north

LAND SALE ( 2 )

GRANTOR: Higley Land Investments LLC  
GRANTEE: Farrelly Enterprises LLC  
DOCUMENT NO.: 16/338440  
LOCATION: 3410 North Higley Road, Mesa  
ASSESSOR'S PARCEL: 141-37-059A (Split from 141-37-001D)  
DATE: May 2016  
LAND SIZE: Frontage along Higley Road – 785 feet  
Total Net Area<sup>1</sup> – 184,825 square feet, or 4.24 acres  
ZONING: LI, Mesa  
PURCHASE PRICE: \$500,000 cash  
UNIT PRICE: \$2.71 per square foot  
COMMENTS: The buyer plans to construct a built to suit industrial buildings on the site. All utilities will be available to the site. The site was marketed for four months.  
SALES HISTORY: Public records do not indicate another arm's length sale in the previous three years.  
CONFIRMED BY: John McDonald with buyer and Randolph Titzck at Land Advisors Organization



Pictures before and after start of site development below



<sup>1</sup> Includes pro rata share of common area parcel along frontage shared with adjacent parcel south

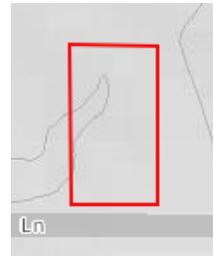
LAND SALE ( 3 )

GRANTOR: Hendrix Laurin  
GRANTEE: Nathan Harman  
DOCUMENT NO.: 17/429373  
LOCATION: 7662 East Palm Lane, Mesa  
ASSESSOR'S PARCEL: 219-22-002Q  
DATE: June 2017



LAND SIZE: Frontage along Palm Lane – 165 feet  
Total Net Area –49,533 square feet, or 1.14 acres  
ZONING: R-35, Mesa  
PURCHASE PRICE: \$110,000 cash  
UNIT PRICE: \$2.22 per square foot

COMMENTS: Electricity and city water are available to the site. Sewer is not available at the site but located 350 feet east. Most lots in the immediate area are on septic systems. The buyer purchased the lot for development of a single-family residence. Some rolling terrain bisects a portion of the middle of the site (terrain contours shown at right).



SALES HISTORY: Public records do not indicate another arm's length sale in the previous three years.

CONFIRMED BY: John McDonald with affidavit and public records



LAND SALE ( 4 )

GRANTOR: American Savings Life Insurance Company

GRANTEE: Aspire Sun Valley LLC

DOCUMENT NO.: 18/577729

LOCATION: Southwest corner of Sossaman Road and Billings Street, Mesa



ASSESSOR'S PARCEL: 218-16-023

DATE: July 2018

LAND SIZE: Frontage along Sossaman Road – 238 feet  
Frontage along Billings Street – 590 feet  
Total Net Area –143,748 square feet, or 3.30 acres

ZONING: LC, Mesa

PURCHASE PRICE: \$300,000 cash

UNIT PRICE: \$2.09 per square foot

COMMENTS: All utilities are available to the property. The property had reports of fissures on or near the site. The seller was unaware to what degree the property was affected and was priced accordingly. The buyer purchased the property as a speculative investment opportunity. The property was listed for one year. The seller marketed the property as a commercial site with speculative potential multi-family use.

SALES HISTORY: Public records do not indicate another arm's length sale in the previous three years.

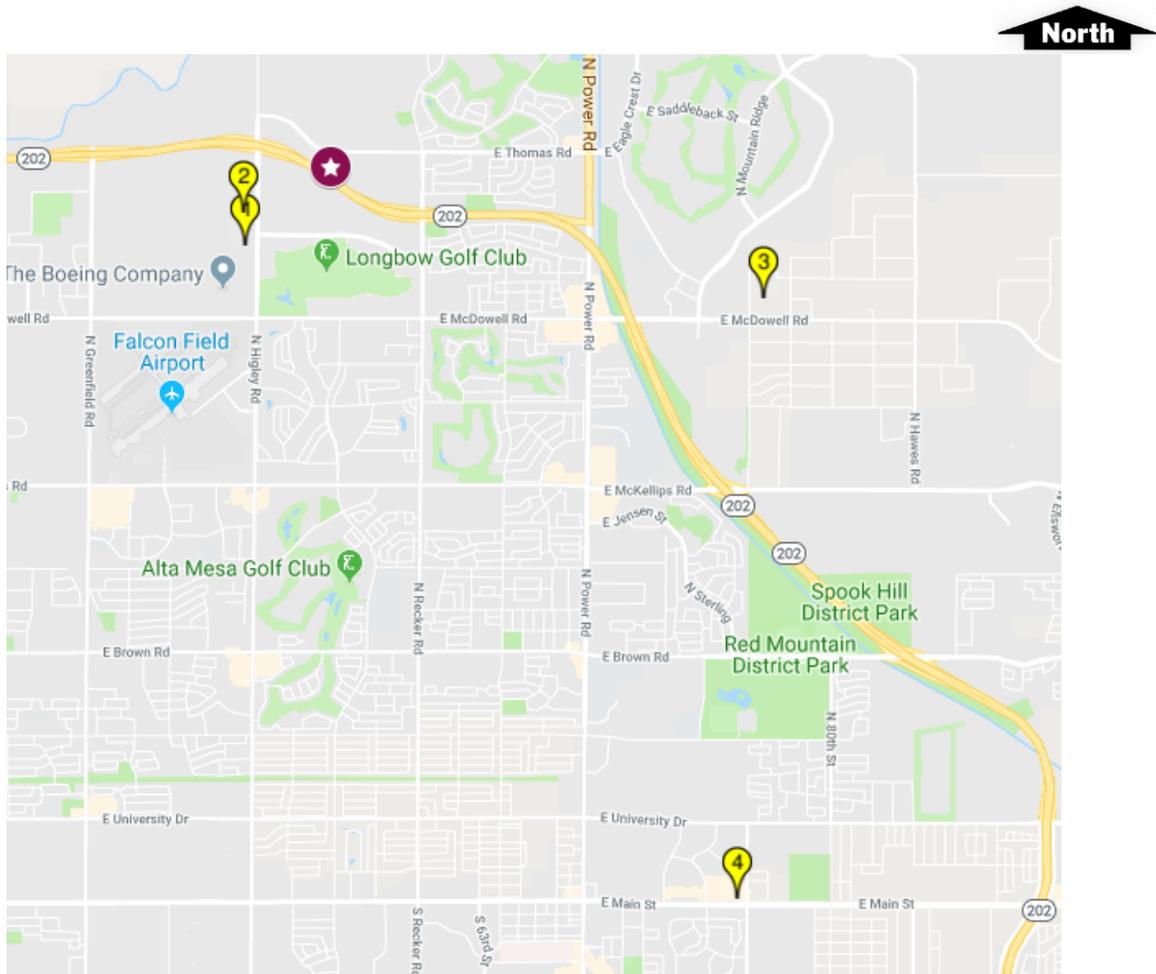
CONFIRMED BY: John McDonald with Don Mortensen at LRA Real Estate Group



Land Sales Summary

Land Sales Comparison Summary					
Item	Sale Date	Size (Acres)	Zoning	Purchase Price	Price/Sq.Ft.
1	May-16	4.64	LI	\$400,000	\$1.98
2	May-16	4.24	LI	\$500,000	\$2.71
3	Jun-17	1.14	R-35	\$110,000	\$2.22
4	Jul-18	3.30	LC	\$300,000	\$2.09
<b>Subject</b>		<b>2.79</b>	<b>RS-90</b>	<b>\$304,000 (asking)</b>	<b>\$2.50</b>

Land Sales Map



## *Adjustment Analysis*

The unit of comparison used in this approach is the price per square foot. The sales have been compared to the subject property with respect to the following items.

- 1) Property Rights Conveyed
- 2) Financing (Cash Equivalency)
- 3) Conditions of Sale
- 4) Expenditures made immediately after purchase
- 5) Market Conditions (Time)
- 6) Location
- 7) Physical Characteristics
- 8) Economic Characteristics
- 9) Use (Zoning)

A grid illustrating the adjustments to the individual sales follows the discussion.

### *Property Rights Conveyed*

The interest being valued in this section of the report is that of the fee simple estate. None of the sales involve ground leases; therefore, no adjustments are necessary.

### *Financing*

The sales were cash transactions and do not require adjustment for comparison purposes.

### *Conditions of Sale*

Adjustments for conditions of sale are made when the buyer or seller had atypical motivations. In our opinion, no adjustments to the sales are deemed necessary.

### *Expenditures Made Immediately After Purchase*

No adjustments are necessary.

*Market Conditions*

The sales comparisons have occurred over the past 31 months. Property values have increased during this time with improving market conditions. As shown at right CoStar’s statistics for market prices for industrial property in the subject submarket (blue line) indicates that pricing increased into mid-2018 and has somewhat leveled off since. The industrial land market is considered to follow a slightly different slope, but the overall trend is similar based on our discussions with market owners and brokers involved in transactions in the subject area. We have adjusted Sales 1, 2 and 3 up for improving market conditions since their May 2016 through June 2017 sale dates. The remaining sale took place during a period of relatively stable market conditions.



*Location*

The subject is located along the north side of the Loop 202 Freeway and about 260 feet south of Thomas Road with proximity to the full diamond interchange at Higley Road. The comparison locations as they relate to the subject are summarized below.

Sale	Comments	Adjustment
1	Near subject; More trafficked roadway is partially offset by the subject’s partial visibility from the freeway; Overall Slightly Superior	-3%
2	Near subject; More trafficked roadway is partially offset by the subject’s partial visibility from the freeway; Overall Slightly Superior	-3%
3	Similar interior location but quieter surroundings. When viewed as a residential parcel the subject’s adjacency to freeway noise is a negative: Slightly Superior	-3%
4	More developed area with greater traffic count and corner location; Superior	-5%

*Physical Characteristics*

The physical differences include configuration, size and offsite/onsite improvements. Each is briefly discussed below.

Configuration:

The subject has a triangular configuration with adequate average frontage to depth ratio. The comparisons have superior rectangular configurations with consistent frontage to depth ratios, All comparisons have been adjusted downward for their superior rectangular shape.

Size:

The sales range in size from 1.1 to 4.6 acres. The subject, at 2.8 acre, is bracketed by the comparison range. Sales 1, 2 and 4 are relatively similar in size while Sale 3 is much smaller warranting slight downward adjustment. The comparisons and subject are arrayed by their size below along with our concluded adjustments.

Sale	Size (Acres)	Adjustment
3	1.14	-3%
Subject	2.79	
4	3.30	0%
2	4.24	0%
1	4.64	0%

Offsite/Onsite improvements:

The subject has electricity to the site and water available at Thomas Road (approximately 260 feet north) but no immediately available sewer. Moreover, the 56<sup>th</sup> Street alignment extending from Thomas Road to the subject is merely partial asphalt chip seal and graded dirt. Sales 1, 2 and 3 similarly do not have immediately available sewer but have better paved access warranting downward adjustment. Sale 4 has all utilities and roadside infrastructure in place warranting downward the greatest downward adjustment.

Terrain/Adverse Geological Issues

A large portion of the subject has severely sloping terrain and a full engineering study to level the site is not available. Sale 1 required engineering access over a drainage channel that bisected the site and Sale 4, purchased as a speculative investment, had reports of fissures that would require extensive site work. The extensive engineering and site work required of these two sites are similar to the subject and no adjustment is warranted. Sale 2 was relatively level and did not require extensive site work warranting substantial downward adjustment for its superior level topography. Sale 3 had a small area of rolling topography. Its topography was less impacted for potential development compared to the subject warranting a slight downward adjustment.

*Economic Characteristics*

No adjustments are deemed necessary for economic characteristics.

*Use (Zoning)*

No adjustments are deemed necessary for use potential.

***Land Sales Adjustment Grid***

The adjustments for the above factors have been quantified and applied below.

***Land Sales Adjustment Grid***

<b>SALE</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Date of Sale	May-16	May-16	Jun-17	Jul-18
Size (Acre)	4.64	4.24	1.14	3.30
<b>Price/Sq. Ft.</b>	<b>\$1.98</b>	<b>\$2.71</b>	<b>\$2.22</b>	<b>\$2.09</b>
Property Rights	0%	0%	0%	0%
Step Adjusted Price per Sq.Ft.	\$1.98	\$2.71	\$2.22	\$2.09
Financing	0%	0%	0%	0%
Step Adjusted Price per Sq.Ft.	\$1.98	\$2.71	\$2.22	\$2.09
Conditions of Sale	0%	0%	0%	0%
Step Adjusted Price per Sq.Ft.	\$1.98	\$2.71	\$2.22	\$2.09
Expenditures After Purchase	0%	0%	0%	0%
Step Adjusted Price per Sq.Ft.	\$1.98	\$2.71	\$2.22	\$2.09
Market Conditions	10%	10%	3%	0%
Step Adjusted Subtotal Price/Sq. Ft.	\$2.18	\$2.98	\$2.29	\$2.09
Location	-3%	-3%	-3%	-5%
Physical Characteristics				
Configuration	-3%	-3%	-3%	-3%
Size	0%	0%	-3%	0%
Off-site Improvements	-3%	-3%	-3%	-10%
Terrain/Geological Issues	0%	-15%	-3%	0%
Economic Characteristics	0%	0%	0%	0%
Total Net Adjustments	-9%	-24%	-15%	-18%
<b>Value Indications Per Sq. Ft.</b>	<b>\$1.98</b>	<b>\$2.27</b>	<b>\$1.94</b>	<b>\$1.71</b>

After adjustment the sales comparisons provide indications of **\$1.71** to **\$2.27** per square foot with an average of **\$1.98** per square foot and a median of **\$1.96** per square foot.

We have also considered two current listings of similar vacant land parcels in the subject's immediate area.

Item	Location	Size	Zoning	Price	Price/S.F.
Listing 5	3719 N. 54th Street, Mesa	4.82	RS-90	\$734,400	\$3.50
Listing 6	SEC Higley & Thomas Roads, Mesa	10.23	Not Zoned	\$1,120,000	\$2.50
<b>Subject</b>		<b>2.79</b>	<b>RS-90</b>	<b>\$304,000 (asking)</b>	<b>\$2.50</b>



Listing 5 has a superior rectangular configuration and rolling topography that is not as severe as the subject warranting downward adjustment to its \$3.50 per square foot indication. In addition, it has been marketed for five years and the listing broker reports no recent interest suggesting that its pricing is above market. Listing 6 involves a ten-acre parcel that is being sold by ADOT as excess land. It is negatively impacted by rolling terrain and the termination point for a drainage channel that extends along the freeway. These geographic issues are considered similar to the negative impact of the subject's severe sloping terrain. However, its better location at a hard corner and its listing status warrant downward adjustment to the \$2.50 per square foot indication. Finally, we note that the subject has been marketed at \$2.50 per square foot for several years with no offers.

After reviewing the data, we have concluded that the market supports a unit price of **\$2.00** per square foot. Applying this unit price to the subject's building area reveals the following:

Land Valuation				
Land Size	x	Unit Price	=	Value Indication
121,634 Square Feet	x	\$2.00 /Sq. Ft.	=	\$243,268
<b>Value Indication Rounded</b>				<b>\$243,000</b>

### *Exposure/Marketing Time<sup>1</sup>*

The actual exposure times for the sales comparisons were reported to be less than twelve months. Our exposure period estimate for the property is 12 months. In our opinion, the subject could be sold within 12 months from the effective date of this report at a price consistent with our value estimate. In summary, our marketing time estimate is also 12 months.

---

<sup>1</sup> Exposure Time: estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

VALUATION CONCLUSION

After considering all of the facts available to us, subject to the underlying assumptions and limiting conditions contained herein, it is our opinion that the fee simple estate in the subject property had a market value, as of December 20, 2018, of

**\$243,000**

Value of Land	<b>\$243,000</b>
Value of Improvements	\$0
<b>Total</b>	<b>\$243,000</b>

## CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- R. John McDonald and Wendell L. Montandon, MAI, have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the persons signing this report.
- We have performed no services, as an appraiser or in any capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- As of the date of this report, Wendell L. Montandon, MAI and R. John McDonald, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.



Wendell L. Montandon, MAI  
Certified General Real Estate Appraiser  
Certificate Number 30159, State of Arizona

Date: January 14, 2019



R. John McDonald, MAI  
Certified General Real Estate Appraiser  
Certificate Number 31618, State of Arizona

## CERTIFICATE OF APPRAISERS

Project Number: Excess Land M697201X  
Parcel Number: L-M-448

We hereby certify:

That we personally inspected, the property herein appraised, and that we have afforded the property owner the opportunity to accompany us at the time of inspection. We also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were represented by the photographs contained in the appraisal.

That we have given consideration to the value of the property, the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of our knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and we assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the property, was not observed by us or acknowledged by the owner. The appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That our analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes; and that, to the best of our knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That we understand this appraisal may be used in connection with the acquisition of right-of-way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

That neither our employment nor our compensation for making the appraisal and report are in any way contingent upon the values reported herein.

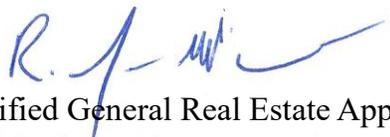
That we have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That we have not revealed the findings and result of such appraisal to anyone other than the proper officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and we will not do so unless so authorized by proper State officials, or until we are required to do so by due process of law, or until we are released from this obligation by having publicly testified as to such findings.

That our opinion of the fee simple estate in the subject property had an “as is” market value, as of December 20, 2018 of **\$243,000**, based on our independent appraisal and the exercise of our professional judgment.

Date: January 14, 2019

Signature:   
Arizona Certified General Real Estate Appraiser #30159

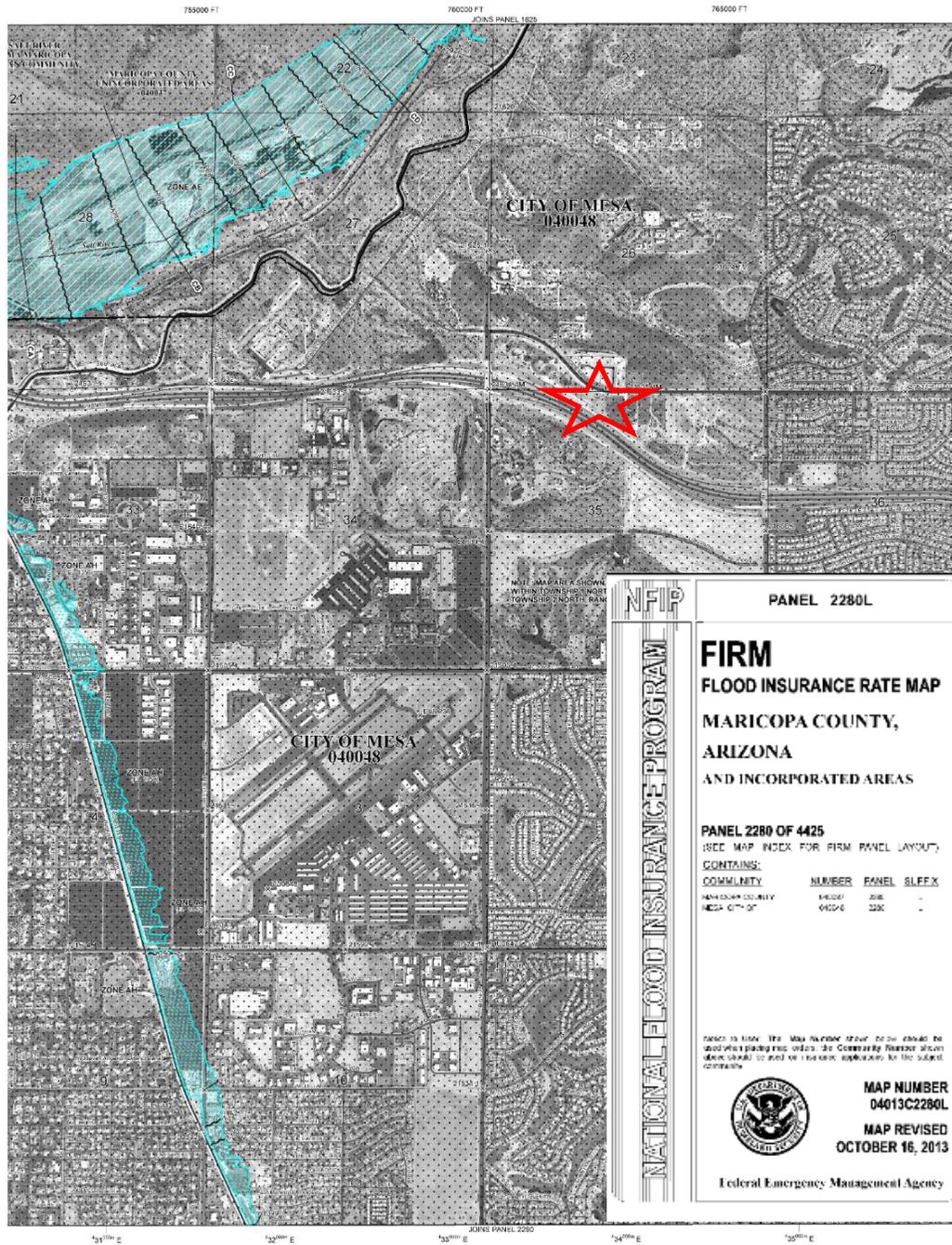
Signature:   
Arizona Certified General Real Estate Appraiser #31618

## UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

1. That title to the property is good and merchantable.
2. That no liability is assumed on account of inaccuracy or errors in any information furnished by others whom this appraiser contacted at the site or elsewhere and which has been used in making this appraisal.
3. That no responsibility is assumed for legal matters affecting the property, such as title defects, liens, overlapping boundaries, etc.
4. That no survey has been made of the property for purposes of this report.
5. That no right is given to publish this report or any part thereof without the written consent of the writer.
6. That the valuation estimates contained herein apply as of the date of this appraisal only.
7. That we do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraiser signing this appraisal report, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute, or the MAI designation.
8. That the distribution of value between land and building applies only under the present program of utilization and does not apply under any other premise.
9. That there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology, chemical contamination or structures, which would render it more or less valuable.
10. The appraiser has noted in the appraisal report any adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.



# FLOOD MAP



PANEL 2280L

**FIRM**  
**FLOOD INSURANCE RATE MAP**  
**MARICOPA COUNTY,**  
**ARIZONA**  
**AND INCORPORATED AREAS**

**PANEL 2280 OF 4425**  
 (SEE MAP INDEX FOR FIRM PANEL LAYOUT)

**CONTAINS:**

COMMUNITY	NUMBER	PANEL	SHEET
MARICOPA COUNTY	040048	2280	1
MESA CITY OF	040048	2280	1

NEEDS TO SHOW THE MAP NUMBER (2280) OF THE SHEET BEING USED AND THE PANEL NUMBER (040048) OF THE COMMUNITY BEING INSURED. SEE MAP INDEX FOR FIRM PANEL LAYOUT.



**MAP NUMBER**  
**04013C2280L**  
**MAP REVISED**  
**OCTOBER 16, 2013**

Federal Emergency Management Agency



WEST ALONG THOMAS ROAD  
PAST SUBJECT AT LEFT



EAST ALONG THOMAS ROAD  
PAST SUBJECT AT RIGHT



SOUTH ALONG 56TH STREET ALIGNMENT  
WITH SUBJECT IN BACKGROUND



SOUTHWEST FROM  
NORTH PROPERTY LINE



**NORTH FROM  
SUBJECT ALONG 56TH  
STREET ALIGNMENT**

**LOOKING WEST  
FROM WESTERN  
PORTION OF SUBJECT**



**SOUTHEAST ALONG  
SOUTHERN PROPERTY  
LINE**



**NORTH FROM SOUTH  
PROPERTY LINE**

**NORTH ACROSS LEVEL  
AREA AT NORTHEAST  
END OF PROPERTY**



**LOOKING SOUTHWEST  
FROM NORTHEAST END  
OF SUBJECT**



## EXHIBIT "A"

That portion of the South half of the Northeast quarter of the Northeast quarter of the Northwest quarter (S½NE¼NE¼NW¼) and of the Northeast quarter of the Southeast quarter of the Northeast quarter of the Northwest quarter (NE¼SE¼NE¼NW¼) of Section 35, Township 2 North, Range 6 East of the Gila and Salt River Meridian, Maricopa County, Arizona, described as follows:

Commencing at a ½ inch rebar marking the North quarter corner of said Section 35, being North 00°04'12" West 2639.03 feet from a 1 inch iron pipe marking the Center of said Section 35;

thence along the North – South mid section line of said Section 35, South 00°04'12" East 329.88 feet to the POINT OF BEGINNING at the Northeast corner of said South half of the Northeast quarter of the Northeast quarter of the Northwest quarter (S½NE¼NE¼NW¼) of Section 35;

thence continuing along said North – South mid section line South 00°04'12" East 434.14 feet to the existing northeasterly right of way line of State Route 202L (RED MOUNTAIN FREEWAY);

thence along said existing northeasterly right of way line, North 54°30'11" West 111.35 feet;

thence continuing along said existing northeasterly right of way line, North 48°56'53" West 304.73 feet;

thence continuing along said existing northeasterly right of way line, North 56°00'51" West 110.87 feet;

thence continuing along said existing northeasterly right of way line, North 48°16'02" West 66.41 feet;

thence continuing along said existing northeasterly right of way line, North 65°45'20" West 52.90 feet;

thence continuing along said existing northeasterly right of way line, North 56°00'53" West 90.85 feet to the North line of said South half of the Northeast quarter of the Northeast quarter of the Northwest quarter (S½NE¼NE¼NW¼) of Section 35;

thence along said North line of the South half of the Northeast quarter of the Northeast quarter of the Northwest quarter (S½NE¼NE¼NW¼) of Section 35 South 89°05'08" East 585.06 feet to the POINT OF BEGINNING.

(continued)

**PAGE 1**

TOGETHER with a right of way over the North 8 feet of the Northwest quarter (NW¼), and over the East 8 feet of the North half of the Northeast quarter of the Northwest quarter (N½NE¼NE¼NW¼) of said Section 35, according to Docket 5516, page 360, records of Maricopa County, Arizona.

There shall be no right or easement of access to said State Route 202L.

121,634 square feet, more or less.

GRANTOR RESERVES unto the public and various utility companies, easements for existing utilities, if any, within the above described property, in accordance with Arizona Revised Statute 28-7210. Access to the existing utilities will be by way of what exists at the time of this conveyance and shall be the responsibility of the Grantee herein and of the public or utility companies to show where that access is located.

**PAGE 2**

JANUARY 17, 2019 (Full)

PLANT THROUGH

JANUARY 17, 2019 04:49PM

Geographical Dates:

INSTRUMENT: 2019-38139

MAY 01, 1970 - JAN 17, 2019

COURT HOUSE: JANUARY 10, 2019

SEARCH PARAMETERS

ARB

141 40 002

SEARCH: FROM 00/00/0000 THROUGH 99/99/9999

ENTIRE AUTO CHAIN

PARAMETER ENTERED:

ARB

141 40 002

AUTO CHAIN:

08/11/1958 SECTION 35 TOWN 2N RANGE 6E 21  
0000 CREATED ARB 141 40 002

GENERATED PARAMETER:

SECTION	TOWNSHIP	RANGE	QUARTER/HALF
35	2N	6E	21

CURRENT OPEN ORDERS:

SECTION TOWNSHIP RANGE QUARTER/HALF

ADT	L-M-493	35	2N	6E	2
ADT	XA82401	35	2N	6E	2
ADT JBH	XA82401X	35	2N	6E	2
ADT JBH	XA82401X	35	2N	6E	21
ADT JBH	XA82401X	35	2N	6E	21
ADT JBH	XA82401X	35	2N	6E	21
ADT JBH	XA82401X	35	2N	6E	21
ADT JBH	XA82401X	35	2N	6E	21
ADT JBH	XA82401X	35	2N	6E	21

RECORDED INST

INST NO.

COMPANY FIRST PARTY

SECOND PARTY

DOLLAR AMOUNT

YEAR FEE

ORIG INST NO.

REMARKS

00/00/1900	COMMENT	ROAD MAP 19-28 MC DOWELL RD			
		QUARTER/HALF:			
05/04/1957	DED	2170 - 380	SUNSHINE ACRES CHL	MARICOPA CO	
		QUARTER/HALF:		2	
07/03/1964	LIS	5115 - 501	MANN		
		QUARTER/HALF:			
01/20/1967	LIS	6402 - 410	REL OF LIS PENDENS	63581 5115 501	
		QUARTER/HALF:			
05/17/1967	MIS	6570 - 496	RD FILE 1830		
		QUARTER/HALF:		2	0C01

09/12/1971 COMMENT ROAD MAP 19-28 MC DOWELL RD  
QUARTER/HALF:

05/09/1985 MIS 1985 - 212888 RIGHT OF WAY  
QUARTER/HALF:

08/28/1986 RES 1986 - 464080 FI RED MOUNTAIN RANCH  
QUARTER/HALF: 2

09/16/1987 MIS 1987 - 578095 PHOENIX-CASA GRAND  
QUARTER/HALF: 2

06/23/1997 ASN 1997 - 420291 RED MOUNTAIN RANCH RED MOUNTAIN RANCH  
1985 - 286511  
QUARTER/HALF:

09/29/1999 PLT 1999 - 905832 RED MOUNTAIN FREEWAY  
SURVEY  
513-16 INVALID  
QUARTER/HALF: 2

06/27/2000 PLT 2000 - 487016 RED MOUNTAIN FREEWAY  
SURVEY AMENDED  
536-47 INVALID  
QUARTER/HALF: 2

04/10/2001 PLT 2001 - 285395\* FALCON FIELD AIRPORT  
TRAFFIC PATTERN  
QUARTER/HALF:

08/29/2003 EAS 2003 - 1215638 DOVER ASSOCIATES L L C SALT RIVER PROJECT  
AGRICULTURAL IMPRO  
UNDERGROUN ELECTRICAL  
QUARTER/HALF:

11/25/2003 PLT 2003 - 1616791 PLSS SUBDIVISION  
661-17  
QUARTER/HALF:

01/02/2004 RSL 2004 - 108 RED MOUNTAIN FREEWAY  
CORR  
QUARTER/HALF:

11/21/2006 EAS 2006 - 1529523\* CENTRAL ARIZONA WATER COX COMMUNICATIONS  
CONSERVATION DI INC  
QUARTER/HALF:

**SEARCHED PARAMETER:**

**ARB**

**141 40 002**

**CURRENT OPEN ORDERS: ARB**

ADT JBH XA82401X 141 40 002

**ARB**

**141 40 002**

RECORDED INST	INST NO.	COMPANY FIRST PARTY	SECOND PARTY
DOLLAR AMOUNT	YEAR FEE	ORIG INST NO.	REMARKS

08/11/1958	AGR	2564 - 34		BOULTER J E	BEATTY W C OB00
03/09/1965	EAS	5456 - 459			OB00
03/22/1965	EAS	5474 - 547			OB00
04/20/1965	DED	5516 - 360		BOULTER	BEATTY OB00
04/20/1965	MTG	5516 - 361		BEATTY	WESTERN SAV OB00
10/12/1978	REL	13209 - 433	PN 5516 - 361		
07/31/1969	MTG	7719 - 101		BEATTY	SEABOARD FINANCE OB00
11/19/1973	REL	10402 - 1094	7719 - 101		
06/16/1975	MTG	11204 - 642		BEATTY W C	FLEXON 701 CLIFF H \$2,500
09/25/1978	REL	13174 - 160	11204 - 642		
10/10/1978	DOT	13205 - 1103	PN	BEATTY W C	WNSL \$23,500
02/11/1994	REL	1994 - 118445	13205 - 1103		
02/11/1994	ASN	1994 - 118446	13205 - 1103		
03/08/1994	ASN	1994 - 188772	13205 - 1103		
06/05/1981	DED JTN	15290 - 1347	US	BEATTY W C	BOAZ R A
06/05/1981	DOT	15290 - 1349	US	BOAZ R A	BEATTY W C \$62,900
08/28/1986	REL	1986 - 460952	FA 15290 - 1349		
08/03/1982	DOT	16195 - 500		BOAZ R A	FIB \$4,600
07/11/1986	DOT	1986 - 357932	FA	BOAZ RICHMOND A	WNSL \$25,000
01/07/1991	ASN	1991 - 6646	1986 - 357932		
02/17/1994	REL	1994 - 135001	1986 - 357932		
11/30/1993	DOT	1993 - 831544	FA	BOAZ RICHMOND A	FORD CONSUMER FINA \$80,724
03/12/1997	REL	1997 - 157789	SA 1993 - 831544		
04/29/1997	REL	1997 - 282328	1993 - 831544		
08/12/1994	DIV	D199400095097		BOAZ KIMBERLY S SPS BOAZ	BOAZ RICHMOND A
08/16/1996	DED QCL	1996 - 578331		BOAZ KIMBERLY	BOAZ RICHMOND A
01/02/1997	DOT	1997 - 2039	SA	BOAZ RICHMOND A	NEW CNETURY MORTGA \$110,000

08/05/1998 **DOT ASN** 1998 - 682401 1997 - 2039  
 11/29/2000 **STR** 2000 - 913502 SA 1997 - 2039  
 11/29/2000 **SLE** 2000 - 913503 SA 1997 - 2039  
 02/28/2001 **DOT REL** 2001 - 148875 1997 - 2039

03/17/1998 **AFF** 1998 - 204067\* BOAZ RICHMOND A RICHMOND A BOAZ TR  
 03/17/1998 **DED** 1998 - 204068\* BOAZ RICHMOND A RICHMOND A BOAZ TR  
 08/17/2000 **LIS** 2000 - 629832 ARIZONA DEPARTMENT OF RICHMOND A BOAZ TRUST  
 TRANSPORTATION  
 CV2000015296

11/29/2000 **SLE** 2000 - 913503 SA BOAZ RICHMOND A  
 1997 - 2039

01/04/2001 **DED** 2001 - 9175 BOAZ RICHMOND A RICHMOND A BOAZ TRUST  
 1998 - 204068 REREC

01/04/2001 **BKC** 2001 - 9176\* BOAZ RICHMOND A  
 9808225PHXRJH

01/04/2001 **DED WAR** 2001 - 9177 BOAZ RICHMOND ARIZONA DEPARTMENT OF  
 TRANSPORTATION

03/16/2001 **RSL** 2001 - 207167 RED MOUNTAIN FREEWAY

05/11/2001 **RSL** 2001 - 398085 RED MOUNTAIN FREEWAY  
 REREC

01/22/2002 **DED WAR** 2002 - 63931\* SUNSHINE ACRES ARIZONA STATE  
 CHILDRENS HOME INC

05/27/2003 **RSL** 2003 - 663258\* RED MOUNTAIN FREEWAY

01/24/2006 **RSL** 2006 - 104313 MESA CITY COUNCIL

02/08/2007 **DOT MOD** 2007 - 162191 WN ROSEBUD HOLDINGS L L C GOLDSTEIN ANDREW  
 2006 - 162524  
 2006 - 1598041

10/04/2007 **DED WAR** 2007 - 1094964 NA THOMAS-202-BOCA L L C ROSEBUD HOLDINGS L L C  
 2006 - REREC  
 162523 /

**END SEARCH**

No change SC  
 1/22/2019



## TITLE INSURANCE COMMITMENT

BY

TICOR TITLE INSURANCE COMPANY

As issued by:

SECURITY TITLE AGENCY, INC.  
3636 North Central Avenue, 3rd Floor  
Phoenix, AZ 85012  
(602) 230-6271

## AGREEMENT TO ISSUE POLICY

We agree to issue policy to you according to the terms of the Commitment. When we show the policy amount and your name as the proposed insured in Schedule A, this Commitment becomes effective as of the Commitment Date shown in Schedule A.

If the Requirements shown in this Commitment have not been met within 180 days after the Commitment Date, our obligation under this Commitment will end. Also, our obligation under this Commitment will end when the Policy is issued and then our obligation to you will be under the Policy.

Our obligation under this Commitment is limited by the following:

The Provisions in Schedule A.

The Requirements in Schedule B-I.

The Exceptions in Schedule B-II.

The Conditions.

This Commitment is not valid without Schedule A and Sections I and II of Schedule B. This Commitment is effective as of the date shown in Schedule A as "Commitment Date."

SECURITY TITLE AGENCY, INC.  
3636 North Central Avenue, 3rd Floor  
Phoenix, AZ 85012  
Phone: (602) 230-6271 FAX: (602) 230-6256

on behalf of  
TICOR TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE

SCHEDULE A

Escrow Officer: Karen Roswell  
Title Officer: Diane Boardman/DW  
Address Reference: 5541 E. Thomas Road, Mesa, AZ 85215

Order Number: 150837346

1. Commitment Date: February 15, 2008, at 7:50 AM
2. Policy (or Policies) to be issued:
  - a) ALTA Owner's Policy (6/17/06) (Standard Coverage) Amount: \$  
Proposed Insured:

- 
3. A Fee interest in the land described in this Commitment is owned, at the Commitment Date, by STATE OF ARIZONA, by and through it's Department of Transportation.
  4. The Land referred to in the Commitment is situated in the County of Maricopa, State of Arizona, and is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

CONTRACT NO: L-M-448 PROJECT NO: RAM 600-8-803  
PARCEL NO: L-M-448 TAX PARCEL NO: 141-40-002

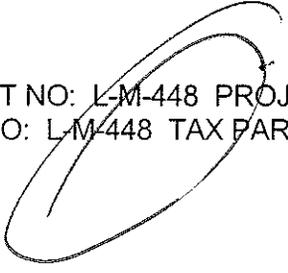


EXHIBIT "A"

That portion of the South half of the Northeast quarter of the Northeast quarter of the Northwest quarter and of the Northeast quarter of the Southeast quarter of the Northeast quarter of the Northwest quarter of Section 35, Township 2 North, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

Commencing at a half inch rebar marking the North quarter corner of said Section 35, being North 00 degrees 04 minutes 12 seconds West 2639.03 feet from a one inch iron pipe marking the Center of said Section 35;

Thence along the North - South mid section line of said Section 35, South 00 degrees 04 minutes 12 seconds East 329.88 feet to the Point of Beginning at the Northeast corner of said South half of the Northeast quarter of the Northeast quarter of the Northwest quarter of Section 35;

Thence continuing along said North - South mid section line South 00 degrees 04 minutes 12 seconds East 434.14 feet to the existing northeasterly right of way line of State Route 202L (Red Mountain Freeway);

Thence along said existing northeasterly right of way line, North 54 degrees 30 minutes 11 seconds West 111.35 feet;

Thence continuing along said existing northeasterly right of way line, North 48 degrees 56 minutes 53 seconds West 304.73 feet;

Thence continuing along said existing northeasterly right of way line, North 56 degrees 00 minutes 51 seconds West 110.87 feet;

Thence continuing along said existing northeasterly right of way line, North 48 degrees 16 minutes 02 seconds West 66.41 feet;

Thence continuing along said existing northeasterly right of way line, North 65 degrees 45 minutes 20 seconds West 52.90 feet;

Thence continuing along said existing northeasterly right of way line, North 56 degrees 00 minutes 53 seconds West 90.85 feet to the North line of said South half of the Northeast quarter of the Northeast quarter of the Northwest quarter of Section 35;

Thence along said North line of the South half of the Northeast quarter of the Northeast quarter of the Northwest quarter of Section 35 South 89 degrees 05 minutes 08 seconds East 585.06 feet to the Point of Beginning.

END OF EXHIBIT "A"

TICOR TITLE INSURANCE COMPANY

SCHEDULE B - SECTION I

REQUIREMENTS

The following requirements must be met:

1. Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded.

NOTE: Pursuant to Arizona Revised Statutes 11-480, effective January 1, 1991, the County Recorder may not accept documents for recording that does not; (a) Contain print at least ten-point type (pica) or larger, (b) Have margins of at least one-half inch along the left and right sides, one-half inch across the bottom and at least two inches on top for recording and return address information, and (c) Each instrument shall be no larger than 8-1/2 inches in width and 14 inches in length.

4. You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.

A. Proper disposition of Real Estate Taxes on land being insured herein.

NOTE: SEE TAX SHEET ATTACHED

The right is reserved to make additional exceptions and/or requirements upon examination of all documents submitted in satisfaction of Requirement No. A.

B. Furnish names of parties to be insured. The right is reserved to make additional exceptions or requirements upon examination of names submitted.

C. Record Deed from STATE OF ARIZONA, by and through it's Department of Transportation to  
\_\_\_\_\_.

In the event any Affidavit required pursuant to ARS 33-422 has been, or will be, recorded pertaining to the land, such Affidavit is not reflected in this commitment nor will it be shown in any policy to be issued in connection with this commitment

TICOR TITLE INSURANCE COMPANY

SCHEDULE B - SECTION II

EXCEPTIONS

In addition to the conditions and/or exclusions, you are not insured against loss or damage (and the Company will not pay costs, attorney's fees or expenses) that arise by reason of:

NOTE: Part One of Schedule B Section II will be eliminated from any ALTA Extended Coverage Policy, ALTA Plain Language Policy, ALTA Homeowner's Policy, ALTA Expanded Coverage Residential Loan Policy and any short form versions thereof. However, the same or similar exceptions may be made in Schedule B of those policies in conformity with Schedule B, Section II Part Two, of this Commitment

Part One:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

## TICOR TITLE INSURANCE COMPANY

## SCHEDULE B - SECTION II

## EXCEPTIONS

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

1. 2007 taxes, second installment which is due on or before March 1, 2008; delinquent on May 1, 2008.
2. 2008 taxes, a lien, but not yet due and payable.
3. Liabilities and Obligations imposed upon said land by reason of its inclusion within the following District(s) and/or Association(s):
  - a) East Valley Institute of Technology
4. Easement for highway, and rights incident thereto as set forth in Docket 5456 page 459.
5. Easement for highway, and rights incident thereto as set forth in Docket 5474 page 547.
6. Resolution of Establishment and advanced acquisition for the Red Mountain Highway recorded in Document No. 87-578095.
7. All matters shown on plat recorded in Book 513 of Maps, page 16.
8. Resolution of Establishment and advanced acquisition for the Red Mountain Highway recorded in Document No. 2001-0207167 and rerecorded in Document No. 2001-0398085 and in Document No. 2003-0663258.

TICOR TITLE INSURANCE COMPANY

CONDITIONS

1. DEFINITIONS

(a) "Mortgage" means mortgage, deed of trust or other security instrument. (b) "Public Records" means title records that give constructive notice of matters affecting your title according to the state statutes where your land is located.

2. LATER DEFECTS

The Exceptions in Schedule B - Section II may be amended to show any defects, liens or encumbrances that appear for the first time in the public records or are created or attach between the Commitment Date and the date on which all of the Requirements (a) and (c) of Schedule B - Section I are met. We shall have no liability to you because of this amendment.

3. EXISTING DEFECTS

If any defects, liens or encumbrances existing at Commitment Date are not shown in Schedule B, we may amend Schedule B to show them. If we do amend Schedule B to show these defects, liens or encumbrances, we shall be liable to you according to Paragraph 4 below unless you knew of this information and did not tell us about it in writing.

4. LIMITATION OF OUR LIABILITY

Our only obligation is to issue to you the Policy referred to in this Commitment, when you have met its Requirements. If we have any liability to you for any loss you incur because of an error in this Commitment, our liability will be limited to your actual loss caused by your relying on this Commitment when you acted in good faith to:

Comply with the Requirements shown in Schedule B - Section I

or

Eliminate with our written consent any Exceptions shown in Schedule B - Section II.

We shall not be liable for more than the Policy Amount shown in Schedule A of this Commitment and our liability is subject to the terms of the Policy form to be issued to you.

5. CLAIMS MUST BE BASED ON THIS COMMITMENT

Any claim, whether or not based on negligence, which you may have against us concerning the title to the land must be based on this Commitment and is subject to its terms.

# OWNERSHIP

# RECORD

# ACQUISITION RECORD

PARCEL NUMBER	OWNER	DESCRIPTION	TOTAL AREA	AREA REQUIRED		NEW EASEMENTS	EXISTING EASEMENTS	REMAINDER		SHEET NO.	CHIEF R/W AGENT APPROVAL	INSTRUMENT		RECORDED	
				GROSS INCLUDING EXISTING R/W	NET EXCLUDING EXISTING R/W			LEFT	RIGHT			TYPE	DATE	DATE	DOCUMENT
7-8904-L	TALLEY DEFENSE SYSTEMS, INC.	PT. SW4, SEC. 27, T2N, R6E	4,356,205	/	205,687	770,278 TCE	/	4,150,519	/	P-18 to P-22	/	QCD	03/22/01	04/24/01	01-332524
		PT. NE4, SEC. 33, T2N, R6E	351,568	/	58,496	3,801 TCE	/	/	/	/	/	QCD	03/22/01	04/24/01	01-332524
* 7-8905	NORMAN D. PEARCE, ET AL	PT. NW4, NW4, SEC. 34, T2N, R6E	324,646	/	/	/	/	/	/	P-20 to P-21	/	FOC	10/08/01	11/02/01	01-1025610
7-8906	JOHN WEIK JR., ET UX	PT. NW4, NW4, SEC. 34, T2N, R6E	207,081	/	103,274	6,924 TCE	/	/	/	P-20 to P-21	/	FOC	09/10/01	10/01/01	01-908732
7-8908	SUPERSTITION CRUSHING, AN ARIZONA L.L.C.	PT. NW4, NW4, SEC. 34, T2N, R6E	174,479	/	18,011	/	/	/	/	P-20 to P-21	/	WD	02/07/01	04/10/01	01-287166
7-8909	RDC, INC.	LOT 27, MCR 233, PG12	113,252	/	8,307	/	/	/	/	P-20	/	WD	02/15/01	04/04/01	01-271962
7-8911	FOUNTAIN HILLS LAND & EQUIPMENT	PT. N2, NW4, SEC. 34, T2N, R6E	974,098	/	376,964	/	/	/	/	P-21 to P-22	/	FOC	10/08/02	10/23/02	02-1105104
7-8913	SPECIAL DEVISES, INC.	PT. NE4, NW4, SEC. 34, T2N, R6E	1,025,965	/	135,970	/	/	/	/	P-22	/	FOC	07/13/01	08/02/01	01-704172
7-8914	E.J.C. INVESTMENTS	PT. NE SEC. 34, T2N, R6E	6,353,060	77,185	39,851	/	/	/	/	6,275,876	P-22 to P-25	FOC	10/10/02	11/04/02	02-1158526
7-8914-L	AMCON MATERIALS COMPANY, INC.	PT. NE SEC. 34, T2N, R6E	6,353,060	77,185	39,851	/	/	/	/	6,275,876	P-22 to P-25	FOC	10/10/02	11/04/02	02-1158526
* 7-8915	THE VERA IRENE DINGMAN TRUST	PT. NW4, NW4, SEC. 35, T2N, R6E	168,816	115,542	83,345	/	/	/	/	53,274	P-24 to P-29	WD	04/28/00	05/23/00	00-391595
7-8916	CITY OF MESA	PT. NW4, NW4, SEC. 35, T2N, R6E	200,869	27,781	19,678	/	/	/	/	173,088	P-25, P-29	WD	05/23/02	01/15/03	03-054732
* 7-8918	JALING COEN	PT. NW4, NW4, SEC. 35, T2N, R6E	216,863	149,008	136,014	/	/	/	/	67,855	P-29	WD	05/13/00	06/09/00	00-438105
* 7-8919	JAMES M. LANDO	PT. NE4, NW4, SEC. 35, T2N, R6E	43,683	42,707	35,516	/	/	976	/	P-29	/	WD	04/26/00	05/25/00	00-398643
* 7-8920	CAGE, L.L.C.	PT. NE4, NW4, SEC. 35, T2N, R6E	45,246	/	45,246	/	/	/	/	P-29	/	WD	04/13/00	05/24/00	00-394537
7-8921	CAGE, L.L.C.	PT. NE4, NW4, SEC. 35, T2N, R6E	43,565	/	1,397	/	/	42,168	/	P-31	/	WD	04/26/01	07/12/01	01-624600
* 7-8922	THE RICHMOND A. BOAZ TRUST	PT. NE4, NW4, SEC. 35, T2N, R6E	215,111	113,687	100,491	/	/	101,424	/	P-31	/	WD	12/26/00	01/04/01	01-009177
7-8923	SUNSHINE ACRES CHILDREN'S HOME, INC.	PT. NW4, SEC. 35, T2N, R6E	5,272,131	410,157	399,165	2,004 TCE	/	7,541	4,854,433	P-25, P-29, P-31	/	WD	03/20/01	01/22/02	02-063931
* 7-8924	DUANE L. WIRTH, ET UX	PT. W2, SW4, SEC. 26, T2N, R6E	214,254	31,964	18,775	/	/	182,290	/	P-26 to P-27	/	FOC	02/10/03	02/13/03	03-177765
* 7-8925	ALAN L. WIRTH, ET UX	PT. SW4, SW4, SEC. 26, T2N, R6E	219,515	219,515	192,311	/	/	/	/	P-27 to P-28	/	WD	08/09/00	09/29/00	00-751769
* 7-8927	J. FRANK WOOD, ET UX	PT. SW4, SW4, SEC. 26, T2N, R6E	87,729	87,729	81,929	/	/	/	/	P-27 to P-28	/	WD	02/25/00	03/20/00	00-207108
* 7-8928	STEVEN MICHAEL ZEMAN	PT. SW4, SW4, SEC. 26, T2N, R6E	209,354	209,354	202,759	/	/	/	/	P-24, P-28	/	WD	05/03/00	05/30/00	00-408899
* 7-8929	MARK L. WIRTH, ET AL	PT. SW4, SW4, SEC. 26, T2N, R6E	50,011	50,011	49,217	/	/	/	/	P-24, P-28	/	WD	08/30/00	09/29/00	00-751782
* 7-8929-1	MARK L. WIRTH, ET AL	PT. SW4, SW4, SEC. 26, T2N, R6E	43,560	/	43,560	/	/	/	/	P-28	/	WD	08/30/00	09/29/00	00-751766
* 7-8929-2	MARK L. WIRTH, ET AL	PT. SW4, SW4, SEC. 26, T2N, R6E	58,665	/	58,665	/	/	/	/	P-28	/	WD	08/30/00	09/29/00	00-751787
* 7-8930	L. BLAIN & GERALDINE CUMMARD	PT. SW4, SW4, SEC. 26, T2N, R6E	406,847	406,847	348,569	/	/	/	/	P-24, P-28 to P-29	/	WD	07/10/00	07/28/00	00-576872

\* PARCEL TO BE ACQUIRED AS A TOTAL ACQUISITION.  
 \* \* 12,096 SQ. FT. TO BE ACQUIRED BY RESOLUTION.  
 NOTE: ALL AREAS SHOWN ARE IN SQUARE FEET.

JUL 11 2006

NOTE: FOR SURVEY INFORMATION SEE RAM 600-8-705/  
 202L MA 017 H5379 01R, GILBERT RD. - US 60,  
 DRAWING NUMBER D-7-T-905.

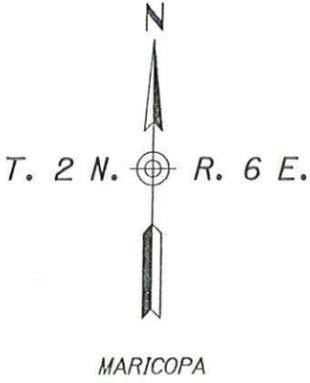
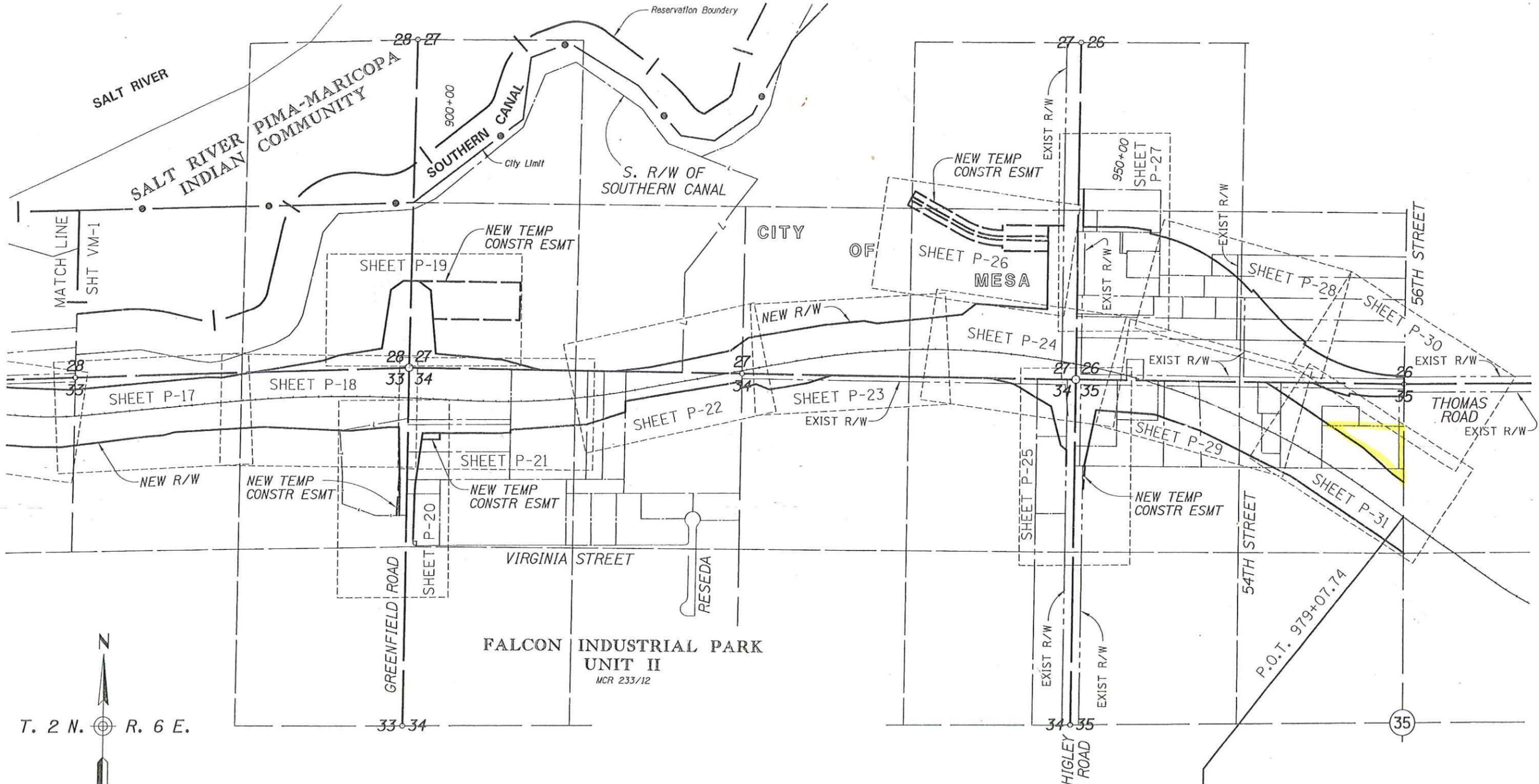
REVISIONS				DRAWING NO.	ARIZONA DEPARTMENT OF TRANSPORTATION INTERMODAL TRANSPORTATION DIVISION RIGHT OF WAY PLANS SECTION	
C.O. NO.	DATE	BY	DESCRIPTION	D-7-T-915	HIGHWAY	
	5/21/01	VMS	Refer to the Scope of Work for changes/	SEE NOTE	RED MOUNTAIN FREEWAY	
	"	"	Amendments completed prior to the	DRAWN/DATE	PROJECT NO.	
	"	"	Acceptance of plans.	RED 10/10/00	RAM 600-8-803	
9629	04/16/04	RED	Updated Acquisition Record all Parcels &	CHECKED	TRACS NO.	
			Renumbered Sheet to Current Stds	CJF 10/10/00	202L MA 000 H5400 01R	
				 A Stanley Group Company Engineering, Surveying, and Construction Services Worldwide		
				ROUTE	SECTION	
				SR202L	Gilbert Road - Higley Road	
				SHEET ORS-2		



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6/21/2006

...2021-rw17.o02



**VICINITY MAP**  
SCALE: 1" = 400'

END R/W PROJECT 202L MA 000 H5400 01R RAM-600-8-803 JUL 1 1 2006  
 BEGIN R/W PROJECT 202L MA 000 H5401 01R R-600-8-804

NOTE: FOR SURVEY INFORMATION SEE RAM 600-8-705/202L MA 017 H5379 01R, GILBERT RD. - US 60, DRAWING NUMBER D-7-T-905.

REVISIONS			
C.O. NO.	DATE	BY	DESCRIPTION
	5/21/01	VMS	Refer to the Scope of Work for changes/Amendments completed prior to the Acceptance of plans.
9496	6/27/01	VMS	Deleted New T.C.E. on east end of project.
9629	04/16/04	RED	Sheet has been Renumbered to Current Stds.

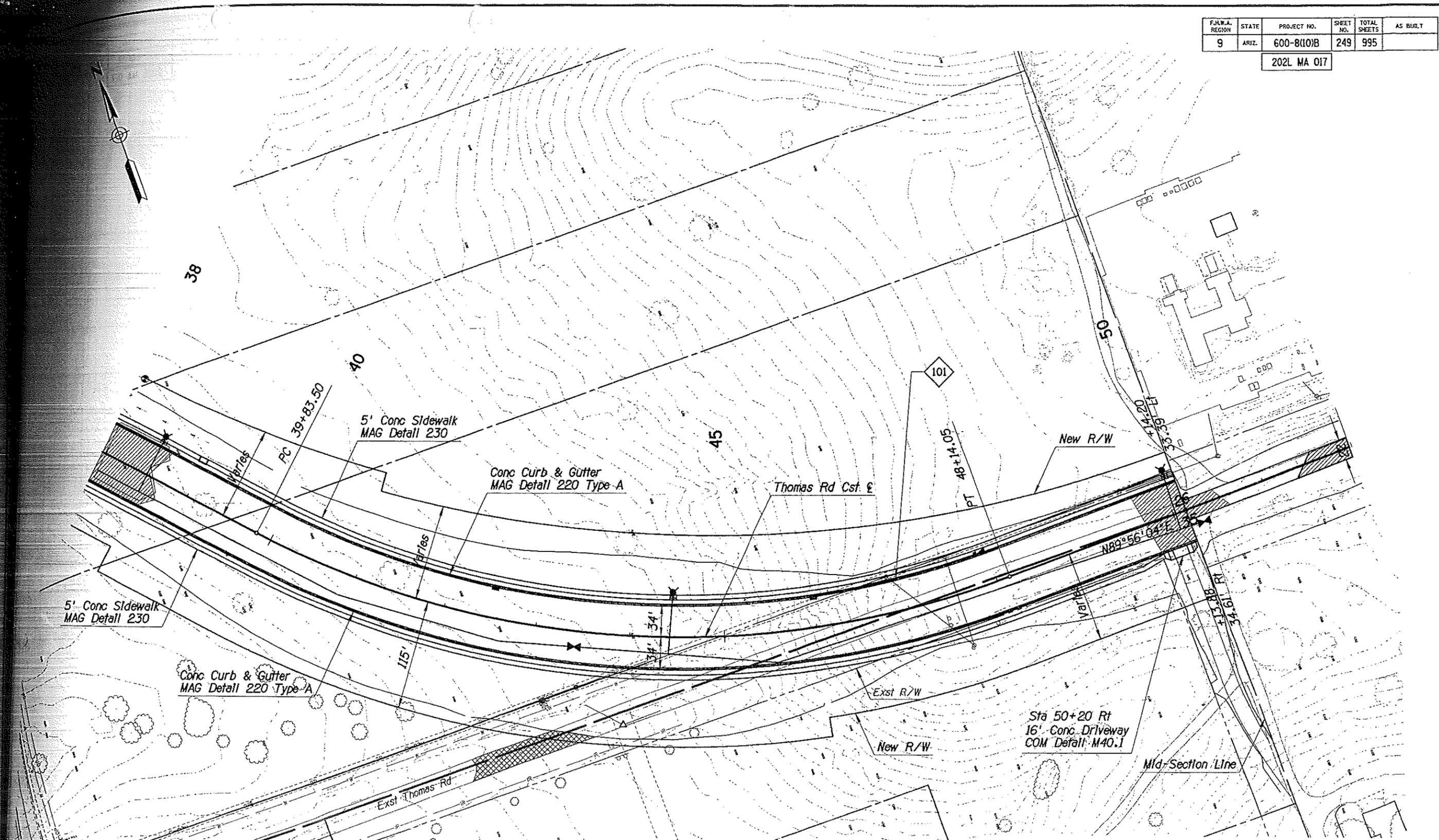
DRAWING NO. D-7-T-915	ARIZONA DEPARTMENT OF TRANSPORTATION INTERMODAL TRANSPORTATION DIVISION RIGHT OF WAY PLANS SECTION
SURVEY SEE NOTE	HIGHWAY RED MOUNTAIN FREEWAY
DRAWN/DATE RED 10/10/00	PROJECT NO. RAM 600-8-803
CHECKED C/JF 10/10/00	TRACS NO. 202L MA 000 H5400 01R
Stanley Consultants Inc. <small>A Stanley Group Company Engineering Environmental and Construction Services Worldwide</small>	ROUTE SECTION Gilbert Road - Higley Road
SR202L	SHEET VM-2

6/21/2006 q:\18530\survey\gilbert - higley (red mtn)\dgn\202l-rw17.v02

...202l-rw17.v02

F.H.W.A. REGION	STATE	PROJECT NO.	SHEET NO.	TOTAL SHEETS	AS BUILT
9	ARIZ.	600-8(10)B	249	995	

202L MA 017



LIST OF QUANTITIES

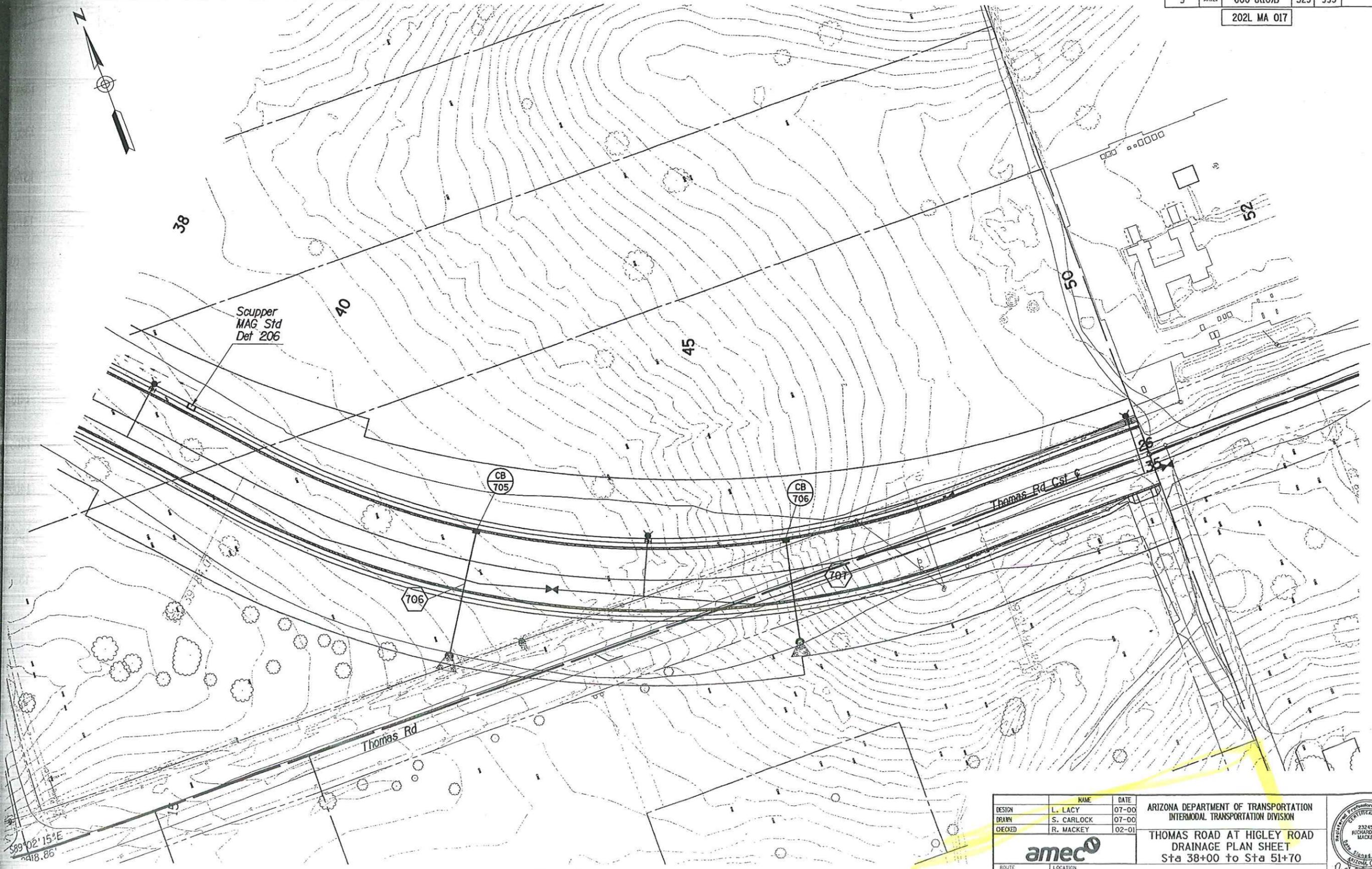
- 11,984 Sq Ft New 4" Concrete Sidewalk, MAG Detail 230
- 2,434 Lin Ft New Type A Curb & Gutter, h=6", MAG Detail 220
- 304 Sq Ft New Driveway, City of Mesa Detail M-40.1

DESIGN	J. CHRISTOPH	07-00	ARIZONA DEPARTMENT OF TRANSPORTATION INTERMODAL TRANSPORTATION DIVISION	
DRAWN	S. CARLOCK	07-00		
CHECKED	R. MACKAY	02-01		
			THOMAS ROAD AT HIGLEY ROAD CROSS ROAD PLAN Sta 38+00 to Sta 52+00	
ROUTE	202L		RED MTN FWY. GILBERT ROAD - HIGLEY ROAD	
TRACS NO. H5299 01 C			OF	



F.H.W.A. REGION	STATE	PROJECT NO.	SHEET NO.	TOTAL SHEETS	AS BUILT
9	ARIZ.	600-8(10)B	323	995	

202L MA 017



TOTAL SHEETS 995

38



S89°02'15"E  
1418.85'

	NAME	DATE
DESIGN	L. LACY	07-00
DRAWN	S. CARLOCK	07-00
CHECKED	R. MACKAY	02-01



ARIZONA DEPARTMENT OF TRANSPORTATION  
INTERMODAL TRANSPORTATION DIVISION

THOMAS ROAD AT HIGLEY ROAD  
DRAINAGE PLAN SHEET  
Sta 38+00 to Sta 51+70



ROUTE 202L

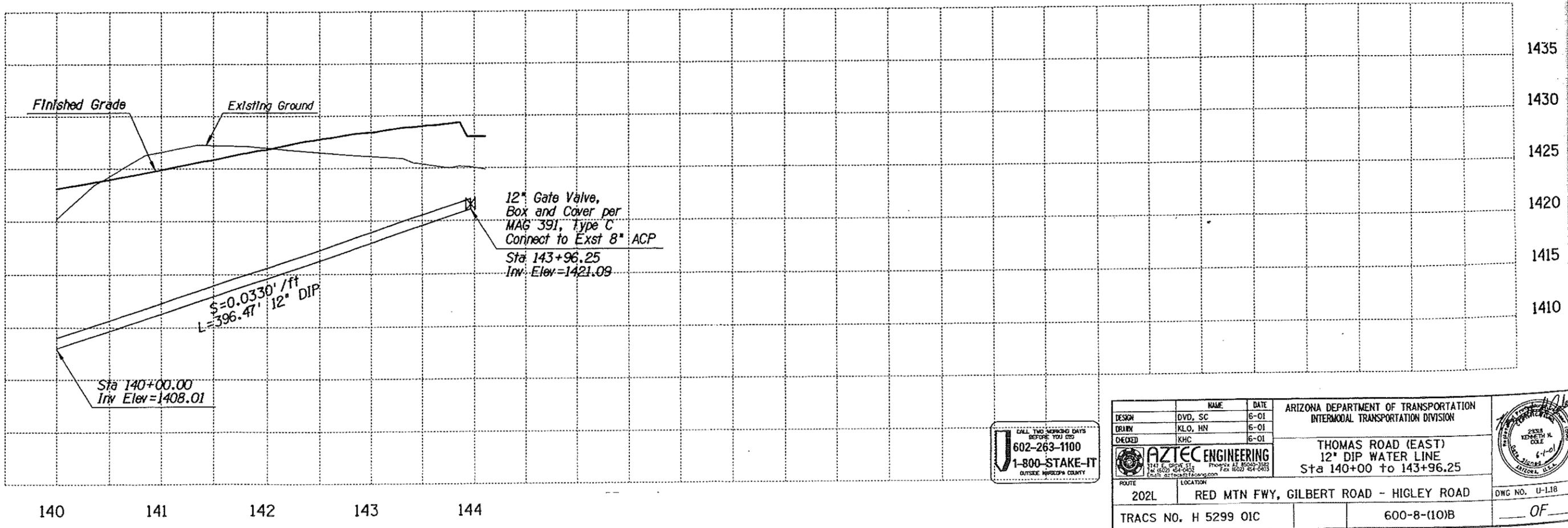
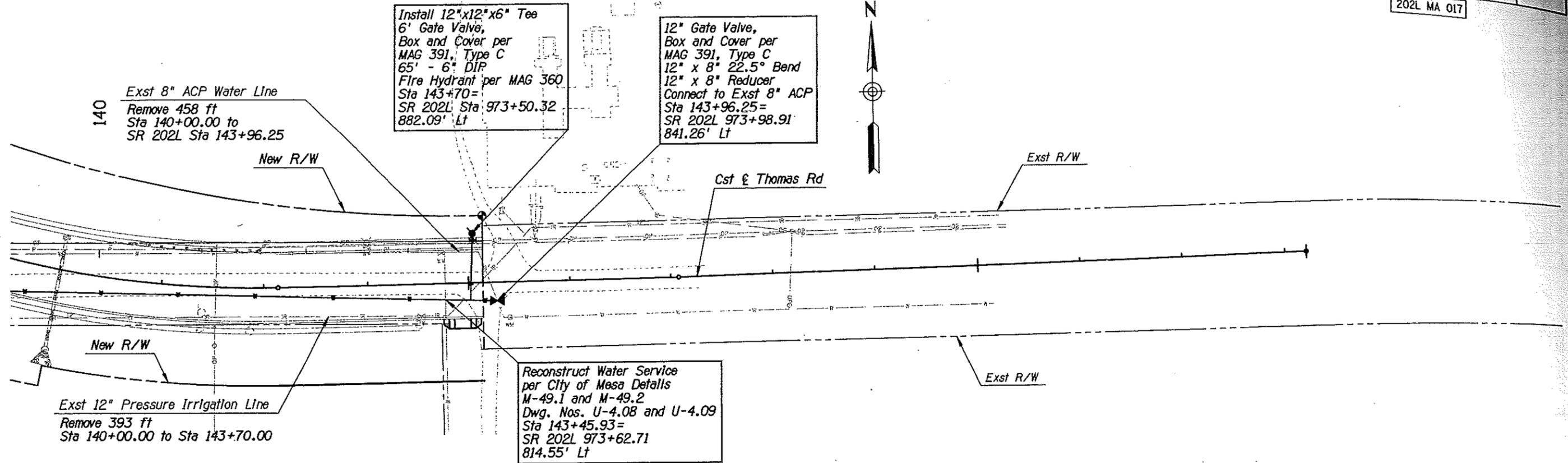
LOCATION RED MTN FWY, GILBERT ROAD - HIGLEY ROAD

TRACS NO. H5299 01 C

DWG. NO. D-130

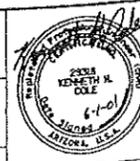
OF

F.L.T.A. REGION	STATE	PROJECT NO.	SHEET NO.	TOTAL SHEETS	AS BUILT
9	ARIZ.	600-8-(10)B	907	995	
202L MA 017					

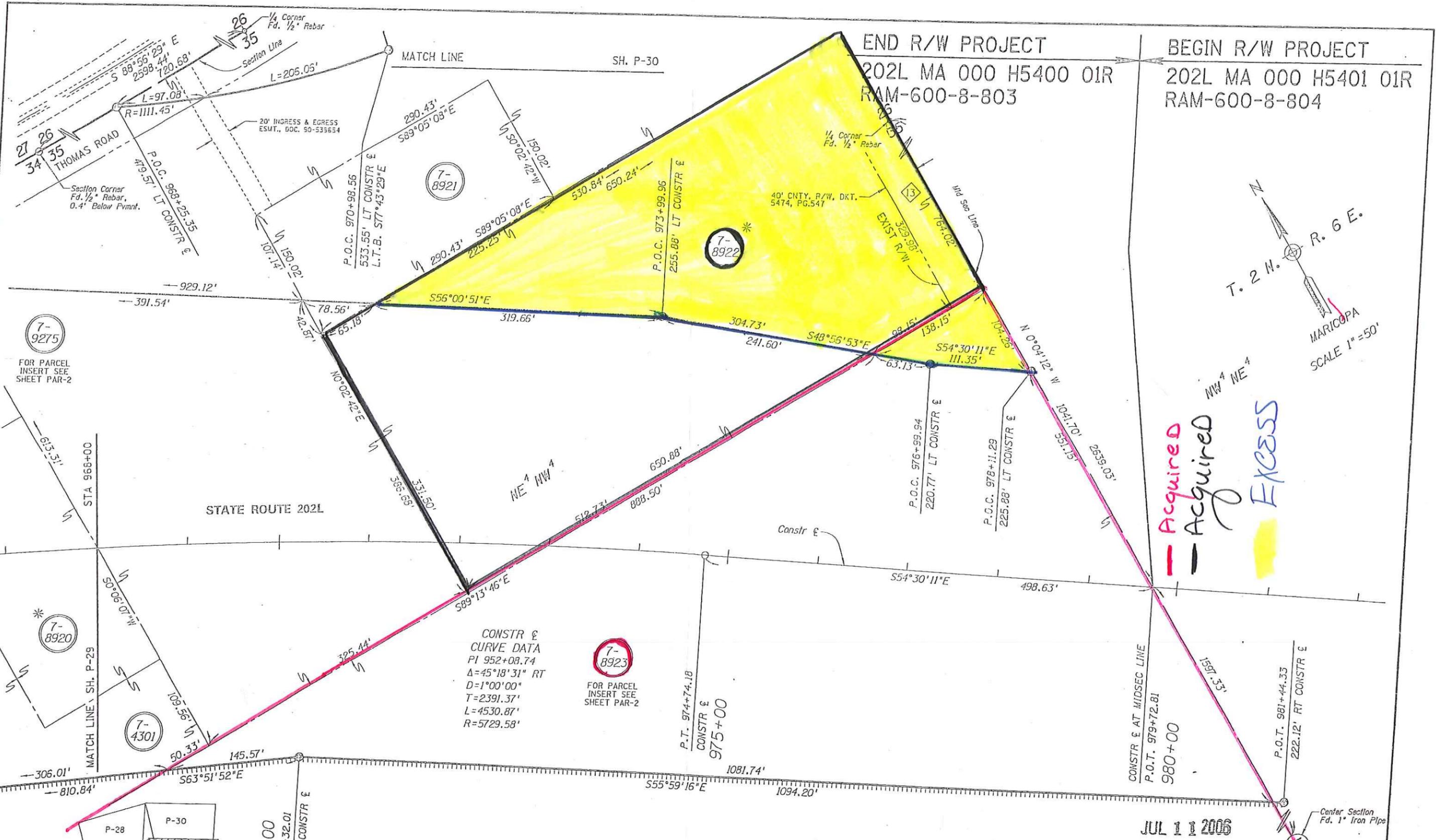


CALL TWO WORKING DAYS BEFORE YOU DIG  
**602-263-1100**  
**1-800-STAKE-IT**  
OUTSIDE MARICOPA COUNTY

DESIGN	DVD, SC	DATE	6-01	ARIZONA DEPARTMENT OF TRANSPORTATION INTERMODAL TRANSPORTATION DIVISION
DRAWN	KLO, HN	DATE	6-01	
CHECKED	KHC	DATE	6-01	
				<b>THOMAS ROAD (EAST)</b> <b>12" DIP WATER LINE</b> <b>Sta 140+00 to 143+96.25</b>
ROUTE	202L	LOCATION	RED MTN FWY, GILBERT ROAD - HIGLEY ROAD	DWG NO. U-118
TRACS NO. H 5299 OIC			600-8-(10)B	OF

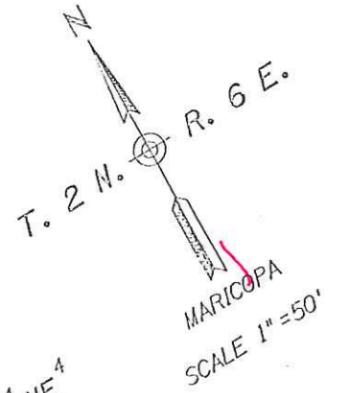


SURVEY NO. FINISHED PLANS REVISIONS LOCATION DATE  
 SURVEY NO. FINISHED PLANS REVISIONS LOCATION DATE  
 SURVEY NO. FINISHED PLANS REVISIONS LOCATION DATE



BEGIN R/W PROJECT  
202L MA 000 H5401 01R  
RAM-600-8-804

END R/W PROJECT  
202L MA 000 H5400 01R  
RAM-600-8-803



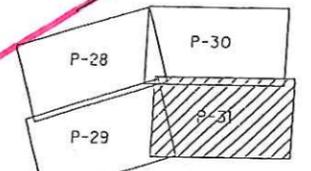
Acquired  
Acquired  
EXCESS

CONSTR &  
CURVE DATA  
PI 952+08.74  
Δ=45°18'31" RT  
D=1°00'00"  
T=2391.37'  
L=4530.87'  
R=5729.58'

7-8923  
FOR PARCEL  
INSERT SEE  
SHEET PAR-2

970+00  
P.O.C. 970+32.01  
234.12' RT CONSTR &

JUL 1 2006



\* PROPERTY TO BE ACQUIRED AS A TOTAL ACQUISITION.

NOTE: FOR SURVEY INFORMATION SEE RAM 600-8-705/  
202L MA 017

REVISIONS			
C.O. NO.	DATE	BY	DESCRIPTION
	5/21/01	VMS	Refer to the Scope of Work for changes/
			Amendments completed prior to the
			Acceptance of plans.
9629	04/16/04	RED	Sheet has been Renumbered to Current Sids.

DRAWING NO.	D-7-T-915
SURVEY	SEE NOTE
DRAWN/DATE	RED 10/10/00
CHECKED	CJF 10/10/00

ARIZONA DEPARTMENT OF TRANSPORTATION INTERMODAL TRANSPORTATION DIVISION RIGHT OF WAY PLANS SECTION	
HIGHWAY RED MOUNTAIN FREEWAY	
PROJECT NO. RAM 600-8-803	



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6/21/2006

## QUALIFICATIONS

### **WENDELL L. MONTANDON, MAI**

*Real Estate Appraiser, Market Research Analyst, and Consultant*

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#### **Professional Experience**

Over forty continuous years as full-time real estate appraiser and consultant, initially mentored by Frank Kelly MAI, charter president of the Arizona Chapter of the American Institute of Real Estate Appraisers; acquired the appraisal firm of Kelly & Kelly from the Estate of Frank Kelly in July of 1972, merging it with that of Walter Winius, Jr., MAI in December 1973, to form the appraisal and planning firm of Winius Montandon, Inc

In July of 1997, analysts having a combined 70+ years of experience together at Winius Montandon, Inc. formed the advisory and appraisal firm now known as Montandon Farley Valuation Services.

#### **Education**

BS degree in construction from Arizona State University in 1963 followed by a variety of real estate analyst courses mostly sponsored by the American Institute of Real Estate Appraisers prior to obtaining the MAI designation in 1974; subsequently attended seminars and courses sponsored by real estate affiliates including week-long sessions in Investment Analysis and Statistical Analysis; currently certified under the Appraisal Institute's continuing education program

#### **Professional Affiliations**

MAI membership designation from the Appraisal Institute (a merger of the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers); served the American Institute of Real Estate Appraisers as follows:

National Appraisal Review Committee, 1975-77  
National Elective Examinations Committee, 1978-85;  
Vice Chairman, 1983; Chairman, 1984-85;  
National Board of Examiners - Examinations, 1984-85  
National Division of Professional Certification and  
Recognition Committee, 1983  
Regional Panel of Professional Standards Committee,  
1990-1992  
President of Arizona Chapter 41, AIREA, 1980

**Professional Affiliations**

(Continued...)

Chapter Membership Committee, 1984  
National Research and Information Committee, 1992-93  
National General Examinations Committee. 1992-94  
Assistant Regional Member, Review and Counseling  
Committee, 1992-93

**Certifications**

Certified General Real Estate Appraiser  
Certificate Number 30159, State of Arizona

**Community Service**

Past President, Phoenix Sundown Rotary  
Current Member at Rotary Club "100" Phoenix  
Past member Phoenix Rehabilitation Appeals Board, Social  
Venture Partners, Valley Partnership and Commercial  
Mortgage Bankers Association; occasional guest speaker  
appearances regarding trends in the real estate industry

**Specialties:**

General practitioner with experience analyzing, valuing and  
reviewing appraisals of varying interests in all types of real  
estate except for non-sand and gravel mining estates; for the  
purpose of estimating retrospective, current and prospective  
market value, insurable value, values required by assessors,  
distressed value, liquidation value, investment value etc.

**Intended Uses and Users:**

Security for a loan, eminent domain compensation, renewal  
rents, purchase option prices, partnership splits, litigation  
support, tax appeals, insurance compensation, etc.; some of the  
intended users include lenders, investors, estate planners, public  
agencies and private parties with condemnation needs,  
attorneys, accountants, divorcing parties, general and limited  
partners, planners, title companies, tax authorities, individuals  
and trustees performing due diligence, appraisal management  
companies, appraisal review companies etc

**Geographic Area  
of Expertise**

Specializes in Arizona assignments, but has evaluated  
properties in more than 20 states, including California, Nevada,  
Texas, and Utah

**Qualification As  
Expert Witness**

Maricopa County Superior Court	US District Court
Yavapai County Superior Court	US Tax Court
Yuma County Superior Court	Federal Bankruptcy Court
Pima County Superior Court	

## Representative Clients

Alliance Bank  
Bank of America  
Bank of Boston  
Bankers Trust Company, New York, NY  
California Bank & Trust  
Chemical Bank, New York, NY  
Citibank (Arizona)  
Comerica Bank-California  
Enterprise Bank & Trust  
First Citizens Bank  
First Financial Bank  
Firststar Metropolitan Bank  
Great Western Bank, Colorado Springs, CO  
Guaranty Bank  
INTRUST Bank  
JP Morgan Chase Bank  
LaSalle National Bank  
Meridian Bank  
National Bank of Arizona  
Nevada State Bank  
Northern Trust Bank  
Rio Salado Bank  
U.S. Bank, RETECHS  
Wells Fargo Bank, RETECHS  
Zions National Bank

Atlantic Asset Management  
Crossland Mortgage  
Crossin Dannis, Inc.  
Financial Resource Management Trust Company  
Harris Trust Bank of Arizona  
Investors Mortgage Loan Service  
J.E. Roberts  
L.J. Melody  
LaSalle Commercial Appraisal Management  
Minnesota Mutual Life Insurance Company  
Principle Mutual Life Insurance Group  
Property Reserve, Inc.  
Real Estate Underwriting Services  
Situs, a Ranieri Partners Company  
Standard Insurance Company, Portland, OR  
State Mutual Life Assurance Company of America  
United of Omaha Life Insurance Company

Aegon USA Realty Advisor  
American National Insurance Company  
Bankers Mutual  
Construction Lending Corporation  
Equitable Life Assurance Society  
Illinois Mutual  
Insurance Company of North America  
Keig & Mure Mortgage, Inc.  
Londen Insurance Group  
McMorgan & Company  
Metropolitan Life Insurance Company  
Princeton American Corporation  
State Bond & Mortgage Insurance Company  
USA Mortgage Corp, Phoenix

Beer, Toone & Ryan, P.C.  
Bonnett, Fairbourn & Friedman  
Bryan, Cave, McPheeters & McRoberts  
Brown & Bain, Attorneys  
Frazer, Ryan, Goldberg & Hunter  
Larry Cohen, Attorney  
Fennemore Craig  
Hebert Schenk P.C.  
Howard C. Meyers, P.C.  
Jaburg & Wilk, P.C.  
Jennings, Strouss & Salmon, Attorneys  
Lewis & Roca, Attorneys  
Loeb & Loeb, Attorneys  
Mariscal, Weeks, McIntyre & Friedlander  
McCabe, O'Donnell, Wright & Merritt  
Mitten, Goodwin & Raup  
Mohr, Hackett, Pederson, Blakley, Randolph  
& Haga, P.C.  
Molloy, Jones & Donahue, P.C.  
Mooney, Wright & Moore, PLLC  
Murphy & Posner  
The Cavanagh Law Firm  
Roshka DeWulf & Patten, PLC  
Ryley, Carlock & Applewhite, Attorneys  
Shearman & Sterling  
Snell & Wilmer, Attorneys  
Streich Lang, PA  
Tarkington, O'Connor & O'Neill  
Warner, Angle, Roper & Hallam, P.C.

**Representative Clients - (Continued...)**

Arizona Public Service Company  
Carl's Jr. Restaurants  
Chevron  
Combined Health Resources  
Empire Machinery  
Fidelity National Title Insurance Company  
Firestone Tire & Rubber Company  
General Electric Company  
Goodyear Tire & Rubber Company  
Grossman Company Properties  
Honeywell, Inc.  
IBM Corporation  
Jaren Corporation  
Kentucky Fried Chicken  
Kroger  
Lucent  
MCO Properties/Horizon Corporation  
Marriott Corporation  
McShane Corporation  
McDonald's Corporation  
Mobil Oil Corporation  
NAI Horizon  
P M Realty Advisors  
Irwin Pasternack, Architect  
Perini Corporation  
Retirement Corporation of America  
Safeco Title Insurance Company  
Samaritan Health Services  
Schuck & Sons Construction Company  
Southwest Forest Industries  
Standard Oil Company of California  
Shell Oil Company  
Texaco, Inc.  
Trammell Crow Company  
Transwestern Pipeline  
Wal-Mart Stores  
Del E. Webb Corporation  
Westinghouse Electric Corporation

City of Avondale  
City of Glendale  
City of Peoria  
City of Phoenix  
City of Mesa  
City of Scottsdale  
City of Tempe  
City of Tolleson  
Maricopa County  
Maricopa County Flood Control District  
Maricopa County Department of Transportation  
Arizona State University  
Cartwright School District  
Osborn School District  
Peoria School District  
Phoenix Elementary School District  
Phoenix Union High School District #210  
Wickenburg School District  
  
Arizona State Retirement System  
Arizona Department of Transportation  
Arizona Parklands Foundation  
Arizona Department of Administration  
Colorado River Indian Community  
Department of the Army, Los Angeles District,  
Corps of Engineers  
Federal Bureau of Investigation  
Federal Deposit Insurance Corp.  
Federal Home Loan Bank Board  
Federal Savings & Loan Insurance Corp.  
Fort Defiance Indian Hospital  
General Services Administration  
Internal Revenue Service  
Resolution Trust Corporation  
USDA, Forest Service  
US Postal Service

# Department of Financial Institutions

State of Arizona

CGA - 30159

This document is evidence that:

**WENDELL L. MONTANDON**

has complied with the provisions of

Arizona Revised Statutes, relating to the establishment and operation of a:

**Certified General Real Estate Appraiser**

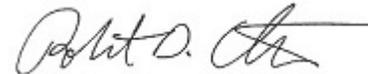
and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

**Certified General Real Estate Appraiser**

**WENDELL L. MONTANDON**

This license is subject to the laws of Arizona and will remain in full force and effect until surrendered, revoked or suspended as provided by law.

Signed in the Superintendent's office at 100 North 15th Avenue, Suite 261, in the City of Phoenix, State of Arizona, this 23rd day of August, 2018.



Robert D. Charlton  
Superintendent

Expiration Date : **August 31, 2020**

## QUALIFICATIONS

### **R. John McDonald, MAI**

*Real Estate Valuation Specialist and Consultant*

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<b>Professional Experience</b>	Over 28 continuous years as a full-time real estate appraiser and consultant, initially with Winius Montandon, Inc., from 1990 to 1997 and then with Montandon Farley Valuation Services (previously Montandon Farley Re-Ad Group) from 1997 to present
<b>Education</b>	Bachelor of Science degree in Business with emphasis in Finance and Real Estate from Arizona State University in 1987 followed by a variety of real estate analyst courses mostly sponsored by the Appraisal Institute prior to obtaining the MAI; Subsequently attended seminars and courses as part of continuing education sponsored by real estate affiliates; currently certified under the Appraisal Institute's continuing education program
<b>Professional Affiliations</b>	MAI membership designation from the Appraisal Institute Member, Arizona Chapter, Appraisal Institute Education Committee Member, Arizona Chapter, Appraisal Institute, 2003 Directory Committee Member, Arizona Chapter Appraisal Institute 2000-2001
<b>Certifications</b>	Certified General Real Estate Appraiser Certificate Number 31618, State of Arizona
<b>Community Service</b>	Board of Directors, Director, Charter Board, Villa Montessori (Non-profit school with 700+ students; \$6.6 million budget), Phoenix – 2001 to Present (President of Charter Advisory Board 2005-2007) Chairman, Campus Development, Villa Montessori – 2000 to Present
<b>Specialties:</b>	General practitioner with vast experience analyzing, valuing and reviewing appraisals of varying interests in all types of real estate; for the purpose of estimating retrospective, current and prospective market value, insurable value, values required by assessors, distressed value, liquidation value, investment value etc. Property types valued include high-rise and mid-rise office complexes, medical office, surgery centers, apartments (including those encumbered by various affordable house programs), shopping centers, restaurants, mini-storage facilities, industrial warehouses, distribution buildings, manufacturing buildings, mobile home parks, movie theaters, auto dealerships, condominium buildings, land subdivisions, speculative acreage, ground leases and various special purpose properties.

**Intended Uses and Users:**

Experience includes preparing appraisals for use in security for a loan, small business administration financing, renewal rents, purchase option prices, partnership splits, litigation support, condemnation, tax appeals, insurance compensation, etc.; some of the intended users include lenders, investors, estate planners, public agencies, attorneys, accountants, divorcing parties, general and limited partners, planners, title companies, tax authorities, individuals and trustees performing due diligence, appraisal management companies, appraisal review companies etc.; clients include financial institutions, government agencies, investment managers, pension funds, corporations, insurance companies, attorneys and developers

**Expert Witness**

Appeared as Expert Witness: Superior Court of Arizona

**Geographic Area  
of Expertise**

Specializes in the Metropolitan Phoenix, Prescott/Prescott Valley, Tucson and Greater Flagstaff areas of Arizona, but has evaluated properties throughout the state

# Department of Financial Institutions

State of Arizona

CGA - 31618

This document is evidence that:

**ROBERT J. MCDONALD**

has complied with the provisions of

Arizona Revised Statutes, relating to the establishment and operation of a:

**Certified General Real Estate Appraiser**

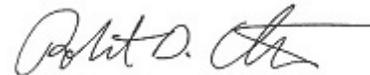
and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

**Certified General Real Estate Appraiser**

**ROBERT J. MCDONALD**

This license is subject to the laws of Arizona and will remain in full force and effect until surrendered, revoked or suspended as provided by law.

Signed in the Superintendent's office at 2910 North 44<sup>th</sup> Street, Suite 310,  
in the City of Phoenix, State of Arizona, this 2nd day of April, 2018.



Robert D. Charlton  
Superintendent

Expiration Date : **March 31, 2020**