

ASSIGNMENT REFERENCES

PARCEL NUMBER: L-SC-007

OWNER NAME: State of Arizona Department of Transportation

ADDRESS: N/A, Peak St & Sentinel Av, Tucson, AZ 85701.

LOCATION OF PROPERTY: Peak St & Sentinel Av, Tucson, AZ 85701

PROJECT: M697501X

HIGHWAY: I-10 Casa Grande – Tucson Hwy

SECTION: Congress Street – 29th Street

APPRAISAL ASSIGNMENT: TO-22-024

PURCHASE ORDER: PO 0000387558

DATE OF APPRAISAL: December 28, 2021 (Effective Date of Appraisal)

DATE OF REPORT: January 19, 2022

APPRAISER: Paul D. Hendricks, MAI
Arizona State Certified General Real Estate
Appraiser Certificate No. 30197
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APPRAISAL REPORT

An Opinion of Market Value for Potential Disposition

**Of 7 lots located around Peak St at Sentinel Av,
Tucson, Arizona 85701**

as of December 28, 2021

Parcel Number: L-SC-007

Owner: State of Arizona Department of Transportation,

Tax Parcels:

116-20-058

116-20-065

116-20-066

116-20-067

116-20-068

116-20-087

116-20-088

Sec. 14T14S R13E

Prepared For Use By

Arizona Department of Transportation

Right of Way Operations-Appraisal

ADOT Mail Room, 1655 W Jackson St.

Phoenix, AZ 85007

Appraisal Prepared By

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING

Paul D. Hendricks, MAI

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January 19, 2022

Letter of Transmittal

Timothy F O'Connell, Jr.
ADOT Right of Way Operations-Appraisal
ADOT Mail Room, 1655 W Jackson St.
Phoenix, AZ 85007

Re: Opinion of market value for potential disposition of parcel L-SC-007, located around
Peak St at Sentinel Av, Tucson, Arizona 85701.

In response to your request I have completed an analysis of the above referenced property; this letter of transmittal is part of that appraisal report. This is an appraisal report and conforms to Uniform Standards of Professional Appraisal Practice, ADOT Right of Way Procedures Manual Project Management Section Chapters Three and Four; and The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24.

Problem Identification: The purpose of the appraisal is to opine market value of the fee simple interest of the lots described. The intended use is to utilize the value estimate to assist in decisions regarding the disposition of the properties.


The effective date of the appraisal and date of valuation is December 28, 2021 the date of site visit. The date of completion of the appraisal report is January 19, 2022.

Relevant Subject Characteristics: All lots are currently vacant (unimproved). The sites are described, and values opined, as follows:

Site	APN	Cottonwood Addition	Site Size SF	Zone	Value Opinion
1	116-20-058	Lot 11 Blk 3	5,436	R-2	\$147,250
2	116-20-065	Lot 8 Blk 4	5,417	R-2	\$147,250
3	116-20-066	Lot 9 Blk 4	5,746	R-2	\$151,000
4	116-20-067	Lot 10 Blk 4	6,610	R-2	\$151,000
5	116-20-068	Lot 11 Blk 4	6,663	R-2	\$151,000
6	116-20-087	Lot 18 Blk 5	5,936	C-3	\$154,800
7	116-20-088	Lot 19 Blk 5	5,936	C-3	\$154,800
		Average	5,963	Total	\$1,057,100

Assignment Conditions: Lot sizes are as indicated on L-SC-007 Sketch Plan provided; areas for lots in block 4 and lots in block 5 are based on Sketch Plan totals and estimated division between the lots in the block, without survey; it is an extraordinary assumption that individual lot sizes indicated are appropriate. Lot 11 block 3: City Water indicates a 15' easement with 24" waterline in center, near the western boundary or west of it, absent a survey indicating precise location/description of the easement, it is an extraordinary assumption that the location of the easement would not preclude residential development of typically sized and sited SFR. The use of extraordinary assumptions may affect assignment results. Additionally, please see standard limiting conditions and assumptions in the appendix.

Please call if you have any questions regarding the following appraisal report. Thank you for the opportunity to be of service.

A handwritten signature in black ink, reading "Paul D. Hendricks", is displayed on a light blue rectangular background.

Sincerely,
Paul D. Hendricks, MAI
Arizona Certified General Real Estate Appraiser 30197

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PREFACE & SUMMARY

APPRAISAL REFERENCE: 2021217 Parcel L-SC-007

PROBLEM IDENTIFICATION: The following 7 parameters are considered, client, intended users, intended use, type of opinion, effective date, relevant subject characteristics and assignment conditions:

CLIENT: Arizona Department of Transportation
Right of Way Operations-Appraisal

APPRAISER: Paul D. Hendricks, MAI
Arizona Certified General Real Estate Appraiser 30197

PURPOSE, INTENDED USE: The purpose of the appraisal is to opine market value of the fee simple estate(s). The intended use is to utilize value estimates to assist in decisions regarding the disposition of properties.

INTENDED USERS: Our client, Arizona Department of Transportation its agents and officials and the FHWA are the only intended users and for the above intended use. Use of this report by others is not intended by appraiser.

SUBJECT SUMMARY / VALUE: All lots are currently vacant (unimproved). The sites are described, and opined value as follows:

Site	APN	Cottonwood Addition	Site Size SF	Zone	Value Opinion
1	116-20-058	Lot 11 Blk 3	5,436	R-2	\$147,250
2	116-20-065	Lot 8 Blk 4	5,417	R-2	\$147,250
3	116-20-066	Lot 9 Blk 4	5,746	R-2	\$151,000
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7	116-20-088	Lot 19 Blk 5	5,936	C-3	\$154,800
		Average	5,963	Total	\$1,057,100

OWNER: State of Arizona Department of Transportation

INTEREST CONSIDERED: Fee Simple.

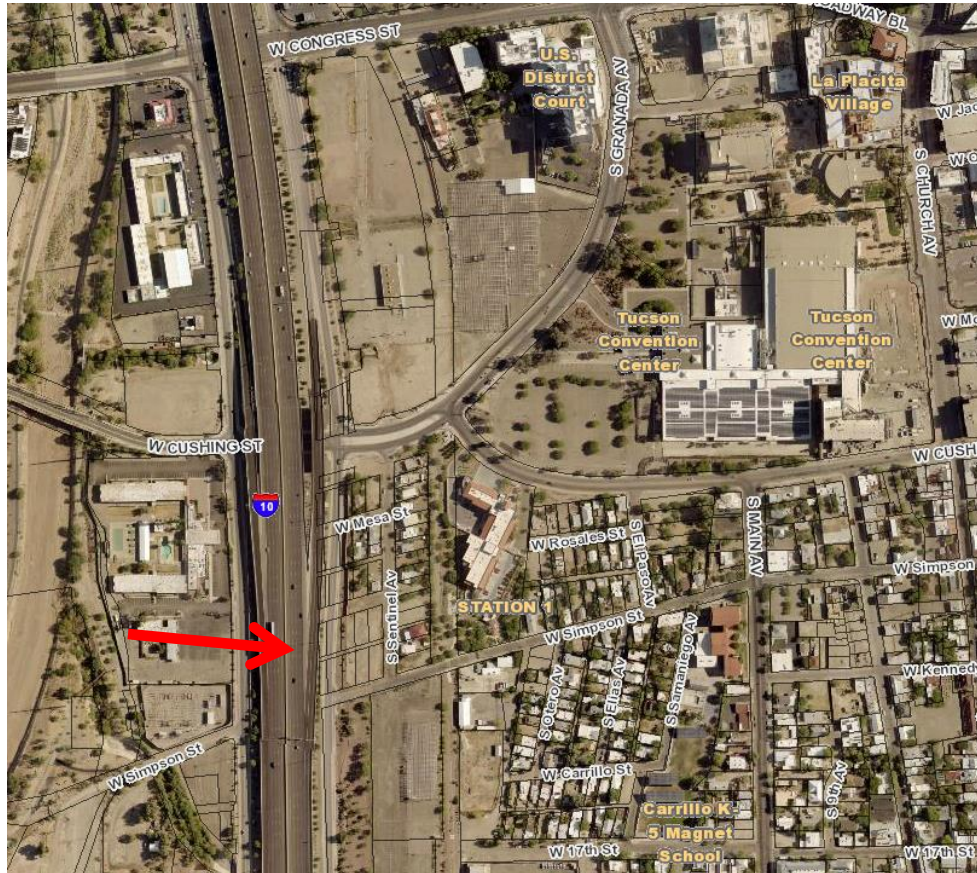
EFFECTIVE DATE OF VALUATION: **December 28, 2021; Date of Site Visit.**

DATE OF APPRAISAL REPORT: January 19, 2022

TYPE OF APPRAISAL REPORT: Report (ADOT "Detailed Narrative Report")

Assignment Conditions: Note extraordinary assumption in the letter of transmittal; additionally, please see standard limiting conditions and assumptions in the appendix.

LOCATION MAP



SUBJECT PHOTOS (Photos Taken 12/28/2021)

Simpson St. Looking West Towards Frontage Road



Four Lots (8,9,10,11) Block 4 Looking Northwest from SEC Simpson/Sentinel



Sentinel Av Looking North



Lots 18, 19, Block 5 Looking East



El Paso and Southwestern Greenway e/o Blk 5, Looking North



Peak St Looking West from Sentinel Av.



Lot 11 Block 3 Looking North



PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to opine market value of the fee simple estate of the subject lots.

INTENDED USE, INTENDED USER OF THE APPRAISAL

The estimate will be used by my client, State of Arizona-Arizona Department of Transportation it agents and officials and the FHWA, the only intended users; the intended use is to utilize value estimates to assist in decisions regarding the disposition of the properties.

INTEREST APPRAISED

The interest appraised is the fee simple estate 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".

PROPERTY IDENTIFICATION

The subject properties are in blocks 3, 4, and 5 of Cottonwood Addition, as follows:

Site	APN	Cottonwood Addition
1	116-20-058	Lot 11 Blk 3
2	116-20-065	Lot 8 Blk 4
3	116-20-066	Lot 9 Blk 4
4	116-20-067	Lot 10 Blk 4
5	116-20-068	Lot 11 Blk 4
6	116-20-087	Lot 18 Blk 5
7	116-20-088	Lot 19 Blk 5

ANALYSIS AND IDENTIFICATION OF LARGER PARCEL

After consideration of the three tests of a larger parcel; physically contiguous, common ownership, and common use, as well as beneficial control, the subject larger parcels are as previously described, the seven individual lots. While there are adjacent parcels of similar ownership (subject lots and other remnant areas), lots of blocks 3, 4 and 5 are divided by public streets. More significantly, the individual lots are of reasonable size for development and individual development of each of the lots for residential use is considered to maximize value (highest and best use).

MARKET VALUE DEFINED

For the purposes of this article, "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. ([Arizona Statute 28-7091](#). [Definition of market value](#))

EXPOSURE PERIOD

Exposure time, always presumed to precede the effective date of the appraisal, is defined as follows: "The estimated length of time 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; a retrospective estimate based upon an analysis of past events assuming a competitive and open market".

Exposure time, estimated from review of comparable sales and from discussions with active market participants is estimated for the property to be approximately 1 to 3 months.

EFFECTIVE DATE OF APPRAISAL, REPORT DATE

The effective date of the appraisal is December 28, 2021, the date of physical site visit. The transmittal date of the report is January 19, 2022.

OWNER CONTACT;

Owner-ADOT representative Timothy F. O'Connell, Jr, ownership representative contacted me requesting a response for appraisal bid. I inspected the site in the afternoon of December 28, 2021 with Jim Walcutt of ADOT, ownership representative.

OWNERSHIP (5 year chain of title)/MARKETING HISTORY

Current ownership is indicated to be State of Arizona Department of Transportation; the most recent recorded transactions are indicated to have been Warranty Deed from Dominic Piccirilli, as Personal Representative of the Estate of Fred W. Stang, deceased, Probate No. P-26588, to the State of Arizona, by and through its Department of Transportation, dated June 7, 1996, recorded August 7, 1996, in Docket 13053 page 1235. [Parcel 10-1070, Project 10PM258H3189] There reportedly has been no marketing of the property over the past year.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS (SCOPE)

As mentioned above, the purpose of the appraisal is to opine market value of the fee simple estate of the subject properties. In preparing this appraisal, I:

- Received invitation to bid and property information relative to the appraisal and discussed Definition of the (Appraisal) Problem with Timothy O'Connell, ADOT representative.
- Received and reviewed property description from a prior appraisal report.
- Visited the subject parcels on the afternoon of December 28, 2021 with Jim Walcutt of ADOT, developing relevant subject characteristics.
- Reviewed the site plat, zoning and flood zone maps, indicating physical utility of the parcels.
- Researched sales of similar sites, focusing in the South-Central area south of downtown Tucson with an emphasis on location, size and use; currently competitive (listings) have also been considered (listings often provide useful indications of upper limit to value).
- Data sources utilized included MLS, realquest, my files and discussions with market participants.
- Inspected, by drive by, all comparable sales used.
- Attempted confirmation of each comparable sale with a party familiar with the property/transaction (when confirmation was not available, public records/information was relied upon).
- Discussed value and market conditions with active market participants in the area including buyers and sellers and brokers.
- Applied the sales comparison approach to arrive at an opinion of market value of the subject property.
- Developed a final opinion of market value and reported the same in this appraisal report, believed to conform to the Uniform Standards of Professional Appraisal Practice, ADOT Right of Way Procedures Manual Project Management Section Chapters Three and Four; and The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24.

PROJECT INFLUENCE:

Any influence in valuation caused by the project prior to the date of valuation will be discussed and considered by the appraiser in each appraisal. However, the effect of these influences, if any, is to be disregarded in the valuation of the subject property, pursuant to Arizona Revised Statutes 28-7097 which states:

“In acquiring property for transportation purposes pursuant to this article, when determining the market value of the property to be taken and the market value of the remainder, if any, in the before condition, a decrease or increase in the market value of the real property prior to the date of valuation caused by the public project for which the property is to be acquired or by the likelihood that the property would be acquired for the project shall be disregarded.” All steps in the appraisal process, including the selection of comparable sales and analysis of market data, were completed disregarding any influence from the project for which this appraisal is being completed

AREA OVERVIEW

The purpose of this section of the report is to identify and analyze the social, economic, governmental, and environmental forces that can influence property values in the vicinity of the subject. The primary area of influence is the neighborhood, defined as a group of complimentary land uses; a residential neighborhood may contain residential uses along with ancillary commercial uses that provide services for the residents. A district, on the other hand, has one predominate land use such as apartments, commercial, industrial, or agricultural.

A property is an integral part of its surroundings. The character and features of the surrounding area directly affect the use of a property which is a primary factor in the property's value. In order to estimate the value of a property, an analysis of the surrounding area must be made. This surrounding area is referred to as a neighborhood.

The subject property is located just south of Downtown Tucson in the west-central portion of the City of Tucson, Barrio Viejo neighborhood; the area south of Cushing St to 18th St, from I-10 to Stone Av., and the Barrio El Membrillo Historic District (though not indicated to be an historic zoning overlay). The boundaries of the area which exert the most influence over the subject are considered to be Cushing Street/Granada on the north to 22nd Street, from I-10 on the west to 2nd Ave (essentially the eastern boundary of Armory Park/Santa Rita Neighborhoods) on the east.

These boundaries are considered appropriate due to physical divisions, predominate land uses, and social characteristics. The area defined above is referred to herein as the subject neighborhood/market area. (The neighborhood and 1 mile radius around the subject site are depicted in the following):

Recently, there has been a pronounced boom in the downtown area. The following is based on excerpts from State of Downtown 2016 (SOD 2016) with updates from Downtown Tucson Development 20/21 Report, published by Downtown Tucson Partnership. *Over the past eight years, Downtown Tucson has experienced a miraculous economic revitalization with unprecedented levels of investment, hundreds of new businesses, and thousands of new jobs resulting in a thriving Downtown environment. Geographically located in the heart of the city, Downtown Tucson has transformed itself from a government center to the region's entertainment hub. There is an increasing variety of restaurants, nightlife and cultural arts venues, and scores of major events that attract more than a million people annually. During this time there has been \$439 million in private investment and \$541 million in public investment in Downtown (Downtown Tucson Partnership, 2015). As of January 2016, more than \$300 million in additional investment projects have been proposed, ranging from new low-income and market-*

rate residential projects to hotels and museums (SOD 2016). Since January 2017 there have been approximately 75 million in completed projects, 120 new housing units with current projects reported at 360 million, 670 housing units and 651,000sf of commercial space and proposed development including approximately 390 million in projects, 884 housing units and 760,000sf of commercial construction (new and renovation)(S 2018).

The Downtown Tucson Partnership (Business Trends) reports 31 new business opening in the downtown in 2018 with 6 closed business, 17 new business in 2019 with closed businesses, 7 new businesses thus far in 2020 with 8 to open soon and 1 business closed.

Housing; In 2018, an estimated 22,415 people lived within a half mile of the Downtown Economic Reporting District, there are a reported 1,340 total apartment units with an occupancy of 94.2% and average rental rate of \$1.69/sf, from January 2017 to Summer 2018 update there were 76 houses sold at an average price of \$311,101 (Downtown Tucson Development Report-Summer 2018). The current Downtown Tucson Partnership reports 788 residential units currently under construction (homes and multi-family) with 215 completed in 2019, 225 in 2018 and 90 in 2017.

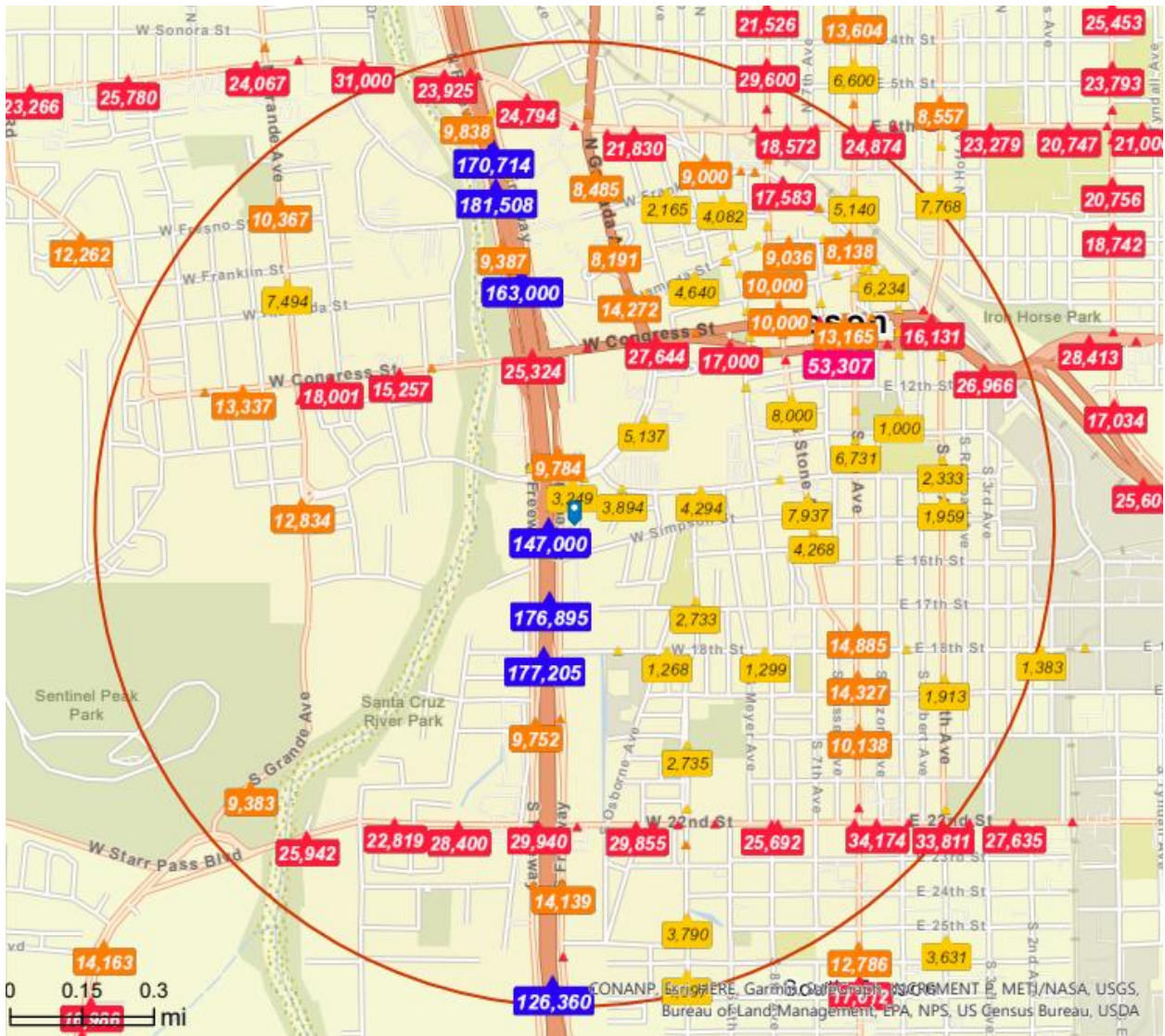
Due to the subject location virtually all services are available including the University of Arizona, just northeast of the market area, which covers approximately 380 acres and has a full-time enrollment of around 46,932 students, 39,410 FTE (Fall 2020) with over 16,500 faculty and staff. There are upwards of 16,000 parking spaces and 8,600,000 gross square feet in 228 of buildings (Fall 2017). The University is one of the top research universities in the nation. Also Pima Community College has one of its campuses (Downtown Campus) just north of the market area, it encompasses 22 acres and has over 10,000 students and provides for a wide variety of educational programs and services. Along with services there are some recreational amenities within the market area including various parks. The Tucson Convention Center, built 1971 with 8,962 seat indoor arena, two performing arts venues and 205,000sf of meeting space, is located on the southern portion of the downtown (south of Broadway to Granada/Cushing St., east of I-10). A new 392 space parking structure is part of the 65 million downtown improvement project, other improvements including renovation and expansion of the main ballroom, south exhibition hall, adding meeting rooms, restrooms and lobbies. The project team will also add a parking structure with 524 spaces located along Granada Ave northwest of the Leo Rich Theatre.

The downtown and surrounding area booms in activity during the annual Tucson Gem & Mineral Show in the second weekend of February; the Arizona Department of Tourism estimates the show that brings in a wide array of tourists and collectors to admire the gem, mineral, fossil and meteorite collections generates nearly \$130 million for Tucson's economy every year

Due to the new modern street car, the City of Tucson has implemented "The Downtown Links Land Use and Urban Design Plan" which will help guide new development and revitalization goals for market areas surrounding the street car corridor especially in the Downtown area. Some of the major redevelopment incentives include no rezoning or PAD required and the on-site parking requirement is waived entirely (given owners comply with design guidelines set forth in the plan). The Downtown Links-Barraza-Aviation project will be a, four-lane roadway north of the Union Pacific railroad tracks that will connect Barraza-Aviation Parkway to 22nd Street and I-10, offering an alternate access to Downtown, plus new underpass with the Union Pacific railroad.

Access to the market area is considered to be average to good; Interstate-10 located on the western boundary of the market area is a six-lane asphalt and concrete-paved, limited access freeway; it is the major traffic artery between the cities of Phoenix and Tucson. It also connects to Interstate 19 (I-19) to the south; it is the main transportation corridor for U.S. - Mexico trade in Arizona. Both of these highways are federally regulated transportation systems.

The following exhibit indicates traffic volumes within the subject 1 mile radius for any more significant roads, in both directions, for a typical twenty-four hour period (source 4Q 2021 Kalibrate Technologies).



In recent years there has been significant development of linear parks cumulatively known as The Loop, including the Santa Cruz River Park in this area, is part of over 110 miles of multi-use paths connecting the Rillito, and Pantano River Parks with the Julian Wash and Harrison Road Greenways. El Paso and Southwestern Greenway is in the neighborhood on eastern edge of the subject lots: The Greenway will be a 6-mile long multi-use path for bicyclists and pedestrians extending along a corridor that was once used by the railroad, from north of downtown Tucson, through the City of South Tucson to the Kino Sports Complex. The new path will be car-free and will connect to other regional bikeways and to many of the neighborhoods that the path travels through.

Demographic characteristics of the subject market area and surrounding 1 mile radius are compared to the Tucson Metro area (Pima County) averages as follows, as indicated, the surrounding areas are moderately below average in median household and to a lesser extent, per capita income, particularly in the neighborhood which reaches west of I-10; median home values are above average, particularly in the narrower neighborhood/market area; owner occupancy is significantly lower when compared to county averages.

Variable	S Sentinel Ave, (1 mi)	S-CBD MA	Pima County, AZ
2021 Total Population	10,954	3,680	1,077,673
2021-2026 Population: Compound Annual Growth Rate	2.51%	0.68%	0.88%
2021 Total Households	5,230	1,800	428,697
2021 Per Capita Income	\$25,048	\$30,398	\$30,716
2021 Median Household Income	\$38,155	\$42,970	\$55,823
2021 Population Age 25+: Graduate/Professional Degree	1,313	502	106,106
2021 Owner Occupied Housing Units	1,483	583	274,307
Percent Owner Occupied	24.3%	28.7%	57.3%
2021 Vacant Housing Units	880	229	49,834
Percent Vacant	14.4%	11.3%	10.4%
2021 Total Housing Units	6,110	2,029	478,531
2021 Median Home Value	\$269,349	\$339,080	\$240,501
2021 Average Home Value	\$341,515	\$391,667	\$309,933
2019 Housing: Mobile Homes	71	22	47,450
Percent Mobile Homes	1.2%	1.1%	9.9%
2019 Median Contract Rent (HHs Paying Cash Rent)	\$702	\$616	\$760
2021 Population Density (Pop per Square Mile)	3,489.5	5,133.2	117.3

The market area is served police and fire protection by the City of Tucson with all utilities also provided including electricity by Tucson Electric Power, water by the City of Tucson, sewer by Pima County Wastewater, gas by Southwest Gas and telephone by CenturyLink. The subject market area lies within the boundaries of Tucson Unified School District Number one, the largest school district in the State of Arizona with regard to student enrollment. Public Transportation is widely available throughout the market area.

Conclusion: Over the past ten years, Downtown Tucson has experienced tremendous growth and economic vitalization with both private and public investment. There continue to be a number of new development projects, though there was significant stagnation, particularly to restaurant and entertainment venues over the past two years (Covid). Downtown population is positioned to grow, particularly with post-Covid recovery and significant growth over losses in new business opened in recent years (prior to Covid).

SITE DESCRIPTION

The basic features of the subject sites are described below.

Location: The subject parcels are located in an area identified in the Old Pueblo South neighborhood plan as "single family homes", in the Cottonwood subdivision, south of Cushing Street, considered to be the southern boundary of the downtown central business district, west of Interstate 10.

Summary: Summary descriptions are as follows:

Site	APN	Cottonwood Addition	Site Size SF	Zone	FEMA
1	116-20-058	Lot 11 Blk 3	5,436	R-2	x
2	116-20-065	Lot 8 Blk 4	5,417	R-2	x
3	116-20-066	Lot 9 Blk 4	5,746	R-2	x
4	116-20-067	Lot 10 Blk 4	6,610	R-2	x
5	116-20-068	Lot 11 Blk 4	6,663	R-2	x
6	116-20-087	Lot 18 Blk 5	5,936	C-3	x
7	116-20-088	Lot 19 Blk 5	5,936	C-3	x

Access and Frontage: Average; lots are typically 50' wide (street frontage) by 113' depth, lots in block 4 have additional area from prior 13' alley; parcels 87 and 88 are 51.43' wide (street frontage) by 120' depth

Ingress/egress: Average; interior streets, no traffic counts.

Visibility/View: Average overall. The lots are adjacent (after some remnant ADOT land) to the westbound I-10 frontage road; Lot 11 of block 3 has a sound wall between it and the frontage road; all lots are separated from westbound I-10 by sound wall. Traffic on the westbound frontage road is relatively low (3,609vpd north of Cushing St, 5,799vpd south of 18th St). Frontage road traffic would likely have initiated from 22nd St, over ½ mile to the south (nearest) arterial, and continue to Cushing/Granada or Congress.

Shape: Rhombus (slightly slanted rectangle)

Topography: Roughly level at street grade, slight downward slope to the east

Flood Hazard: According to FIRM Flood Hazard map 04018C2278L, revised 6/16/11, the subject parcels are located in Flood Zone X; (areas of minimal flood hazard).

Easements and Other Special Restrictions:

There are no easements indicated on the former subdivision plat map; there were indicated to be public alleys north of parcel 58, and between parcels 65, 66 and 67, 68; per L-SC-007 Sketch Plan it is presumed that the alley in block 4 has been abandoned. The L-SC-007 Disposal Title report indicates a proposed utility easement (the southwest corner of lot 11, block 4), to be granted to the City of Tucson in event of excess land. City Water indicates a 15' easement with 24" waterline in center, near the western boundary or west of lot 11 block 3.

Hazardous Materials/
Contamination:

No environmental assessment has been made available; no apparent hazardous materials were evident at site visit; however, appraisers are not trained in detection of such.

Utilities:

Utilities are generally available in the area from the following sources, (however an engineering study is needed to determine if all utilities are available in adequate supply for new development):

Water:	City of Tucson
Sewer:	Pima County Wastewater
Electricity:	Tucson Electric Power
Natural Gas:	Southwest Gas
Telephone:	CenturyLink
Public Safety/Fire:	City of Tucson.

According to City of Tucson Water, providing water to lot 11 block 3 and lot 8, block 4 will require a main extension from the water line in Sentinel Av; distance is estimated at approximately 75'+/- at an approximate cost of \$100/lf (cost could be split between the two).

Surrounding Land Uses:

The sites are surrounded by other urban density lots to the north, the El Paso and Southwestern Greenway is east of subject lots 18, 19, block 5, remnant ADOT land is adjacent west of the lots in blocks 3 and 4 followed by the Interstate 10 frontage road and there are industrial use parcels to the south of Simpson Street.

Census Tract:

#10

Zoning:

R-2 (Residence Zone) and C-3. R-2- zone provides for medium density, single-family and multifamily, residential development, together with schools, parks, and other public services necessary for an urban residential environment. Select other uses, such as day care and urban agriculture, are permitted that provide reasonable compatibility with adjoining residential uses.

Development Standards include minimum lot size 5,000sf, maximum lot coverage 70%-SF, 75%-MR, maximum height 25', setbacks; 20' street, res zone to res zone-6' or 2/3 (H)*, res to non-res-10' or 3/4 (H)*, non-res to res or non-res 10' or 3/4 (H)*. Subject R-2 lots appear to confirm to development standards.

C-3 (Commercial Zone) This zone provides for mid-rise development of general commercial uses that serve the community and region, located downtown or in other major activity center areas. Residential and select other agriculture, civic, recreational, and utility uses may also be permitted that provide reasonable compatibility with adjoining residential uses. Subject C-3 lots appear to confirm to development standards and also to standards for R-2 (typical surrounding property zoning).

Development Standards include 0 minimum lot size, maximum height 75', lot coverage 80%-SF, N/A-Non-res, setbacks; 20' street, res zone to res zone 1 1/2 (H), res to non-res-0', non-res to res 2(H), non-res to non-res 0'.

Neighborhood Plan:

N6 Old Pueblo South (a large area from 6th/St Mary's north, to City of South Tucson, I-10 east to RR tracks); subject is in area 3; "I-10

Gateway”, with direction to implement a commercial and industrial redevelopment on Freeway frontage properties (this would not seem appropriate for the subject residential (indicated on map as single family homes) area, but is appropriate for industrial properties to the south.

- IID, Downtown Core: The site is within the Infill Incentive District (IID), which affords greater flexibility and development density, including: maximum building height being increased up to 60 feet, unless the IID Plan's Development Transition Standards requires less (this would not appear to be the case); exemptions to underlying zoning requirements are available, including: maximum lot coverage, Motor Vehicle and Bicycle Parking, Off-Street Loading, etc.
- Archaeology: There are no known archaeological remains; no environmental assessment provided.
- Site Analysis Summary: The subject parcels are in a medium density urban residential use area between Interstate 10 frontage road and the El Paso and Southwestern Greenway. Though not having an historic zoning overlay, the area is indicated to be Barrio Viejo neighborhood and the Barrio El Membrillo Historic District (with a number of homes indicated to be historically significant). To the south there are industrially zoned sites of considerably larger size. To the east of the greenway and fire station there are again medium density zoned, often with historic overlay, sites. There is very little visibility or through traffic on subject lot fronting streets. Subject lots are near westbound I-10 frontage road with relatively nominal traffic volume, not considered to be significant enough to reduce residential lot price. The C-3 zoned sites (block 5) back up to El Paso and Southwestern Greenway, considered to be a moderately positive amenity. Public utilities necessary for development are available.

Real Estate Tax Analysis

Full Cash Valuation and Real Estate Taxes;

Site	APN	Cottonwood Addition	Site Size SF	Zone	2022 FCV	RE Tax
1	116-20-058	Lot 11 Blk 3	5,436	R-2	\$34,000	\$0
2	116-20-065	Lot 8 Blk 4	5,417	R-2	\$34,000	\$0
3	116-20-066	Lot 9 Blk 4	5,746	R-2	\$34,000	\$0
4	116-20-067	Lot 10 Blk 4	6,610	R-2	\$37,000	\$0
5	116-20-068	Lot 11 Blk 4	6,663	R-2	\$37,000	\$0
6	116-20-087	Lot 18 Blk 5	5,936	C-3	\$25,000	\$0
7	116-20-088	Lot 19 Blk 5	5,936	C-3	\$25,000	\$0

There are no real estate taxes due to municipal ownership.

HIGHEST AND BEST USE

Highest and best use is defined by the Appraisal Institute in The Dictionary of Real Estate Appraisal, 6th Edition, as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria for the estimate of highest and best use that result in the highest land value are that the use be legally permissible, physically possible, financially feasible, and maximally productive.

HIGHEST AND BEST USE, AS IF VACANT:

Legally Permissible: The subject lots are zoned R-2 and C-3 (lots 18, 19, block 5). R-2 provides for medium density, single-family and multifamily, residential development, together with schools, parks, and other public services necessary for an urban residential environment. C-3 provides for mid-rise development of general commercial uses that serve the community and region, located downtown or in other major activity center areas. Residential and select other agriculture, civic, recreational, and utility uses may also be permitted that provide reasonable compatibility with adjoining residential uses. Subject R-2 lots appear to confirm to development standards. Subject C-3 lots appear to confirm to development standards and also to standards for R-2 (typical surrounding property zoning).

Though not having an historic zoning overlay, the area is indicated to be Barrio Viejo neighborhood and the Barrio El Membrillo Historic District (with a number of homes indicated to be historically significant).

Physically Possible: The sites have size as indicated previously as independent lots; together, lots 8-11 plus alley, block 4 is indicated to be 24,436.21sf; together lots 18 & 19, block 5 are indicated to total 11,871.54sf. They are generally level, at street grade, not in the flood zone and have access to utilities necessary for development. As individual lots (as well as multi-lot block totals), the sites are appropriate in size and dimension for residential development and conform to zoning development standards.

Financially Feasible: The financial feasibility of the subject site is market derived. The following is from the Spring 2021 issue of Arizona Economy, published by the University of Arizona Economic and Business Research center:

The Arizona economy finished 2020 in better shape than most states and the recovery continues at a solid pace. However, Arizona job growth lost momentum in December, according to the preliminary data. While state jobs were 3.0% below their February peak, that represented a huge 90,100 job gap. Over half of the job gap was in leisure and hospitality, as the travel and tourism industry remained hard hit by the pandemic. Further, in December, all major employment sectors, with the exception of transportation and warehousing, were below their peak. Income growth in the state surged in the second and third quarters of 2020, driven upward by a gigantic flow of federal relief funds into the state that helped to stabilize the economy in general and spurred gains in retail sales of tangible goods and trade, transportation, and warehousing jobs in particular.

Uncertainty is still a key feature of the outlook. Assuming continued improvement in vaccine distribution through 2021, the state should regain momentum as the year progresses. The baseline forecast calls for state jobs to regain their pre-pandemic peak in the third quarter of 2021. The travel and tourism sector will likely take longer to rebound, but will eventually recover. If vaccine distribution progresses more slowly than envisioned under the baseline, or if the evolution of the virus renders current vaccines significantly less effective, the recovery will be delayed.

As of December 2020, Arizona jobs remained 90,100 below the peak in February, according to the preliminary estimates. Arizona's leisure and hospitality jobs were the hardest hit in December, accounting for just over half of the job gap since February. Professional and business services; government; and education and health services also remain far below February. Keep in mind that nearly all major sectors of the state economy are still below their February level.

Trade, transportation, and utilities jobs were 19,100 above their February level. This reflected strong gains in transportation and warehousing, as well as trade. These sectors were boosted by the huge infusion of federal funds through the CARES Act, re-directed demand from travel and tourism, as well as accelerating trends favoring online shopping and delivery.

Arizona's recovery has not been evenly spread across the state's metropolitan areas. In December, Flagstaff was the furthest below its February peak, with jobs down 15.4%. Jobs were down 9.0% in Yuma, 3.8% in Lake Havasu City-Kingman, and 1.2% in Sierra Vista-Douglas. Jobs in the Prescott MSA have been close to the February peak since October.

Further, since June, most metropolitan areas in Arizona have struggled to generate job growth. The exception was the Phoenix MSA, which accounted for all of the state's net job gains.

While construction jobs ended the year below their February level, at least according to the preliminary data, housing permits and house prices surged ahead. Housing permits for Arizona, Phoenix, and Tucson are at the highest level in more than a decade.

Arizona total housing permits rose 23.0% in 2020 to 57,281. That was up from the revised 2019 annual total of 46,580. Most of the increase was driven by single-family activity, which rose to 41,465. That was an increase of 22.0%. Multi-family permits rose 25.5% to 15,816 in 2020.

Phoenix MSA housing permits increased 27.4% to 45,694 in 2020. Single-family permits increased to 31,475 (up 25.8%) and multi-family permits rose to 14,219 (up 31.1%).

Tucson MSA housing permits also increased last year, but at a slower pace. Total permits rose 14.9% to hit 4,956. Single-family permits accounted for all of the increase, rising 21.6%. Multi-family permits dropped 13.3% in 2020.

The house prices indexes from the Federal Housing Finance Agency (FHFA) measure repeat sales on single-family homes, and thus are not impacted by composition effects that can distort trends in median house prices. Data for the third quarter of 2020 also indicate strong house price appreciation in Arizona, with prices up 7.9% over the year statewide, 8.3% in Phoenix, and 7.2% in Tucson. Nationally, house prices were up 4.7% over the year in the third quarter.

While jobs took a big hit during 2020, personal income growth skyrocketed. This paradoxical result was driven by federal fiscal action, primarily the CARES Act. According to the U.S. Bureau of Economic Analysis (BEA) state personal income rose by 13.4% over the year in the second quarter of 2020 and by 9.7% in the third quarter.

Transfer receipts, primarily those related to the CARES Act, drove the increase in personal income in the second and third quarters. Transfer receipts rose 67.1% over the year in the second quarter and 35.4% in the third quarter.

Arizona Economy Outlook, November 2021: The following is from the Fourth Quarter 2021 Forecast Update: Arizona's job recovery hit the pause button in the third quarter, as the pandemic gained momentum again. Although state job growth slowed during August and September, according to preliminary estimates, employment is close to its pre-pandemic high. That is just the first milestone in the state's labor market recovery. The unemployment rate remains above the national average and above its level before the pandemic began. House prices continued to surge in the third quarter, reflecting strong demand as well as supply disruptions. Housing permit activity remained strong.

Assuming that the vaccines remain effective against COVID-19, the forecast calls for Arizona job and population growth to gain momentum in the near term. In contrast, income growth and retail sales soften as federal income support dissipates and households draw down savings. Downside risks outweigh upside risks at this time, as the course of the pandemic continues to generate surprises and as supply-chain disruptions remain a concern.

Arizona Recent Developments

Arizona job growth slowed recently, mirroring the deceleration nationally. The slowdown was at least partially connected to the resurgence of the pandemic during the fall. It may also reflect the broader labor market disruptions brought on by the pandemic that have caused workers to reevaluate their current employment situation. These factors include reduced child-care options, the lure of retirement, and shifts in desired industries and occupations.

As of October, Arizona nonfarm payroll jobs were just 6,100 below their February 2020 peak, according to the preliminary estimates. Normal gains in November would put the state back on par.

Arizona has replaced 98.2% of the jobs lost in the initial months of the pandemic (**Exhibit 1**). Most metropolitan areas in the state posted employment levels above February 2020. The two exceptions were Flagstaff and Tucson, which had job replacement rates of 84.9% and 77.5%, respectively.

Exhibit 1: Share of Jobs Lost During the Pandemic that Have Been Replaced as of October 2021

	Jobs Lost (000s) February-April 2020	Jobs Gained (000s) April 2020-Oct. 2021	Replacement Rate (%) October 2021
Flagstaff	-12.6	10.7	84.9
Lake Havasu City-Kingman	-6.1	7.1	116.4
Phoenix	-244.3	258.4	105.8
Prescott	-9.1	11.1	122.0
Sierra Vista-Douglas	-2.3	3.0	130.4
Tucson	-44.0	34.1	77.5
Yuma	-5.7	6.7	117.5
Arizona	-331.5	325.4	98.2
U.S.	-22,362.0	18,158.0	81.2

In seasonally-adjusted jobs by industry from February 2020 to October 2021, government jobs were 19,600 below pre-pandemic levels, with most of the gap in local government. Leisure and hospitality jobs were 18,100 below February 2020, with the biggest gap in accommodation and food services. Information jobs were 5,500 below their prior peak and other services jobs were 2,500 jobs below February 2020.

Trade, transportation, and utilities jobs were 36,800 above February 2020 in October. Transportation and warehousing jobs were up 25,600 and retail trade jobs were up 9,400. Professional and business services; education and health services; manufacturing; financial activities were modestly above their pre-pandemic peak. Natural resources and mining jobs were equal to their February 2020 level in October.

The state's seasonally-adjusted unemployment rate fell to 5.2% in October, down from 5.7% in September. That was above the national rate of 4.6% and above its February 2020 rate of 4.9%. In addition, the Arizona employment-population ratio and labor force participation rate remained well below pre-pandemic levels. The state's labor market has not yet recovered to pre-pandemic performance.

Arizona personal income declined by 26.5% in the second quarter, faster than the national drop of 21.8%. Arizona's growth ranked 34th in the nation and followed a 61.8% increase in the first quarter of the year.

The state personal income decline in the second quarter was driven by reduced transfer receipts, which fell by \$35.5 billion. The drop reflected reduced federal income support from economic impact payments and unemployment insurance benefits related to the pandemic. Transfer receipts fell in every state.

In contrast, Arizona net earnings from work rose rapidly in the second quarter, up by 8.4%. Even so, that was below the national average gain of 10.7%. This reflected the strong job recovery during the spring.

With this release, state quarterly personal income has been revised back to 1998. The latest estimates show that Arizona personal income rose by 10.3% in 2020, up from 5.8% in 2019. Disposable income increased by 11.3% in 2020, up from 5.7% in 2019. Per capita personal income rose by 8.4% in 2020, up from 3.9% in 2019. The Bureau of Economic Analysis relied on population estimates based on the 2010 Census.

While construction job growth has been soft since the pandemic began, house prices and housing permits have surged upward. The Phoenix MSA median home price rose to \$440,000 in October 2021, up 25.7% over the year. The Tucson MSA home price increased to \$325,000, up 20.4% over the year. The Case-Shiller house price index for Phoenix rose 33.1% in September.

The rapid rise in house prices this year is related to factors impacting both the supply and demand-side of the market. On the demand side, it is likely that household formation rates have risen due to increased migration into the state (remote workers relocating from high-cost metropolitan areas to lower-cost states). It is also possible that household formation has increased with roommates separating into individual households, increased divorce rates, and other pandemic-related factors. There are not yet data on these other factors but they may be in the mix. Supply-side issues include rapidly rising construction input costs, labor shortages, and low housing inventories.

At the same time house prices have skyrocketed, so have housing permits. Statewide total permits (seasonally adjusted) were up 13.5% over the year through October. Most of that growth was driven by single-family permits (up 17.2%). Multi-family permits were up 4.1%.

Total housing permits in the Phoenix MSA were up 11.9% over the year through October, with single-family permits up 17.7% and multi-family permits up 0.5%.

Growth in total permits was even strong in Tucson, with an increase of 30.0%. Single-family permits were up 31.2% and multi-family permits were up 22.2%.

Arizona Outlook

The outlook for Arizona, Phoenix, and Tucson depends in part on national economic performance. The forecasts presented here are based on U.S. projections produced by IHS Markit in October 2021.

The baseline forecast (summarized here) is assigned a 50% probability. The pessimistic scenario is assigned 30% and the optimistic scenario is assigned the remaining 20%.

The baseline forecast calls for U.S. real GDP to rise by 5.4% in 2021, 4.3% in 2022 and then decelerate to 2.8% and 2.7% in 2023 and 2024, respectively.

Nonfarm payroll jobs nationally dropped by 5.7% in 2020, but rebound in 2021 with growth of 2.6% in 2021 and 3.6% in 2022.

The unemployment rate peaked at 8.1% for the year in 2020. It is forecast to decline to 5.5% in 2021 and 4.1% in 2022.

Inflation gathers momentum during the near term, with an average price increase of 4.3% in 2021 followed by a rapid deceleration to 3.0% in 2022, and 2.1% in 2023. Inflation moderates as supply-chain issues ease and workers return to the labor force.

Housing starts surged in 2020 to 1.40 million units. Activity rises to 1.58 million in 2021, before softening to 1.33 million by 2024.

This sets the stage for Arizona's jobs recovery to continue. After losing 93,200 jobs in 2020 the state is forecast to add 105,700 jobs in 2021 and 127,200 in 2022. As **Exhibit 3** shows, that translates into growth of 3.7% in 2021 and 4.3% in 2022.

Population gains accelerate through 2022, as Arizona attracts remote workers from high-cost western metropolitan areas, before gradually decelerating as demographic pressures come to the fore.

Faster population gains in the near term contribute to strong housing permit performance. As population gains moderate, so does housing permit activity.

The huge amount of federal income support that drove income gains in 2020 and 2021 dissipates in 2022. That generates slower gains in retail sales (particularly for goods).

Exhibit 3: Arizona Outlook Summary

	Actual	Forecast		
	2020	2021	2022	2023
Growth Rate				
Nonfarm Jobs	-3.2	3.7	4.3	2.7
Personal Income	10.3	5.8	1.4	5.9
Retail Plus Remote Sales	13.8	17.8	0.2	4.7
Population	1.3	1.4	1.7	1.6
Level				
Unempl. Rate	7.9	6.4	5.5	4.7
Housing Permits	60,342	65,399	64,575	54,021

The Phoenix MSA continues to drive state growth during the forecast, with rapid job, population, income, and sales gains. The Tucson MSA contributes to growth but at a slower pace.

Risks to the Outlook

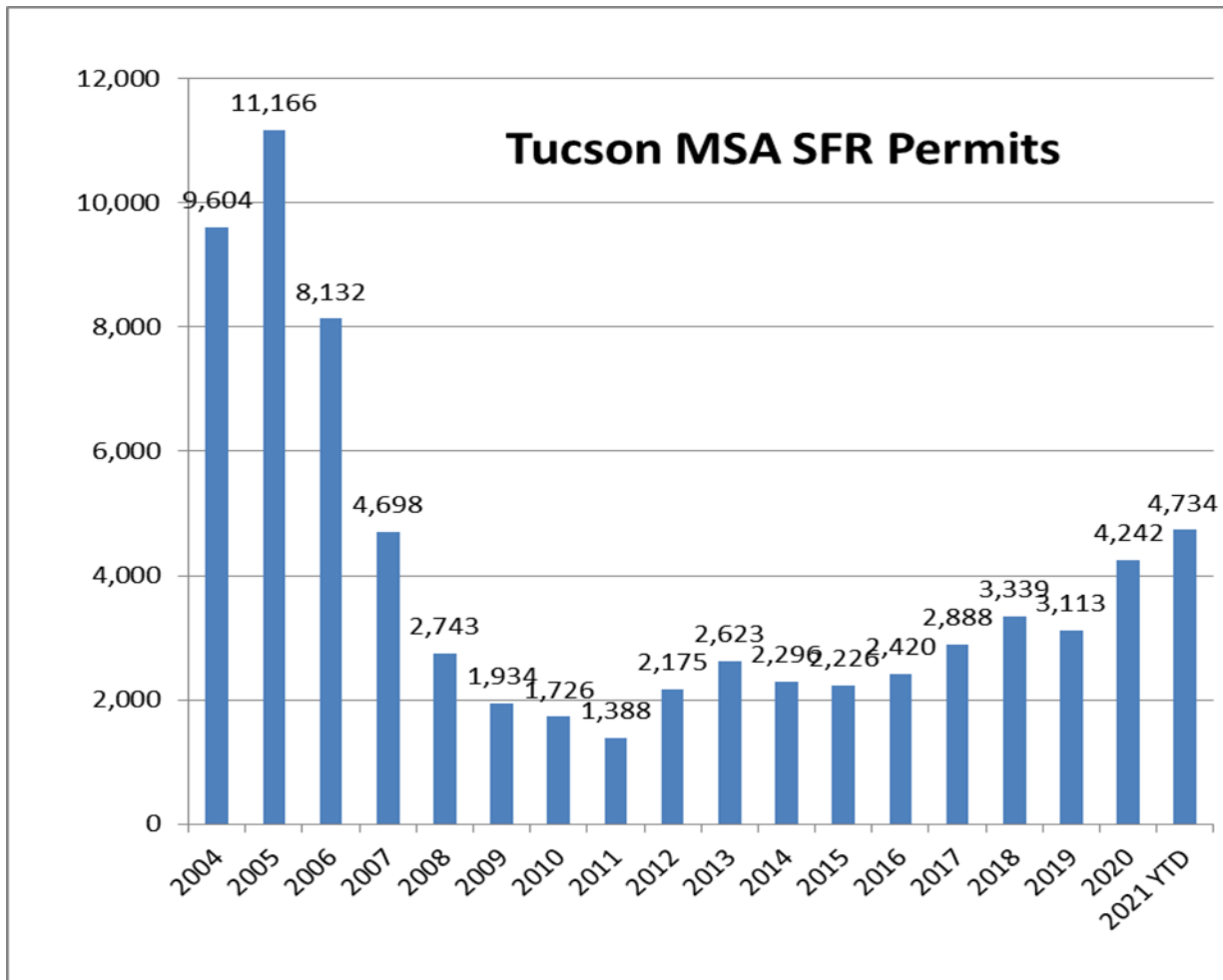
The baseline outlook calls for Arizona to generate strong job and population growth in the near term as income and sales growth decelerate. **Exhibit 4** shows the state job growth forecasts for the baseline, pessimistic, and optimistic scenarios. The baseline outlook is assigned a 50% probability.

The pessimistic scenario is assigned a 30% probability. It assumes a resurgence of the pandemic in the winter months, with rising hospitalizations and deaths. This prevents a rapid recovery in travel and tourism. It also assumes that supply-chain issues drag on into next year. This slows growth in consumer spending on durables. Together, these factors provide a significant drag on U.S. and Arizona growth.

The optimistic scenario (20% probability) assumes that travel and tourism recovers rapidly, supply-chain issues are resolved more quickly, and that consumers respond more positively to infrastructure spending. These factors generate stronger near-term growth.

While each real estate market and market area are affected differently, the decline leading into the great recession, particularly in the Tucson Metro area, was precipitated by the residential market and this market was initially the first to signal recovery, it is also the market to demonstrate strength in spite of the Covid-19 pandemic; it is thus summarized.

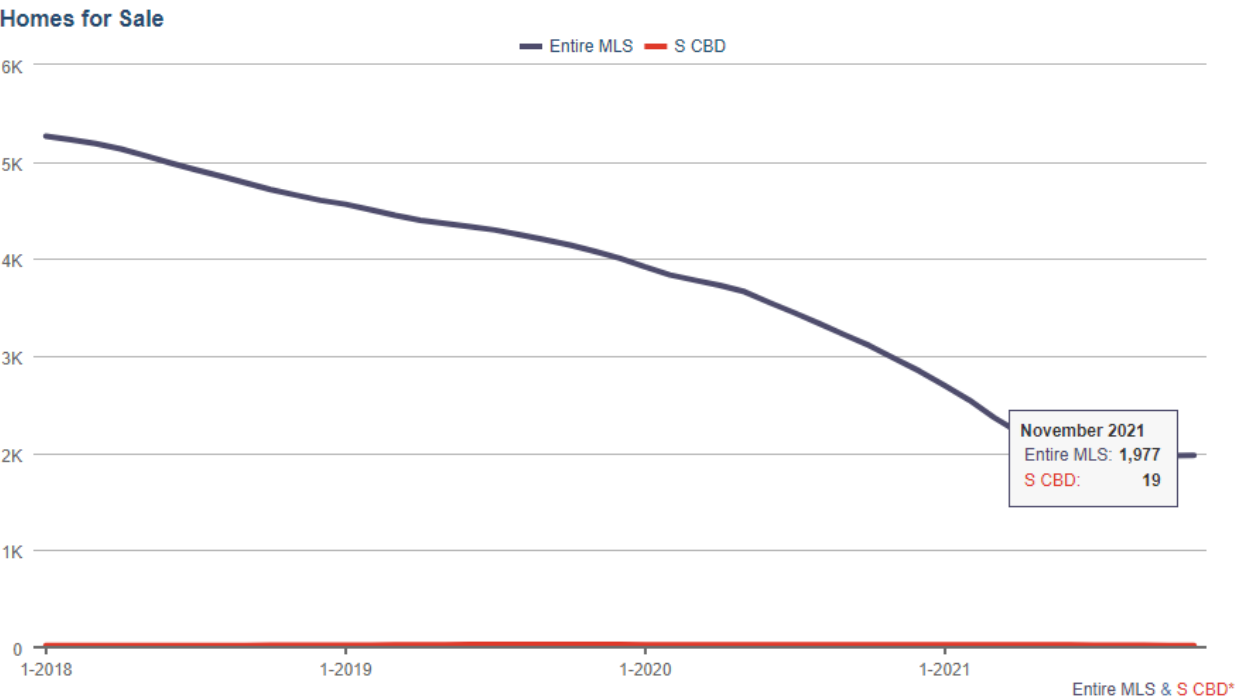
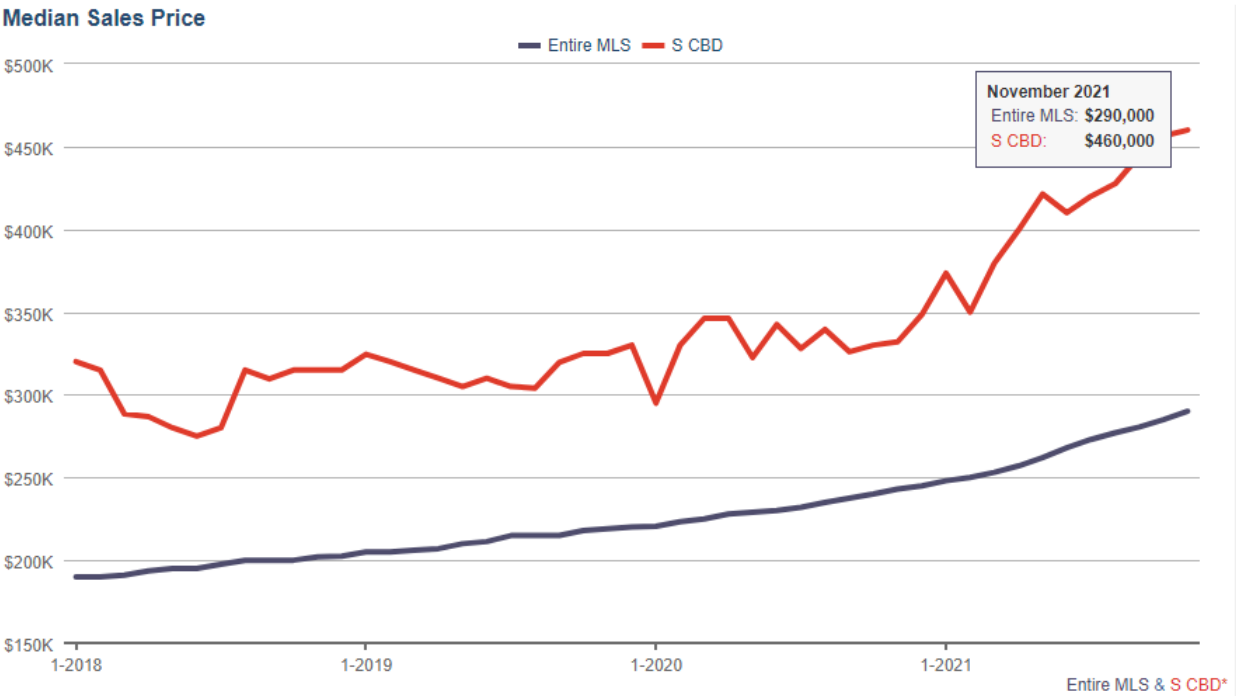
Residential: US Census reported single family residential permits in the Tucson Metro area (Pima County) as follows:



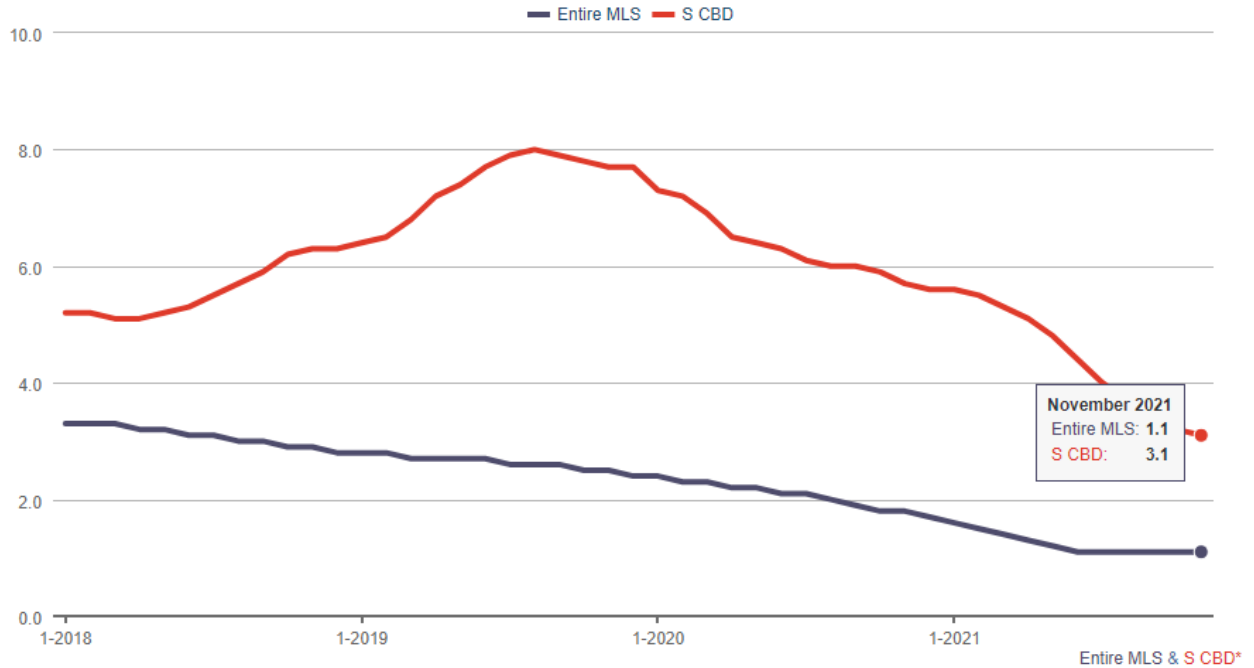
As indicated, residential permits dropped precipitously from a high in 2005 through 2011; 2012 and 2013 indicated the beginning of a turn around, recently there has been a string of increases, though levels are still well below a 5,000 permit long term sustainable level benchmark. Over this time period (2006 through 2011) home values decreased drastically from but again have turned around with relatively strong recent increases in appreciation; September 2021 statistics indicate that Tucson Single Family Homes Median Sales Prices increased by 23.9% year over year. 2021 SFR permits have now significantly surpassed recent years; the first 11 months of 2021 is over 19% above the same period 2020. (Source: census.gov).

The following are 3 year trends in SFR properties for the entire MLS and the subject South CBD market area; to summarize, median home prices in the subject neighborhood are 58.6% higher than that for the entire MLS, prices have risen 38.6% over the past year as compared to 19.3% in the entire MLS. There are relatively few SFR listings available in the neighborhood (only one lot was found), months of supply has been decreasing from the peak of 8 months August 2019 to 3.1 months currently (November 2021); median days on market has increased moderately from a low of 20 days August 2020 to a reasonable 28 days currently; median sale percent of list price, though below that of the entire MLS (100%), is a strong 98.2%.

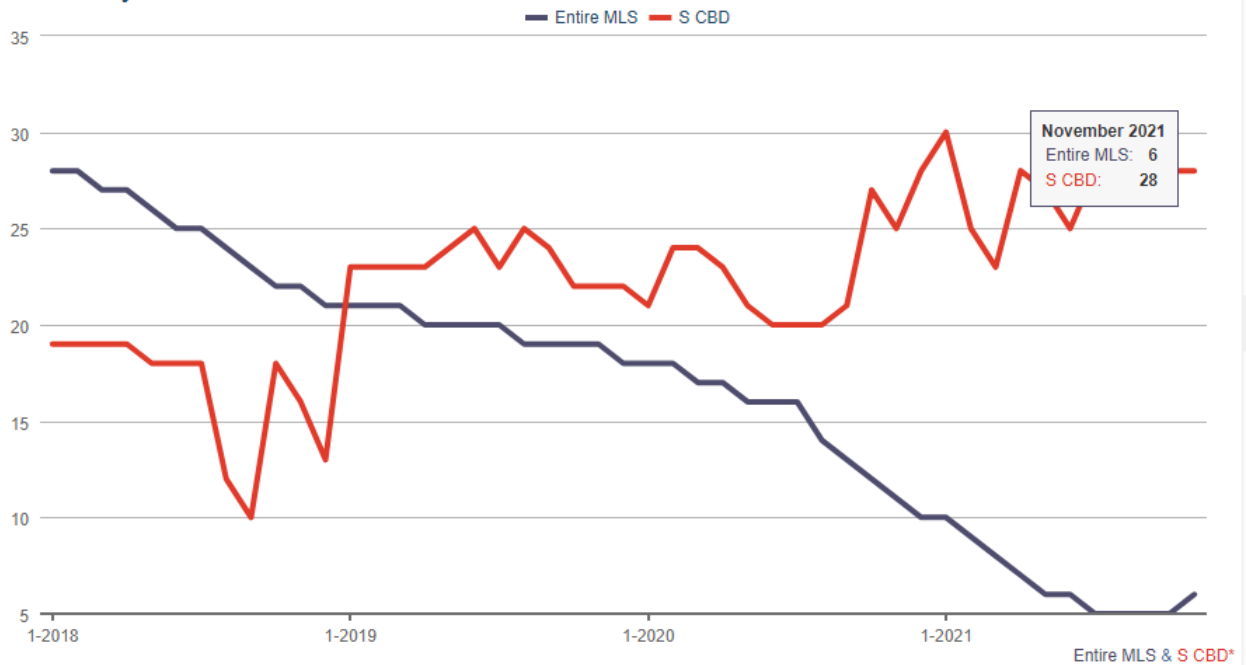
The indicated trend SFR information is considered to be reasonable for analysis of subject residential lots, lot sales are not tracked; the analysis of residential sales is significant as this is the highest and best and anticipated use of the subject sites:



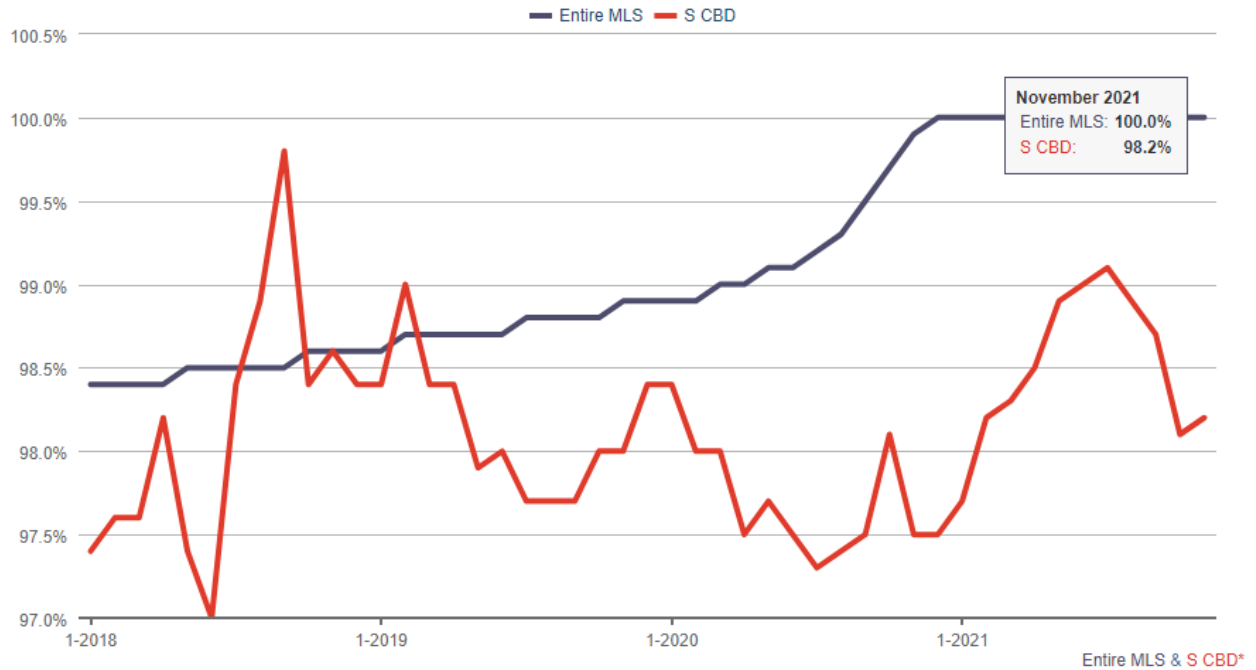
Months Supply of Homes for Sale



Median Days on Market



Median Percent of Last List Price



Maximum Profitability: In conclusion, the residential market is very strong, highest and best use is considered to be residential development of individual sites as they were previously platted by subdivision, with the four lots of block 4 expanded moderately for the apparent abandoned alley.

VALUATION METHODOLOGY

In the appraisal of real estate, three methods of estimating value are often employed, depending on the characteristics of the property; they include the Cost Approach, Sales Comparison Approach and the Income Approach.

The cost approach is a set of procedures through which a value of the fee simple interest is derived by estimating a reproduction or replacement cost of improvements, deducting accrued depreciation from all sources, and adding the value of the site as if vacant. This approach is particularly useful in the analysis of a property that is new or nearly new, which is not significantly affected by any forms of depreciation, and properties that are not frequently exchanged in the market.

As the appraisal considers an unimproved parcel of land the cost approach is not considered to be necessary for credible assignment results.

The Sales Comparison Approach is a set of procedures through which value is estimated by comparison of the subject property to the sales of similar properties that have recently sold, making adjustments to the sales for differences between the subject and the comparable property's based on units of comparison. The sales comparison approach is significant in the estimate of site value.

The income approach is a set of procedures through which value is estimated based on the future benefits of property ownership (income earning potential) of the property appraised. Rental income is estimated based on analysis of similar market properties and or the subject income stream. Incomes are reduced by expenses to the owner and net income is capitalized by either direct capitalization, yield capitalization, or both. As vacant sites are not typically leased or purchased for income earning potential, the income approach is not considered to be necessary for credible assignment results.

In consideration of the availability of comparable site sales from which to estimate value, and due to deficiencies in the cost and income approaches, the sales comparison approach is considered to be the only approach necessary for credible assignment results.

SITE VALUATION

The following comparable sales are chosen in the estimate of site value for the above referenced site. They were selected after a thorough search of the market; services used included affidavits and public records, brokers, appraisers, and others because they represent the best (i.e. most similar) comparables available within a reasonable degree of similarity to the property appraised.

Properties are never identical with respect to all major items which affect value, so the price of each of the comparable properties is adjusted, on a price per lot basis for points of significant difference with respect to the property appraised in the order noted.

1. Real property rights conveyed
2. Financial terms
3. Conditions of sale
4. Expenditures made immediately after purchase
5. Market conditions
6. Location
7. Physical characteristics
8. Economic characteristics
9. Use
10. Non-realty components of value

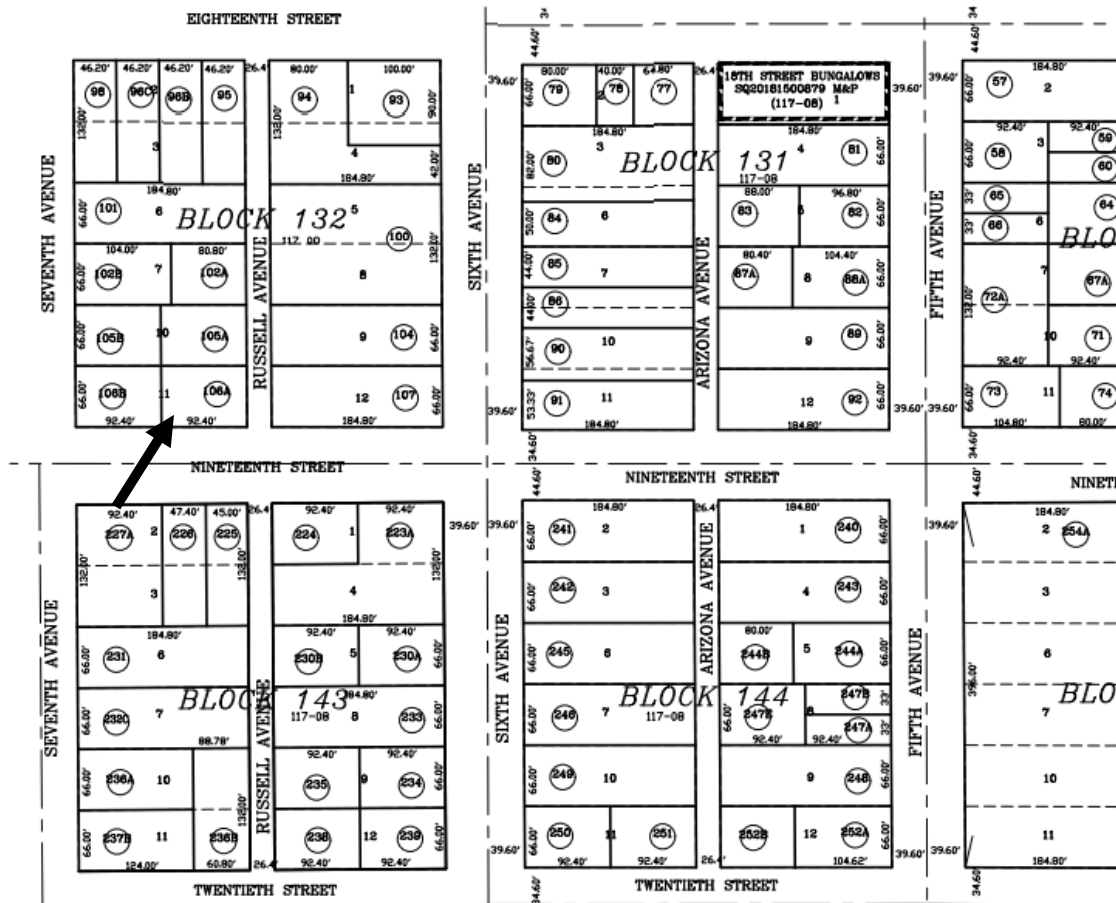
Adjustments for items 1-5 above are made first if necessary, indicating an "adjusted sale price". The prices are then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics, and any non-realty components of value.

The following sales are considered to be most significant to the valuation of the subject site, after thorough search of market sales comparables.

Comparable Lot Sale One

Location: 848 S Russell Av, NWC 19th St, Tucson, 85701
Tax Code Number: 117-08-106A
Records: 8/17/2021 2021 2290209
Seller: Reiser Holdings LLC
Buyer: Seth Schindler
Sale Price: \$150,000, \$175,000 asking price, 110 DOM
Site Size: 6,098sf
\$/Sf Site: \$24.60
Terms: Cash
Zoning: R-3, City Residential
Comments: Adjacent to commercial use fronting on 6th Ave., chain link fenced site, paved, formerly for related parking. The above recording was for 2 parcels, including the adjacent site to the north, same seller and buyer; the two lots of same size, same list price and sale price, no multi-lot discount. Reported to have been an arm's length transaction, typical motivations, fair price.
Confirmation: MLS 22104033, Anne Ranek listing agent, 520.330-4091, pdh 2021217

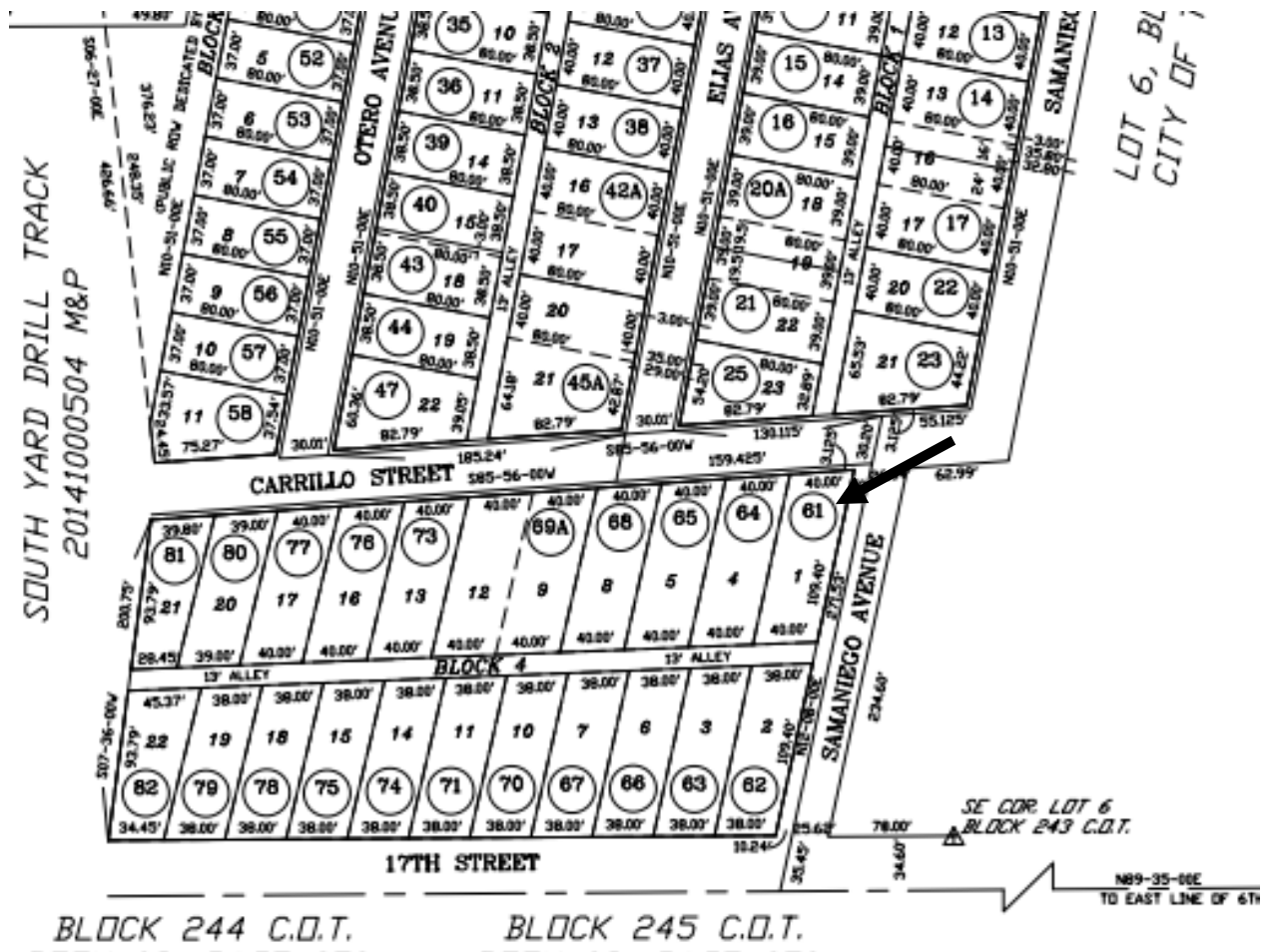
ASSESSOR'S RECORD MAP 117-08 CITY OF TUCSON BLOCKS 130-132, 143-145 DETAIL 37



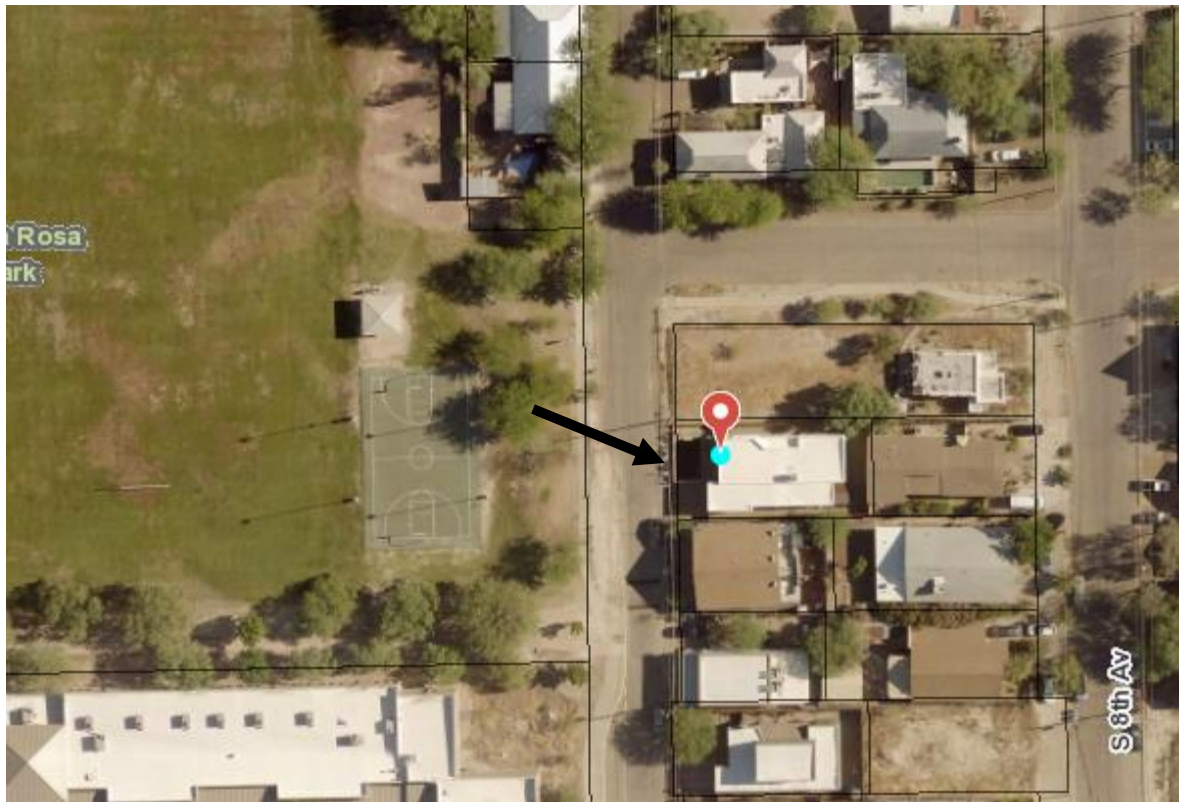


Comparable Lot Sale Two

Location: SWC Carrillo St (e/o 407 W) & Sanmaniego Av, Tucson, 85701
Tax Code Number: 117-19-0610
Records: 3/21/2020 2021 0910536
Seller: Josephine Juarez
Buyer: Matthew Robinson
Sale Price: \$113,500, \$117,000 asking price, 45 DOM
Site Size: 4,356sf)
\$/Sf Site \$26.06
Terms: Cash
Zoning: HR-2, City Residential (Historical)
Comments: Adjacent to Carrillo Magnet School playgrounds on the east, providing essentially open space. Reported to have been an arm's length transaction, typical motivations, fair price.
Confirmation: MLS 22000607, Pamela Williams, buyer's agent, 520.465-9300, pdh 2021217



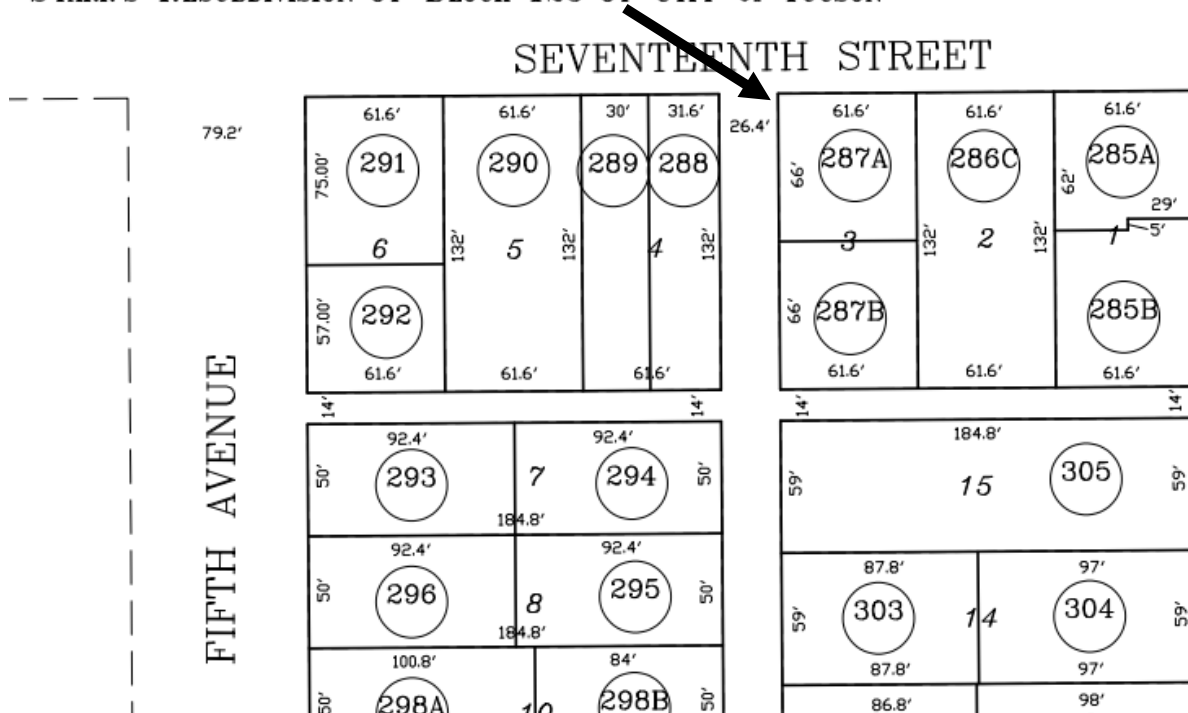


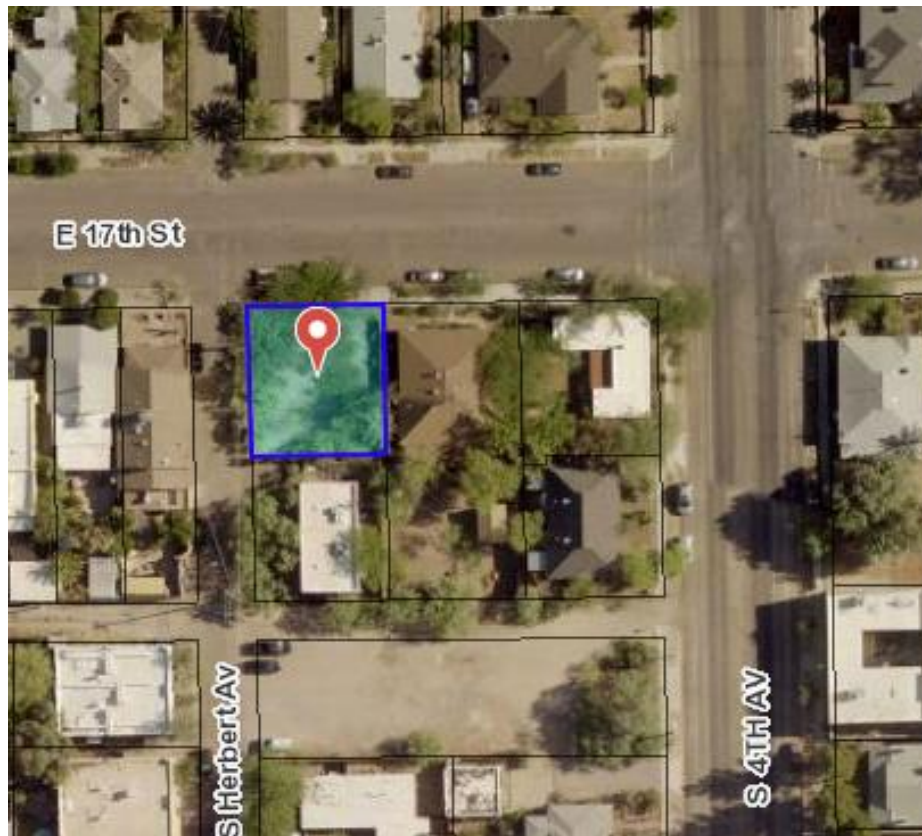


Comparable Lot Sale Four

Location: 250 E 17th St, Tucson, 85701
 Tax Code Number: 117-07-287A
 Records: 6/26/2019 2019 1770130
 Seller: Mathew Luck
 Buyer: Barrio Property LLC
 Sale Price: \$100,000, \$125,000 asking price, 28 DOM
 Site Size: 4,066sf
 \$/Sf Site: \$24.59
 Terms: Cash
 Zoning: HR-3, City Residential
 Comments: Located on a minor residential corner. The site was fenced, with mature vegetation. Reported to have been an arm's length transaction, typical motivations, at market value.
 Confirmation: MLS 21908140, Susan Denis, listing agent, 520.977-8503, pdh 2021217

STARR'S RESUBDIVISION OF BLOCK 123 OF CITY OF TUCSON





Sales Composite Map



Comparable Sales Discussion and Adjustments; R-2 Lots:

The following is analysis of value for the 5 R-2 zoned lots; the 5 lots are considered to be similar enough in size and situs as to not warrant significant difference one to the other.

Adjustments are first made, if necessary, for property rights appraised, financing, conditions of sale, market conditions, and expenditures after sale, indicating an adjusted sale price. The comparables are then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics and any non-realty components of value.

Adjustments are applied to provide insight into the relative significance (weight) of the characteristic being considered and difference from the various comparable sales to the subject parcel. While based on appraisal experience and interpretation from the market, they are not intended to be precise to each comparable and category.

Property Rights: Each of the comparable sales involved fee simple interests, there are no adjustments required for property rights conveyed.

Financing: Each of the comparables were cash sales; no adjustment necessary.

Conditions of Sale: Sales 1, 2, 4 were all reported to have average sales motivation, not requiring adjustment; sale 3 was reported to have been motivated, it is adjusted moderately upward, this adjustment is considered to be reasonable both in consideration of the site's lack of appreciation from the prior sale and in analysis of the other comparable sales.

Market Condition: The sales occurred from April 2019 through August 2021. The market has appreciated significantly over this time period (residential improved sales having increased in median sale price by 26.3% in the subject market area over the past year, an average of 13.23% per year over the past 3 years (20% per year in entire MLS over the past year, average 15.4% per year over the past 3 years). The comparable sales are adjusted upward for market conditions on the basis of approximately 15% per year.

Location: The subject is an average to good location just south of the downtown; the comparables are considered to be similar, not requiring adjustment.

Size: the sales are relatively similar in lot size, each sufficient for development of a single family residence. Still, on a per lot basis, it is reasonable that a larger lot would sell for more, all else being equal. Sale 1 is similar in size, not requiring adjustment. Sales 2-4 are moderately smaller and thus are adjusted upward.

Zoning: The subject and comparables are all zoned to permit development of a single family residence; no adjustment is necessary.

Improvements: The subject and sales 2 and 4 had no improvements, no adjustments are necessary; sales 1 and 3 had improvements but they are not considered to be significant enough to warrant adjustment.

Site Utilities: subject* and comparable lots are considered to have average utility and utilities necessary for development; no adjustment is necessary.

*As mentioned, subject lots 11 block 3 and lot 8 block 4 will require extension of water main estimated at 75lf at approximate cost of \$100/sf (cost could be split between the two); this condition will be accounted for following.

Site Access/View: The subject and comparables 1 and 4 are considered to have average access and view, not requiring adjustment. Comparables 2 and 3 are located next to public-open space (school and park), considered to have moderate positive amenity; they are thus adjusted moderately downward.

Estimated Market Value Conclusion R-2 Lots:

Before adjustment the comparable sales indicate a range of \$100,000 to \$150,000; after adjustment the range is approximately \$147,000-\$157,500. Greatest emphasis is placed on sale 1, the most recent sale which requires least adjustment; a subject value at \$151,000 for lots 9, 10, 11 block 4, is considered reasonable.

As mentioned, lots 11 block 3 and 8 block 4 require a waterline main extension at approximate cost of \$7,500 (potentially split between the two), thus they are adjusted to \$147,250 (\$151,000-\$3,750).

Greater detail on the comparable sales and their adjustment is available on the following grid:

SITE SALES COMPARISON SUMMARY; R-2 Sites					
Comparable	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Location	Sentinel, Peak, Simpson	848 S Russell Av	Carrillo, SWC Sanmaniego	1011 S Meyer Av	250 E 17th St
Tax ID Number	See List	117-08-106A	117-19-0610	117-09-071b	117-07-287A
Sales Data					
Date of Sale	N/A	Aug-21	Mar-20	Apr-19	Jun-19
Sales Price	N/A	\$150,000	\$113,500	\$100,000	\$100,000
Site Size (sf, avg)	5,963	6,098	4,356	5,000	4,066
Property Rights (Interest)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Interest adjustment	0%	0%	0%	0%	0%
Financing	Cash	Cash	Cash	Cash	Cash
Cash Equivalent Price	N/A	\$150,000	\$113,500	\$100,000	\$100,000
Conditions of Sale	Average	Similar	Similar	Motivation	Similar
Condition Adjustment	0%	0.0%	0.0%	5.0%	0.0%
Market Condition (Time)	N/A	Aug-21	Mar-20	Apr-19	Jun-19
Market Conditions Adj.	0.0%	5.0%	27.0%	40.0%	38.0%
Adjusted price	N/A	\$157,500	\$144,145	\$147,000	\$138,000
Physical Characteristics					
Location	Avg/Good	Similar	Similar	Similar	Similar
Size	5,963	6,098	4,356	5,000	4,066
Zoning	R-2	R-3	HR-2	R-3	HR-3
Improvements	None	Offsetting	None	None	Fencing
Site Utility	Average	Similar	Similar	Similar	Similar
Access/View/Other	Average	Similar	Superior	Superior	Similar
Adjustments					
Location	0.0%	0.0%	0.0%	0.0%	0.0%
Size	0.0%	0.0%	5.0%	2.5%	7.5%
Zoning	0.0%	0.0%	0.0%	0.0%	0.0%
Improvements	0.0%	0.0%	0.0%	0.0%	0.0%
Site Utility	0.0%	0.0%	0.0%	0.0%	0.0%
Access/View	0.0%	0.0%	-2.5%	-2.5%	0.0%
Net Physical Adjustments					
Net Physical Adjustments	Same	Similar	Upward	Similar	Upward
Net Adjustment (Overall)	0.0%	0.0%	2.5%	0.0%	7.5%
Adjusted Comp Price		\$157,500	\$147,749	\$147,000	\$148,350
Subject Value Opinion	\$151,000				

Comparable Sales Discussion and Adjustments; C-3 Lots:

The following is analysis of value for the 2 C-3 zoned lots; the lots are similar in size and situs as to not warrant significant difference one to the other. The sales previously analyzed are considered most appropriate for this analysis.

Adjustments are quite similar to those made in analysis of the R-2 zoned lots with the exception of access/view/other as subject lots are located on the El Paso and Southwestern Greenway, considered to be a moderate positive amenity. Comparable sales 2 and 3 are considered to be similar to the subject in this respect, not requiring adjustment; sales 1 and 4 are adjusted moderately upward.

Again, sales 2-4 are adjusted moderately upward for inferior smaller size; sale 1 is similar in size, not requiring adjustment.

The comparables are commercially zoned but highest and best use is considered to be single family residential development; development standards similar to that of the comparables, thus no adjustment is considered necessary.

Other adjustments, as in the prior subject analysis, do not require adjustment.

Estimated Market Value Conclusion C-3 Lots:

Before adjustment the comparable sales indicate a range of \$100,000 to \$150,000; after adjustment the range is approximately \$150,700-\$161,400. Greatest emphasis is again placed on sale 1, the most recent sale which requires least adjustment; a subject value at \$154,800 for lots 18 and 19, block 5, is considered reasonable.

Comparable sales adjustments are summarized as follows:

SITE SALES COMPARISON SUMMARY; C-3 Sites					
Comparable	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Location	Sentinel Av	848 S Russell Av	Carrillo, SWC Sanmaniego	1011 S Meyer Av	250 E 17th St
Tax ID Number	See List	117-08-106A	117-19-0610	117-09-071b	117-07-287A
Sales Data					
Date of Sale	N/A	Aug-21	Mar-20	Apr-19	Jun-19
Sales Price	N/A	\$150,000	\$113,500	\$100,000	\$100,000
Site Size (sf, avg)	5,936	6,098	4,356	5,000	4,066
Price per SF	N/A	\$24.60	\$26.06	\$20.00	\$24.59
Property Rights (Interest)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Interest adjustment	0%	0%	0%	0%	0%
Financing	Cash	Cash	Cash	Cash	Cash
Cash Equivalent Price	N/A	\$150,000	\$113,500	\$100,000	\$100,000
Conditions of Sale	Average	Similar	Similar	Motivation	Similar
Condition Adjustment	0%	0.0%	0.0%	5.0%	0.0%
Market Condition (Time)	N/A	Aug-21	Mar-20	Apr-19	Jun-19
Market Conditions Adj.	0.0%	5.0%	27.0%	40.0%	38.0%
Adjusted price	N/A	\$157,500	\$144,145	\$147,000	\$138,000
Physical Characteristics					
Location	Avg/Good	Similar	Similar	Similar	Similar
Size	5,936	6,098	4,356	5,000	4,066
Zoning	R-2	R-3	HR-2	R-3	HR-3
Improvements	None	Offsetting	None	None	Fencing
Site Utility	Average	Similar	Similar	Similar	Similar
Access/View/Other	Avg/Good	Inferior	Similar	Similar	Inferior
Adjustments					
Location	0.0%	0.0%	0.0%	0.0%	0.0%
Size	0.0%	0.0%	5.0%	2.5%	7.5%
Zoning	0.0%	0.0%	0.0%	0.0%	0.0%
Improvements	0.0%	0.0%	0.0%	0.0%	0.0%
Site Utility	0.0%	0.0%	0.0%	0.0%	0.0%
Access/View	0.0%	2.5%	0.0%	0.0%	2.5%
Net Physical Adjustments					
Net Physical Adjustments	Same	Upward	Upward	Upward	Upward
Net Adjustment (Overall)	0.0%	2.5%	5.0%	2.5%	10.0%
Adjusted Comp Price		\$161,438	\$151,352	\$150,675	\$151,800
Subject Value Opinion	\$154,800				

The auditing breakdown for all 7 lots is as follows (individual site values are indicated following on the Certificate of Appraiser, page 46)

Auditing Breakdown	
Land	\$1,057,100
Improvements	\$0
Severance	\$0
Cost to Cure	\$0
Special Benefits	\$0
Total	\$1,057,100

CERTIFICATE OF APPRAISER

Project Number: M697501X

Parcel Number: L-SC-007

I hereby certify;

That I personally inspected, the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I 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 I 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 my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expresses 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 I 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 myself or acknowledged by the owner. This 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 my analyses, 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, policies and procedures applicable to appraisal of right of way for such purposes; and that, to the best of my 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 I understand this appraisal may be used in conjunction with the disposition of excess land related to right of way for a highway by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

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

That I 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 I 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 I will not do so unless so authorized by proper State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the MARKET VALUE for disposition of the parcels as of the 28th day of December, 2021, is as follows:

Site	APN	Cottonwood Addition	Site Size SF	Zone	Value Opinion
1	116-20-058	Lot 11 Blk 3	5,436	R-2	\$147,250
2	116-20-065	Lot 8 Blk 4	5,417	R-2	\$147,250
3	116-20-066	Lot 9 Blk 4	5,424	R-2	\$151,000
4	116-20-067	Lot 10 Blk 4	6,288	R-2	\$151,000
5	116-20-068	Lot 11 Blk 4	6,663	R-2	\$151,000
6	116-20-087	Lot 18 Blk 5	5,936	C-3	\$154,800
7	116-20-088	Lot 19 Blk 5	5,936	C-3	\$154,800
		Average	5,871	Total	\$1,057,100

Date: 1/19/2022

Signature:



Arizona Certified General Real Estate Appraiser #30197

STATEMENT AND CERTIFICATION OF APPRAISER

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions

I 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.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

my engagement in this assignment was not contingent upon developing or reporting predetermined results.

my 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. (C.S.R.1-1)

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant professional appraisal assistance to the person signing this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.(C.S.R.1-2).

As of the date of this report, I have completed the continuing education program of the Appraisal Institute (C.S.R.1-3).

I have performed no services regarding the subject property within the prior 3 years as an appraiser or in any other capacity.

If this report is in any way disassembled, reproduced, altered, or used in any other capacity than that made known to the appraiser at the time of the request and stated herein, the appraiser is not responsible for this report and it is invalid.

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING



Paul D. Hendricks, MAI
Arizona Certified General Real Estate Appraiser 30197

APPENDIX

1. Appraisal Assumptions and Limiting Conditions
2. Subject Exhibits
3. Right of Way Map
4. Right of Way Title Report
5. List of Testimony cases
6. Consultant Qualifications

LIMITING CONDITIONS AND ASSUMPTIONS

of Standard Real Estate Appraisal

(Consisting of the 23 Items Below and Others as Mentioned)

1. Information Used, Trade Secrets

The appraiser(s) shall not be responsible for the accuracy of any information obtained from the client or any other source and used in the appraisal, subject to the due diligence provision of the Uniform Standards of Professional Appraisal Practice. The appraiser(s) shall not be liable for any information or work obtained from any subcontractor. It is strongly suggested that the client consider independent verification of all factual data as a prerequisite to any transaction involving the purchase, sale, lease, or other decision involving a significant commitment of funds affecting the subject property. The client agrees that the appraisal produced pursuant to this agreement consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4) and furthermore agrees to obtain the appraiser(s) authorization before reproducing the appraisal in whole or in part.

2. Authentic Copies, Changes, Modifications

The authentic copies of this report will be signed in blue ink. Any copy not having said seal is unauthorized and may have been altered. The appraiser(s) reserve the right, at their sole discretion, and at any time, to alter statements, analysis, conclusions or any value estimate(s) in the appraisal if facts pertinent to the appraisal process and report which were unknown at the time of completion become known to the appraiser(s).

3. Use of Appraisal, Limit of Liability

This report is intended solely and exclusively for use by the client. The sole purpose of the report is to assist the client by valuation of the subject property. The client also acknowledges and agrees that some of those involved with the assignment appraisal may be independent contractors and the client hereby agrees not to hold the appraiser(s) liable for any acts of same. Notwithstanding anything herein to the contrary, the client will forever indemnify and hold appraiser(s) harmless from any claims by third parties related in any way to this appraisal.

The liability of the appraiser and affiliated business entities, its officers, directors, shareholders or employees (hereinafter collectively referred to as appraiser) is limited to the herein named client only. No liability shall extend to any third party, and the total amount of such liability shall in no event exceed the amount of the fee actually received by the appraiser(s).

Third parties shall include, but not be limited to, general and limited partners of the client if said client is a partnership, stock holders of the client if said client is a corporation, and all lenders, tenants, past owners, successors, assigns, offerees, transferees and spouses of client. The appraiser(s) shall not be held responsible for any costs incurred to investigate or correct any deficiencies of any type which may be present in the real estate and/or real property herein appraised. Acceptance and/or use of this report by the client constitutes acceptance of all limiting conditions and assumptions set forth herein.

4. Court Testimony

Testimony or attendance in court by reason of this appraisal, with reference to the property in question, shall not be required, unless arrangements have previously been made.

5. Copies, Publication, Distribution of the Report

Possession of any copy of this report shall not authorize or empower the client or any third party with any publication rights whatsoever, or with any authorization to use the appraisal other than for its intended and stated purpose noted in the agreement and/or in the report. The physical report(s) shall remain the property of the appraiser(s) at all times and appraiser(s) hereby grant the client permission to use the appraisal report(s) solely for the purposes set forth. The client agrees that the payment of the appraisal fee is in exchange for the analytical services of appraiser(s) and by the payment of said fee, the client has not purchased the appraisal report. With the exception of public disclosure indicated below, neither all nor any part of this appraisal report shall be given,

recited, published, copied, distributed, nor in any way communicated to third parties in any manner, in whole or in part, without the prior written consent of the appraiser(s).

6. Confidentiality

All conclusions and opinions concerning the analysis as set forth in this report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report. No changes shall be made in the report by anyone other than the appraiser(s). The appraiser(s) shall not be held responsible for any unauthorized changes or such consequences as may transpire from unauthorized changes. The appraiser(s) may not divulge the material contents of the report to anyone other than the client or his designee as specified in writing, except as may be required by the professional association(s) of which the appraiser(s) are members as may be requested in confidence for ethics enforcement, or by a court of law, or any other body with the power of subpoena.

7. Measurements, Exhibits

The sketches, maps and photographs in the appraisal report are included solely for the purpose of assisting the reader in visualizing the property and are not necessarily to scale. The appraiser(s) have made no survey of the property and site plans included in the report are not to be considered as surveys unless so designated. Any sketch or map in the appraisal report shows approximate dimensions and is included for general illustrative purposes only. It is the responsibility of a qualified engineer, architect, or registered land surveyor to show the exact location of the subject improvements thereon, existing or proposed, as well as the measurements and areas of land and improvements. In the absence of a survey, the appraiser(s) may have used Tax Assessor's maps or records or other maps provided by the client which may or may not represent the exact measurements of the subject property or other comparable data relied upon in estimating the market value of the subject property. Any variation in land or building areas from those considered in the appraisal may alter the estimates of value contained in the report.

8. Legal, Title, and Market Value Premise

The appraiser(s) have no responsibility for matters of any legal nature affecting the property being appraised or the title thereto; the appraiser(s) assume title to be good and marketable, and free of clouds unless otherwise noted. No Title Policy or report has been furnished to the appraiser(s), unless so stated in the report. The property is being appraised as though it were under financially sound and responsible ownership with typical and competent management. The hypothetical sale referred to in the definition of market value assumes adequate marketing efforts and exposure time normal for the property. The appraiser(s) are not responsible for the accuracy of legal description.

9. Engineering, Structural Matters; Hazardous or Toxic Materials, Physical Condition

The appraiser(s) have inspected the land and the improvements. However, it is not possible to observe conditions beneath the soil surface, or hidden structural, mechanical, or other components; the appraiser(s) shall not be held responsible for any defects in the property related thereto. The property appraised is as though there are no hidden or unapparent conditions which would affect market value; this includes subsoil conditions, potential flood conditions, hydrological and/or structural conditions. The appraiser(s) are not responsible for such conditions or those engineering efforts which might be required to discover and/or correct such factors. The value estimate assumes there are no defective property conditions that would cause a loss of value. The land or the soil of the area being appraised is assumed to be firm and otherwise satisfactory for building use. Although soil subsidence and the influence of toxic material in the area of the subject and its environs is unknown, the appraiser(s) do not warrant against this condition or occurrence of problems from soil (or toxic atmospheric) conditions known or unknown.

Unless otherwise stated in the report, the existence of hazardous material, substance or gas, which may or may not be present within, on or near the property, has been disregarded in the appraisal. The appraiser(s) are not qualified to detect such substances as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous material and/or substances which may adversely affect the value of the property. The value estimate is predicated on the assumption that there is no such toxic material and/or condition affecting the property that would cause a loss in value. The appraiser(s) are not responsible for any such condition and/or the engineering expertise required to discover any such condition. The client is urged to retain an expert in this field, if so desired. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are

assumed to be in good working order unless otherwise stated. Appraiser(s) are not responsible for the adequacy or type of insulation, or energy efficiency of the improvements or equipment, which are assumed to be standard for the subject property type. Unless otherwise stated, the appraiser(s) have not been supplied with a termite inspection report or occupancy permit. The appraiser(s) shall not be held responsible for, nor shall the appraiser(s) be deemed to have made any representations regarding any potential costs associated with obtaining same or for past or present, legal or physical, deficiencies which may be found. Client further agrees that the appraiser(s) shall not be held responsible for any costs incurred or consequences arising from the need, or the lack of need, for flood hazard insurance.

10. Utilities

In the absence of a qualified professional engineer's study, information regarding the existence of utilities is made from a visual inspection of the site and review of available public information. The appraiser(s) have no responsibility for the actual availability of utilities, their capacity, or any other problem which might result from a condition involving utilities. Although public utility lines might be located adjacent to the subject property, the capacity of these lines for any proposed development is not known. The respective companies, governmental agencies or entities should be contacted directly by concerned individuals. Unless otherwise stated in the report, utilities of all types are considered in the appraisal to be present in adequate quality and quantity for the intended use or highest and best use of the property.

11. Legality of Use, Management of Property

The appraisal is based, unless otherwise stated, on there being full compliance with all applicable federal, state and local environmental regulations and laws, that all applicable zoning, building, use regulations and restrictions of all types have been complied with and, moreover, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate. The appraisal is prepared under the assumption that the property which is the subject of this report is maintained and managed pursuant to prudent and competent ownership and management.

12. Component Values, Special Studies

The distribution of the total valuation in this report between land and improvements applies only under the existing program of use. The separate valuations for land and building must not be used separately and are invalid if so used. No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or within the report.

13. Inclusions.

Furnishings, equipment, personal property or business operations which may sometimes be considered a part of the real estate, have been disregarded, unless otherwise specified and only the real estate is considered in the value estimate. In some limited circumstances, business and real estate interests and values may be combined depending on the specific situation and as determined by a written agreement. Please see the appraisal report for further clarification.

14. Proposed Improvements, Conditional Value

Any improvements proposed, on- or off-site, as well as any repairs required, will be assumed, for purposes of this appraisal, to be completed in a good and workmanlike manner according to information submitted by the client for consideration by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of the property by the appraiser after construction is completed. The estimate of market value is as of the date shown, as proposed, and as if completed and operating at the levels shown and projected or as otherwise indicated and labeled in the appraisal report.

15. Value Change, Dynamic Market, Influences on Market Value, Alteration of Estimate and/or Analysis Herein By Appraiser

The estimated market value, as defined in the report, is subject to change with market fluctuations over time; value is highly related to exposure, time, promotional effort, terms, motivation, and personal and general economic and supply/demand conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property both physically and economically in the marketplace.

The market value estimated, and the costs used, are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate. The client hereby agrees that the appraisal report and value estimate are subject to change if the physical or legal entity or the financial arrangements are different than that envisioned in this report or upon change in, or discovery of, certain influencing market conditions or property conditions as well.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use, the client hereby acknowledges and agrees that such estimates are intended to be a reflection of benefits which the appraiser(s) have been directed to assume as given, as well as from the appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the market and value is naturally dynamic. The client agrees that these types of appraisals are based on reasonable estimates and as such, will not hold appraiser(s) responsible for any errors in the estimated values. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present or previous owners nor upon the occupants of the properties in the vicinity of the property which is the subject of the appraisal.

16. After-Tax Analysis, Investment Analysis, and/or Valuation

Any "after" tax income or investment analysis and resultant measures of return on investment are intended to reflect only possible and general market considerations, whether as part of estimating value or estimating possible returns on investment at an assumed value or price paid; the client acknowledges and agrees that the appraiser(s) do not claim any expertise in tax matters and moreover will not rely on any information prepared by appraiser(s) which in any way relates to income tax matters.

17. Information furnished by Client and Third Parties

Any and all information furnished by the client and/or third parties is logically presumed to not only be correct but complete, either in entirety or summarized as presented, and if there are no other documents modifying the one or ones mentioned herein.

18. Federal Law OMB Circular A-129 & Bulletins 91-05 and 92-06 Amending Circular A-129

These require USPAP standards and practices be used under State certification and license programs under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (P.L. 101-73) and OMB Bulletin 92-06 applies these USPAP to the 17 affected Federal eminent-domain agencies subject to the regulations of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), as amended by regulations in 49 CFR Part 24. Agencies not subject to the Uniform Act should follow the revised 49 CFR Part 24 to conform to OMB Bulletin 92-06.

19. Americans With Disabilities Act (ADA)

This act became effective January 26, 1992. The appraiser(s) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. As the appraiser(s) have no direct evidence relating to this issue, possible or direct noncompliance with the requirements of ADA in estimating the value of the property was not considered.

20. Pygmy Owl Habitat

It is assumed that the site is not a cactus ferruginous pygmy owl habitat (defined by US Fish & Wildlife as: Land below 4000 feet in elevation that has saguaro greater than 8 feet tall or containing a woodpecker cavity) ironwood, mesquite, or palo verde vegetation (must be >6 inches in diameter).

21. Report Type

This is a Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. It is believed to be compliant with ADOT "Detailed Narrative Report". Supporting documentation concerning the data, reasoning, and analysis is retained in the

appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

22. Other Information for Readers

We recommend that if sewer or septic connection, or condition of same, is of concern to client or other readers of this report, a qualified expert should be hired to inspect the system and perform appropriate tests as he/she deems necessary. Further, if water source, status, possible toxic influences on air, water, soil, or improvement construction material or condition of mechanical, structural or other systems or components are of concern, an appropriate expert should be engaged as we are not experts in such matters. The reader is cautioned that value is dynamic and changes with changing market conditions over time. Subsequent sales, listings, and other market influencing activity may influence value after the date of the value estimate. The value estimate is an estimate, not a determined fact.

23. Conclusion

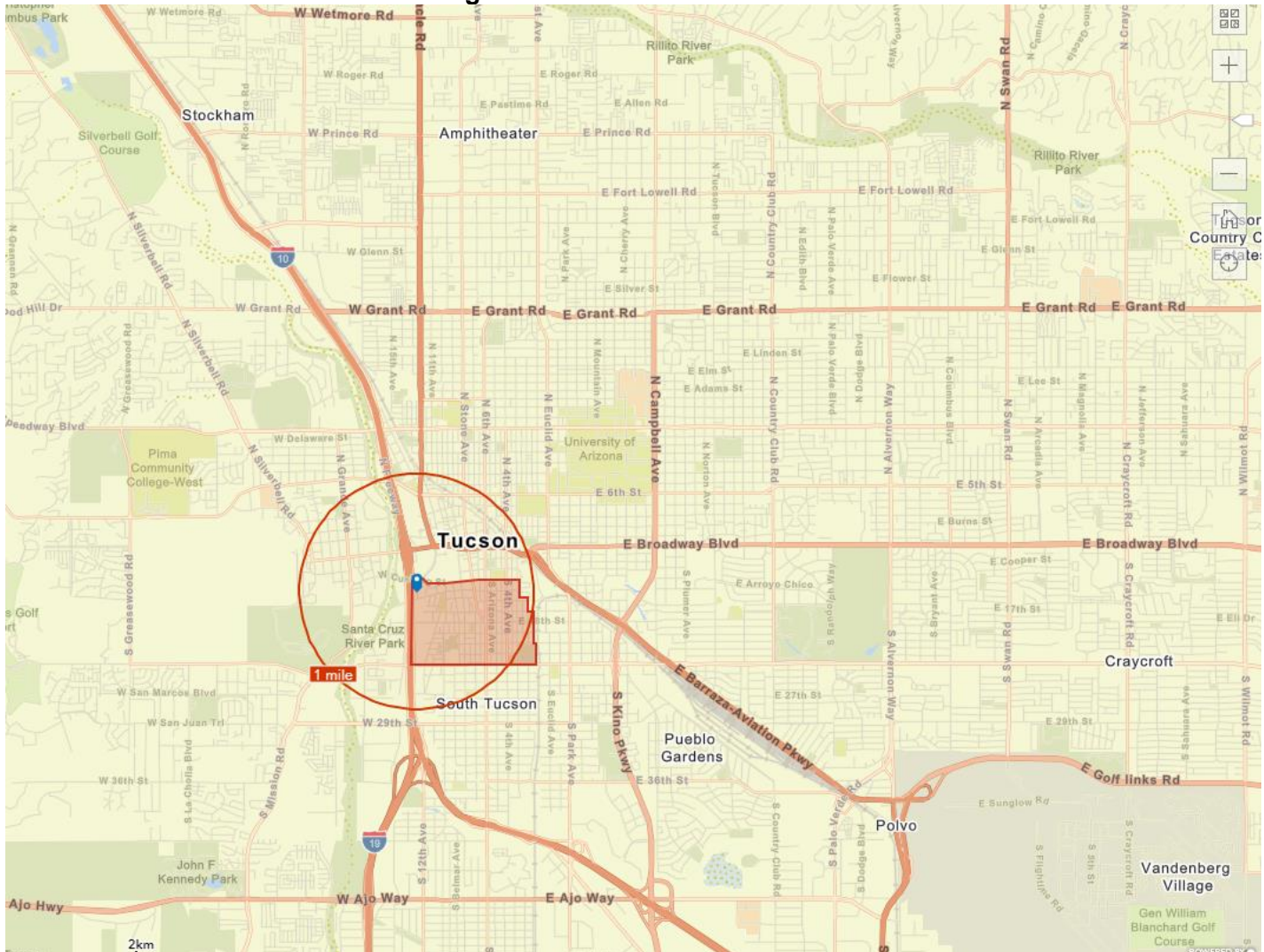
Acceptance of and/or use of this appraisal report by the client or any third party reader or user, constitutes acceptance of the above stated conditions as well as any other(s) stated in this report. The acceptance of this appraisal report also constitutes acceptance of responsibility for payment of the appraisal fee balance due and any costs incurred by the appraiser(s) in collection of same. Appraiser liability extends only to stated client, not subsequent parties or users; any additional appraiser liability is limited to the actual amount of fee received by said appraiser(s).

These Limiting Conditions and Assumptions are in conjunction with any form type page(s) of similar nature in the appraisal report package; further, the reader is advised that certain comments in the report may point out other specific assumptions and/or limiting conditions pertaining to this appraisal even though an attempt has been made to summarize all limiting conditions and assumptions herein; the client or designated user of the appraisal report should inspect the property and confirm factual information before a final decision is made concerning the subject.

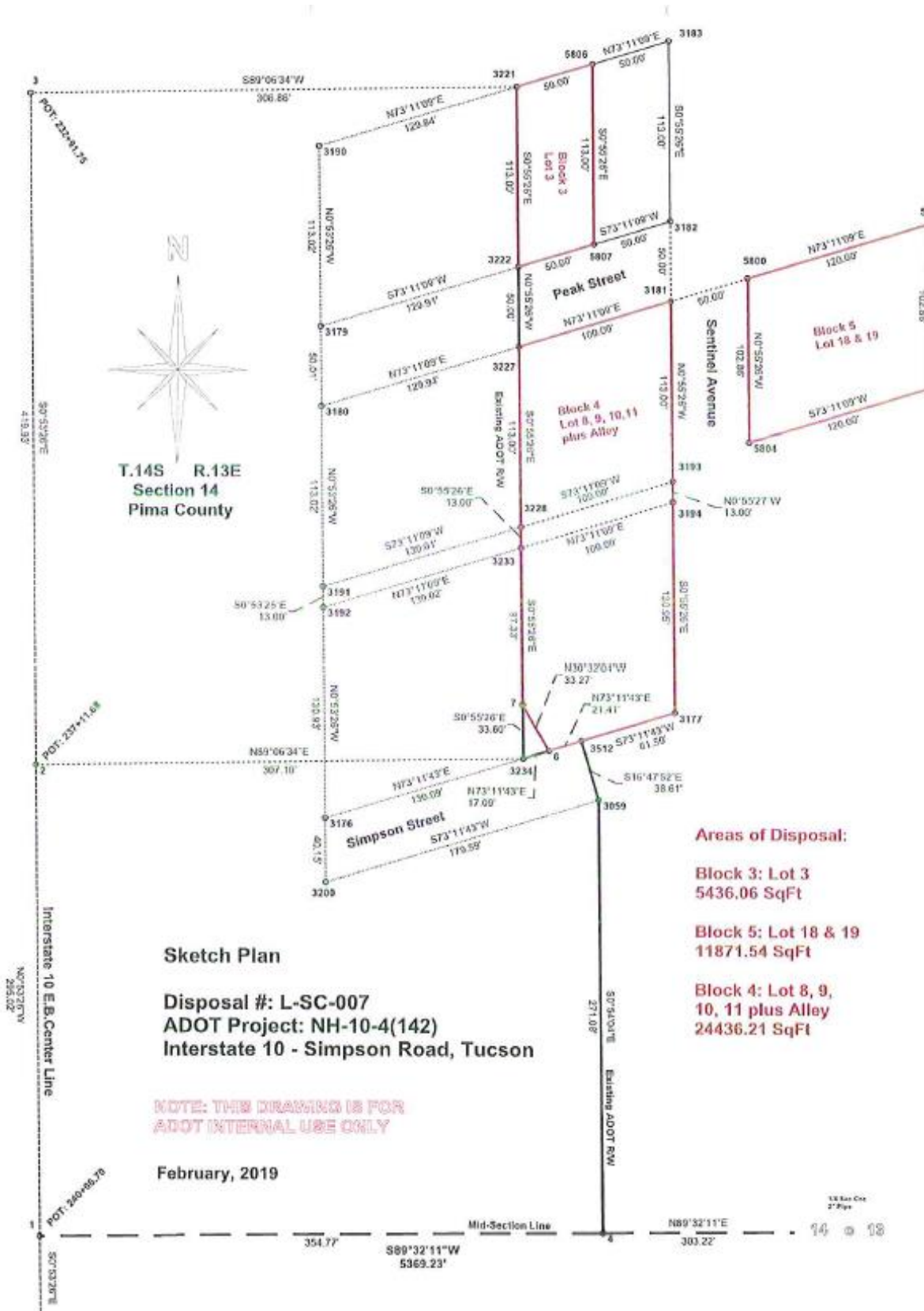
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SUBJECT EXHIBITS

Neighborhood/Market Area



Sketch Plan



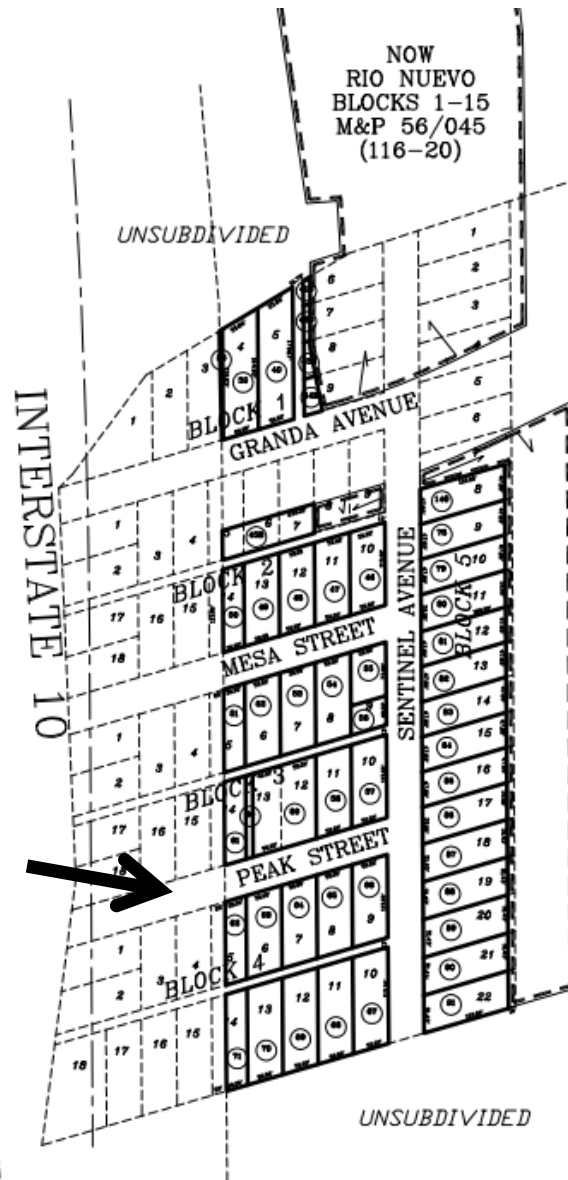
Plat Maps

ASSESSOR'S RECORD MAP
COTTONWOOD ADDITION

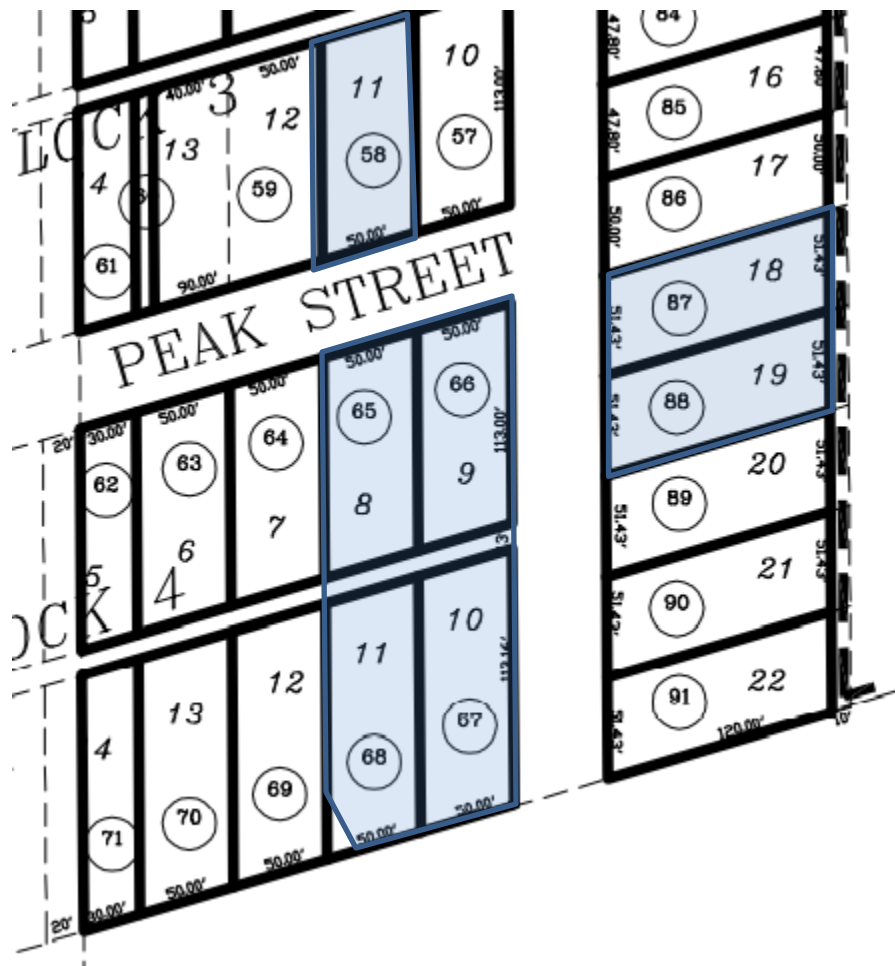
116-20

NOW
RIO NUEVO
BLOCKS 1-15
M&P 56/045
(116-20)

UNSUBDIVIDED



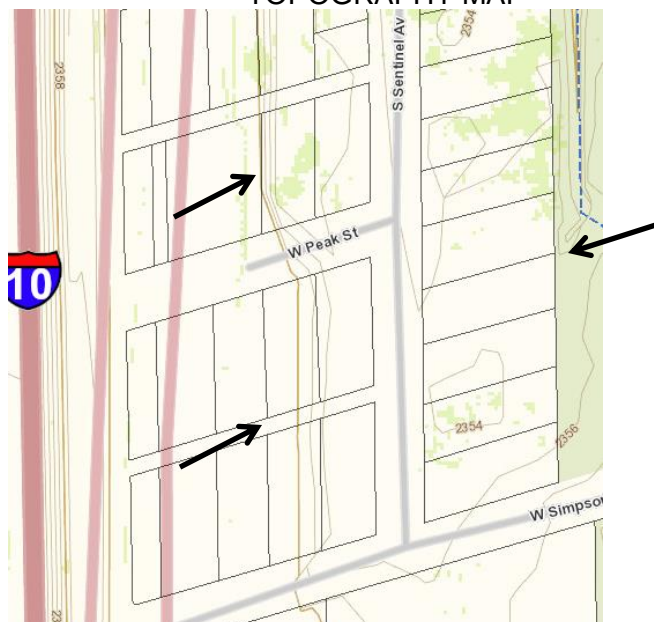
Subject Lots (highlighted)



Aerial Photo



TOPOGRAPHY MAP

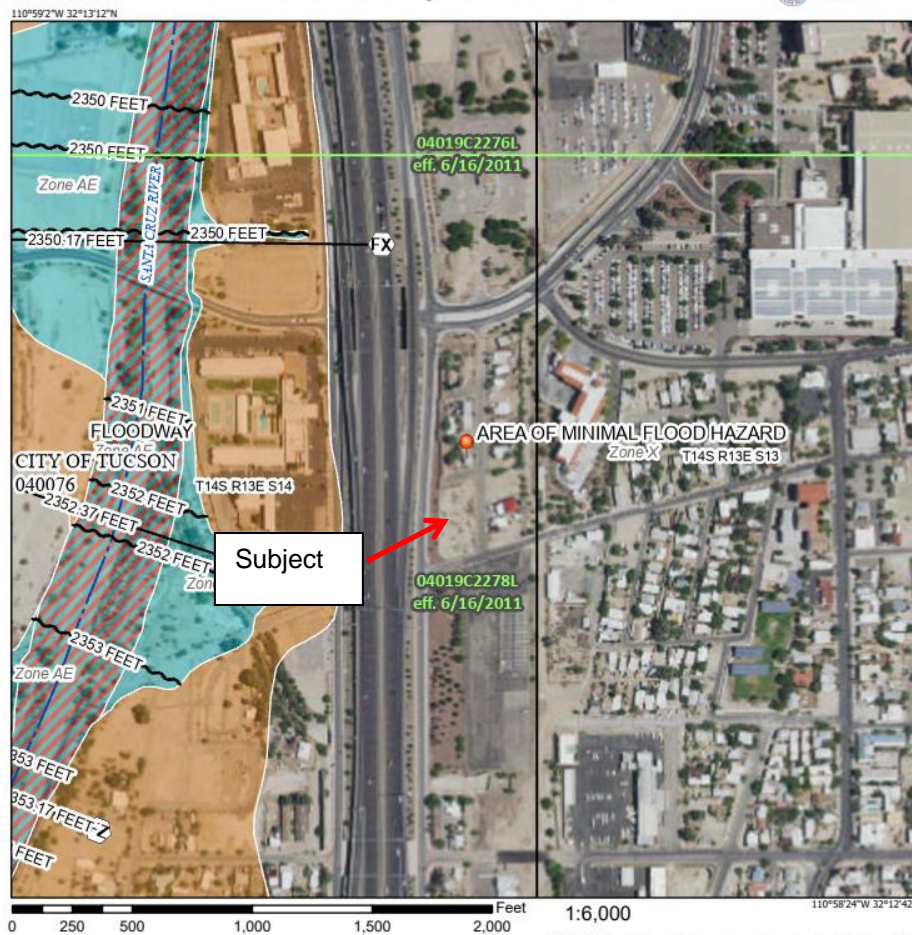


Zoning Map



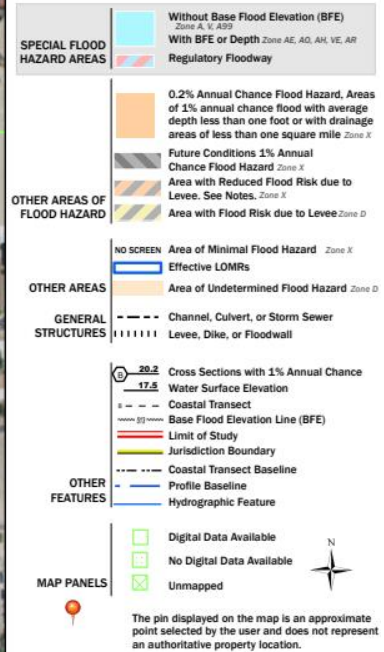
FLOOD ZONE MAP

National Flood Hazard Layer FIRMette



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT



This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 12/17/2021 at 10:10 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Disposal Title Report Documents

ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY GROUP
RIGHT OF WAY DISPOSAL REPORT

The undersigned has examined the title to the property described in SCHEDULE A-1 herein, and the fee owner is:

The State of Arizona, by and through its Department of Transportation

Address: 205 South 17th Avenue, Mail Drop 612E, Phoenix, Arizona 85007-3212

By virtue of that certain: See Right of Way / Vesting Section.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the proposed buyers.

LEGAL DESCRIPTION

SEE SCHEDULE A-1 ATTACHED

REMARKS: The Schedule B Items shown, if any, reflect only those matters that have occurred subsequent to the acquisition of the subject property.

Date of Search: November 15, 2018	Examiner: Jim Gregg	Reviewer: Chuck Mullany
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: Pima	Tax Arb: 116-20-N/A	Disposal: N/A
Tracs No.: 010PM258H3189	Highway: CASA GRANDE-TUCSON HWY.(I-10)	Excess Land: L-SC-007
Fed. No.: N/A	Section: Congress Street to 29 th St.	Parcel No.: 10-1070

**SCHEDULE A-1
LEGAL DESCRIPTION**

Lot 11, Block 3, Lots 8, 9, 10 and 11, Block 4 and Lots 18 and 19, Block 5, Cottonwood Addition, recorded in Book 4 of Maps, page 37, records of Pima County, Arizona, EXCEPT the East 10 feet of said Lots 18 and 19, Block 5. as depicted on Sheets 11 and 12 of ADOT Drawing D-10-T-374, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY (I-10), Congress Street to 29th St. Section, Project 10PM258H3189 01R / Parcel No. 10-1070.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

END OF SCHEDULE A-1

RIGHT OF WAY / VESTING

- 1.) Warranty Deed from Dominic Piccirilli, as Personal Representative of the Estate of Fred W. Stang, deceased, Probate No. P-26588, to the State of Arizona, by and through its Department of Transportation, dated June 7, 1996, recorded August 7, 1996, in Docket 13053 page 1235. [Parcel 10-1070, Project 10PM258H3189]

END OF RIGHT OF WAY / VESTING

REQUIREMENTS

1. Special attention as to the "NOTE: Proposed, Public Utility Easement, to be granted to the City of Tucson in a Event of Excess Land. (275 S.F.)" as depicted on Sheets 11 and 12 of ADOT Drawing D-10-T-374, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY (I-10), Congress Street to 29th St. Section, Project 10PM258H3189 01R / Parcel No. 10-1070.
2. Record Deed from the State of Arizona, by and through its Department of Transportation to the proposed buyer(s).

NOTE: Repurchase rights do not apply due to the property being acquired August 7, 1996.

END OF REQUIREMENTS

SCHEDULE B

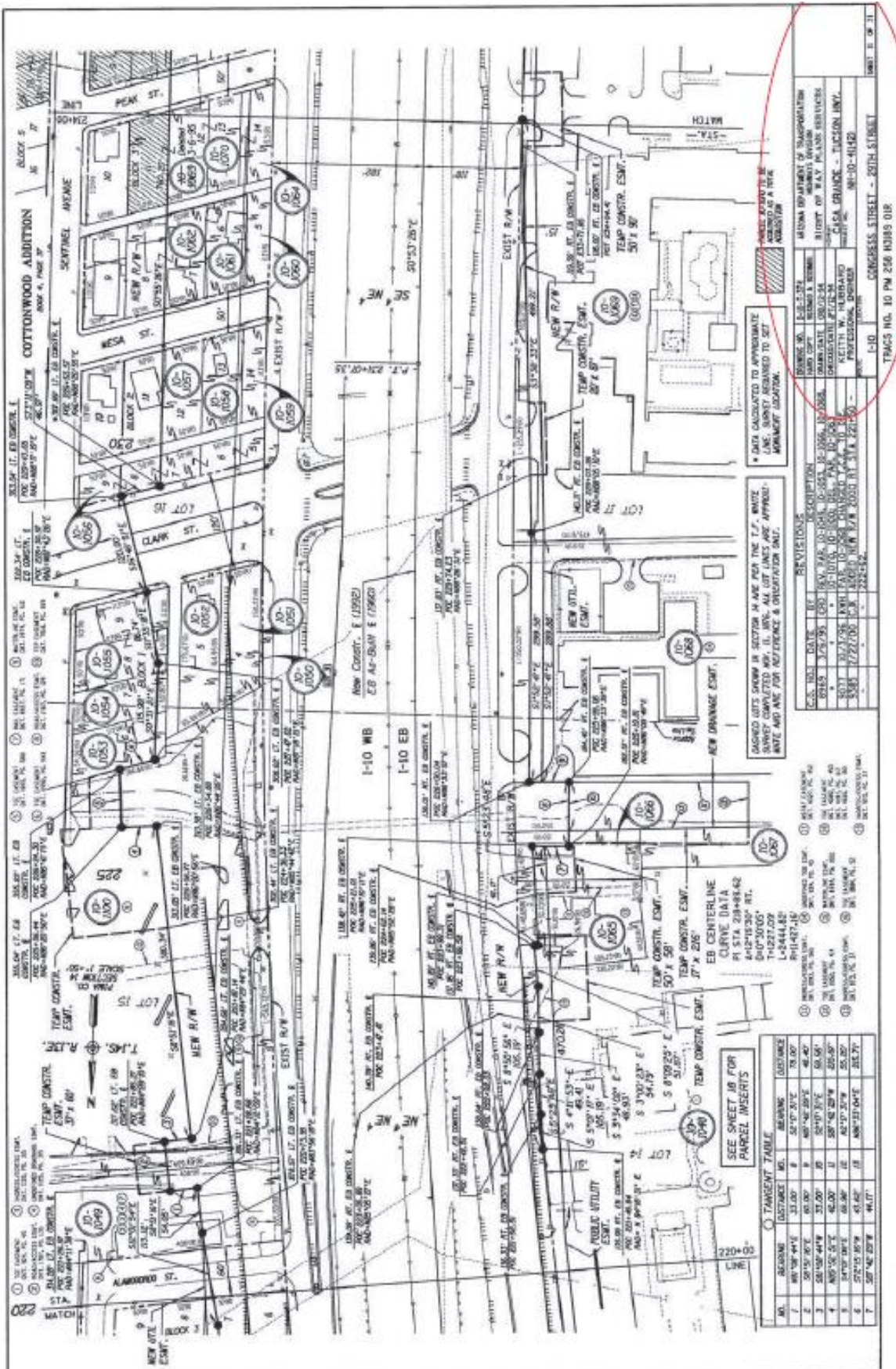
1. None.

END OF SCHEDULE B

REQUIREMENTS FOR DISPOSAL L-SC-007

- 1. Parcel No. 10-1070 repurchase rights do not apply due to the date of acquisition being 08/07/1996 and have expired.**
- 2. PUE – PROPOSED PUBLIC UTILITY EASEMENT, TO BE GRANTED TO THE CITY OF TUCSON IN THE EVENT OF EXCESS LAND (275 S.F) NOTE ON Right of Way Plans sheet 12 of 31**

③ Going to need FHWA concurrence needed



CONSULTANT'S QUALIFICATIONS
PAUL D. HENDRICKS, MAI
4708 E. Scarlett, Tucson, AZ 85711
Voice & Fax (520) 325-6512
Email: PaulHendricksMAI@gmail.com
www.TucsonAzAppraisal.com

EDUCATION

Academic

Bachelor of Science in Business Administration, University of Arizona; Real Estate and Finance Major.

Valuation

• Appraisal Courses and Examinations:

- Standards of Professional Practice; A, B
- Standards of Professional Practice, C
- Investment Analysis
- Highest and Best Use, and Market Analysis
- Valuation Analysis and Report Writing
- Case Studies in Real Estate Valuation
- Income Approach to Value and Capitalization
- Basic Principles, Methods 1A

Appraisal Seminars

- Appraisal Business Management
- Critical Building Inspections
- Fair Lending and the Appraiser
- Residential Real Estate Econometrics
- Commercial Appraisal; Lender Requirements

- Americans with Disabilities Act
- Due Diligence/Environmental Checklist
- Residential Appraisal Techniques
- FEMA Flood Hazard
- Arizona Appraisal Law
- Construction and Engineering Awareness
- Reviewing Appraisals
- Small Residential Income Property Appraisal
- Hazardous Materials
- Litigation Valuation
- Appraiser as Expert Witness
- Partial Interest Valuation; Undivided
- Land Valuation Assignments
- Residential & Commercial Solar Valuation
- Uniform Standards Appraisal Federal Land Acquisitions

EXPERIENCE

November 1995 - Present:

Real Estate Appraiser/Consultant, Paul Hendricks Appraisal & Counseling, Tucson, Arizona

In November 1995, Mr. Hendricks again returned to his own firm which performs appraisal and consulting assignments primarily in Arizona; he also works as an independent contractor for other appraisal firms in the Tucson area. He continues to work as an independent contractor with Hendricks, Vella, Weber & Williams, a California corporation with assignments primarily in California.

1994-November 1995:

Senior Real Estate Analyst; The Dorchester Group, Scottsdale, Arizona.

In January 1994 Mr. Hendricks joined The Dorchester Group as a Senior Analyst. He has provided consulting and valuation services on several complex real estate issues and assignments for the firm which specialized in litigation support for its operations in Arizona and California.

1986-1993:

Real Estate Appraiser/Consultant, Paul Hendricks Appraisal & Counseling; Tucson, Arizona.

During this time Mr. Hendricks performed real estate appraisals and consulting for his own firm as well as working as an independent contractor primarily for Swango Appraisal. Appraisal assignments included a wide variety of property types including industrial and retail, special use, apartment, motel, subdivision and land as well as residential properties and commercial appraisal reviews.

1979-1986:

Senior Real Estate Analyst, Swango Appraisal & Consultation; Tucson, Arizona.

Mr. Hendricks primarily performed a wide variety of appraisal assignments for residential and commercial properties.

PROPERTIES

Property experience encompasses virtually all types, including apartments, retail centers, industrial, offices, motels, special use properties and commercial appraisal reviews. Clients include private, corporate, institutional, and governmental entities.

COMPUTERS

Mr. Hendricks' experience includes development of specialized spreadsheets dealing with anticipated income streams from tenant leases, analysis of various leasehold positions and Discounted Cash Flow analyses and projections.

PROFESSIONAL AFFILIATIONS

- Member Appraisal Institute, MAI (Membership No. 7811)
- Certified General Real Estate Appraiser, State of Arizona (30197)
- President, Appraisal Institute, Tucson Chapter (1997)
- Vice President, Appraisal Institute, Tucson Chapter (1996)
- Secretary, Appraisal Institute, Tucson Chapter (1995)
- Treasurer, Appraisal Institute, Tucson Chapter (1994)
- Board of Directors, Appraisal Institute, Tucson, Arizona (1991-1993)

GEOGRAPHIC WORK/MARKET EXPERIENCE

Mr. Hendricks has completed real estate assignments and has market familiarity in Arizona, California and Nevada.

EXPERT WITNESS EXPERIENCE

Mr. Hendricks will always sign appraisal reports and be responsible for analysis of the appraisal problem, primary and secondary data research, selection and confirmation of comparable properties, inspection and all analysis as well as defense of conclusions.

Mr. Hendricks has been qualified as an expert witness in Superior Court in Arizona and has given depositions and testimony experience in bankruptcy proceedings, condemnation, and other litigation. He has performed analysis for condemnor and condemnee parties.

SPECIAL PROJECTS

In Tucson, Mr. Hendricks worked as an independent fee appraiser for the City of Tucson and Pima County in the condemnation, acquisition and negotiation of several large road projects including Country Club, Alvernon and Speedway Boulevard, Golf Links, Wetmore Road and La Cholla as well as condemnation for the acquisition of Central Arizona Project pumping station sites.

In Phoenix, Mr. Hendricks is an independent fee appraiser for the City of Phoenix with experience in appraisal of a variety of commercial property types for the Central Phoenix/East Valley Light Rail Project.

Mr. Hendricks is under contract with Arizona Department of Transportation and has experience in appraisal of a variety of commercial property types.

At The Dorchester Group, Mr. Hendricks has assisted in the analysis of the impact of the Exxon Valdez Oil Spill in Prince William Sound, Alaska on certain real estate holdings and litigation support for the U.S. Justice Department in relation to acquisition of and subsequent development of Lake Pleasant. Consulting assignments have analyzed market rental and effects in value from site contamination and soil subsidence.

Department of Financial Institutions

State of Arizona

CGA - 30197

PAUL D. HENDRICKS

has complied with the provisions of

This document is evidence that:

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

PAUL D. HENDRICKS

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.

Expiration Date : **August 31, 2022**

Signed in the Superintendent's office at 100 North 15th Avenue, Suite 261, in
the City of Phoenix, State of Arizona, this 9th day of June, 2020.



Christina Corieri
Interim Superintendent

Purchase Order



PURCHASE ORDER

PHOENIX, on 12/15/2021
CTR054970/ TO-22-024/ M697501X/ L-SC-007, L-SC-014/ Appraisal due 1/10 & 1/24-PAUL
HENDRICKS REAL ESTATE APPRAISAL AND CONSULTIN

SUPPLIER

PAUL HENDRICKS REAL ESTATE APPRAISAL
Attn: Mr. Paul Hendricks
Address: 4708 E Scarlett St
UNITED STATES
Tucson, 85711
Phone: 5203256512
E-mail: pdhend18@gmail.com

ORDER No. P00000387558

(please refer to this number on all documents)

Amendment:
Requestor: ESTHER VALENCIA
Agency: Department of Transportation
Division: Infrastructure Delivery & Operations
Division Construction
Department: Right Of Way
Site: RIGHT OF WAY
Phone: 6027128793
Email: EVALENCIA@AZDOT.GOV

DELIVER TO

(unless specified differently per item)

Address: RIGHT OF WAY
205 S 17TH AVE
MD 612E RM 331
UNITED STATES
PHOENIX, Arizona 85007-3212
Deliver To:
Requested Delivery Date:

(Unless specified differently per item in section delivery details)

BILL TO

Address: RIGHT OF WAY
205 S 17TH AVE
MD 612E RM 331
UNITED STATES
PHOENIX, Arizona 85007-3212
Payment Terms: 100% Upon Acceptance

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054970	463782-1	CTR054970/ TO-22-024/ M697501X/ L-SC-007, L-SC-014/ Appraisal due 1/10 & 1/24 Commentaire : L-SC-007	1.0000	Total Cost	4,250.0000	4,250.0000

Total before Tax 4,250.0000 USD

Non-Taxable - 0 % 0.0000 USD

Total after Tax 4,250.0000 USD





PURCHASE ORDER

DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item





PURCHASE ORDER

PURCHASE ORDER TERMS AND CONDITIONS

Revised January 10, 2011

1. **Modification.** No modification of the purchase order shall bind Buyer unless Buyer agrees to the modification in writing.
2. **Packing and Shipping.** Seller shall be responsible for industry standard packing which conform to requirements of carriers' tariffs and ICC regulations. Containers must be clearly marked as to lot number, destination address and purchase order number.
3. **Title and Risk of Loss.** The title and risk of loss of the goods shall not pass to Buyer until Buyer actually received the goods at the point of delivery.
4. **Invoice and Payment.** A separate invoice shall be issued for each shipment. No invoice shall be issued prior to shipment of goods and no payment will be made prior to receipt of goods and correct invoice. Payment due dates, including discount periods, will be computed from date of receipt of goods or date of receipt of correct invoice (whichever is later) to date Buyer's warrant is mailed. Unless freight and other charges are itemized, any discount provided will be taken on full amount of invoice. Payment shall be subject to the provisions of Title 35 of Arizona Revised Statutes. The Buyer's obligation is payable solely from funds appropriated for the purpose of acquiring the goods or services referred to in this Purchase Order.
5. **Inspection.** All goods are subject to final inspection and acceptance by Buyer. Material failing to meet the requirements of this Purchase Order will be held at Seller's risk and may be returned to Seller. If so returned, the cost of transportation, unpacking, inspection, repacking, reshipping or other like expenses are the responsibility of the Seller.
6. **No Replacement of Defective Tender.** Every tender of goods must fully comply with all provisions of Purchase Order as the time of delivery, quantity, quality and the like. If a tender is made which does not fully conform, it shall constitute a breach and Seller shall not have the right to substitute a conforming tender.
7. **Force Majeure.** Neither party shall be held responsible for any losses resulting if the fulfillment of any terms or conditions of the Purchase Order are delayed or prevented by any cause not within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence, that party is unable to prevent.
8. **Gratuities.** The Buyer may, by written notice to the Seller, cancel this Purchase Order if it is found by Buyer that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Seller, or any agent or representative of the Seller, to any officer or employee of the State of Arizona with a view toward securing an order or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with the respect to the performing, of such order. In the event this Purchase Order is cancelled by Buyer pursuant to this provision, Buyer shall be entitled in addition to any other rights and remedies to recover or withhold from the Seller the amount of the gratuity.
9. **Warranties.** Seller warrants that all goods delivered under this Purchase Order will conform to the requirements of this Purchase Order (including all applicable descriptions, specifications, drawings and samples) will be free from defects in material and workmanship and will be free from defects in design and fill for the intended purposes. Any inspection or acceptance of the goods by Buyer shall not alter or affect the obligations of Seller or the right of Buyer under the foregoing warranties.
10. **Assignment – Delegation.** No right or interest in this Purchase Order shall be assigned by Seller without the written permission of Buyer, and no delegation of any duty of Seller shall be made without permission of Buyer.
11. **Interpretation – Parole Evidence.** This Purchase Order is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Purchase Order. Acceptance or acquiescence in a course of performance rendered under this Purchase Order shall not be relevant to determine the meaning of this Purchase Order even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection. Whenever a term defined by the Uniform Commercial Code is used in the Purchase Order the definition contained in the Code is to control.
12. **Non-Discrimination.** Seller agrees not to discriminate against any employee or applicant for employment in violation of the terms of Federal Executive Order 11246, State Executive Order No. 2009-09 and A.R.S. Section 41-1461 et seq.





PURCHASE ORDER

13. Indemnity. Seller agrees to indemnify and save the Buyer harmless from any loss, damage or expense whatsoever resulting to the Buyer from any and all claims and demands on account of infringement or alleged infringement of any patent in connection with the manufacture or use of any product included in this Purchase Order and upon written request Seller will defend at its own cost the expense any legal action or suit against the Buyer involving any such alleged patent infringement, and will pay and satisfy any and all judgments or decrees rendered in any against such legal actions or suits. Seller will indemnify Buyer against all claims for damages to person or property resulting from defects in materials or workmanship.

14. Liens. All goods delivered and labor performed under this Purchase Order shall be free of all liens, and if Buyer requests, a formal release of all liens will be delivered to Buyer.

15. Contract Number. If an Arizona contract number appears on the face of this Purchase Order, the terms of that contract are incorporated herein by this reference.

16. Taxes. The State of Arizona is exempt from Federal Excise Tax.

17. Conflict of Interest. Pursuant of A.R.S. Section 38-511 this Purchase Order is subject to cancellation by the Buyer if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the state is, at any time while the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.

18. Remedies and Applicable Law. This Purchase Order shall be governed by, and Buyer and Seller shall have all remedies afforded each by, the Uniform Commercial Code as adopted in the State of Arizona except as otherwise provided in this Purchase Order or in statutes pertaining specifically to the State. This Purchase Order shall be governed by the law of the State of Arizona, and suits pertaining to this Purchase Order may be brought only in the courts of the State of Arizona.

19. Arbitration. The parties must use arbitration as required by A.R.S. Section 12-1518.