

ASSIGNMENT REFERENCES

PARCEL NUMBER: L-C-156

OWNER NAME: State of Arizona Department of Transportation

ADDRESS: w/o 5733 W Washington St, Phoenix, AZ 85043

LOCATION OF PROPERTY: e/o SR 202 Loop, e/o SEC 59th Av & Washington St., s/o Van Buren St, Phoenix

PROJECT: M697201X

HIGHWAY: SOUTH MOUNTAIN FREEWAY

SECTION: Salt River Jct & Papago Segment

APPRAISAL ASSIGNMENT: L-C-156

PURCHASE ORDER: PO 0000601484

DATE OF VALUE: October 8 2023 (Effective Date of Appraisal)

DATE OF REPORT: October 16, 2023

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 the property located e/o SR 202 Loop, e/o SEC 59th Av and Washington St.
Phoenix, AZ 85043,
w/o 5733 W Washington St**

as of October 8, 2023

Parcel Number: L-C-156

Owner: State of Arizona Department of Transportation,

**Tax Parcel: w/o 104-04-039B
Sec. 8 T1N R2E**

Prepared For Use By
**Arizona Department of Transportation
Infrastructure Delivery & Operations
Right of Way, 205 S 17th Av., MD 612E RM331
Phoenix, AZ 85007-3212**

Appraisal Prepared By
**PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING
Paul D. Hendricks, MAI
Arizona Certified General Real Estate Appraiser 30197**

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October 16, 2023

Letter of Transmittal

Jim Walcutt
ADOT R/W Review Appraiser
Right of Way, 205S 17th Av., MD 612E Rm 331
Phoenix, AZ 85007-3212

Re: Opinion of market value for potential disposition of parcel L-C-156, located e/o SR 202, e/o 59th Av, on the south side of Washington St.

In response to your request I have completed a revised 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 property described. The intended use is to utilize the value estimate to assist in decisions regarding the sale or disposition of the property.

The effective date of the appraisal and date of valuation is October 8, 2023 the date of site visit. The date of completion of the appraisal report is October 16, 2023.

Relevant Subject Characteristics: A 23,396sf, moderately irregularly shaped site on the south side of Washington St, e/o 59th Av and SR 202 Loop. Zoned A-1, City of Phoenix Light Industrial District, the site is generally level, graded, a surplus site following former highway acquisitions/redesign. FEMA zone x-shaded (.2% annual chance flood hazard); utilities necessary for development are available or in close proximity.

My opinion of market value is: \$147,000

Assignment Conditions: As noted in a prior report, there are a number of utility easements on the site, it is an extraordinary assumption that easement areas may be paved over and parked on etc. However, yard and "outdoor storage" setbacks under A-1 zoning are more draconian. It is an extraordinary assumption that setbacks described, per discussions with City of Phoenix Planning and Zoning are accurate. The use of these extraordinary assumptions may have affected assignment results. 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.



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

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PREFACE & SUMMARY

APPRAISAL REFERENCE: 2023288 Parcel L-C-156

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 sale or disposition of property.

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 CHARACTERISTICS: A 23,396sf, moderately irregularly shaped site on the south side of Washington St, e/o 59th Av and SR 202 Loop. Zoned A-1, City of Phoenix Light Industrial District, the site is generally level, graded, a surplus site following former highway acquisitions/redesign. FEMA zone x-shaded (.2% annual chance flood hazard); utilities necessary for development are available or in close proximity.

TAX CODE: w/o 104-04-039B

OWNER: State of Arizona Department of Transportation

INTEREST CONSIDERED: Fee Simple.

EFFECTIVE DATE OF VALUATION: **October 8 2023; Date of Site Visit.**

DATE OF APPRAISAL REPORT: October 16, 2023

TYPE OF APPRAISAL REPORT: Report

Assignment Conditions: There are a number of utility easements on the site, it is an extraordinary assumption that easement areas may be paved over and parked on etc. However, yard and "outdoor storage" setbacks under A-1 zoning are more draconian. It is an extraordinary assumption that setbacks described, per discussions with City of Phoenix Planning and Zoning are accurate. The use of these extraordinary assumptions may have affected assignment results. Please see standard limiting conditions and assumptions in the appendix.

ROW Aerial Exhibit



SUBJECT PHOTOS (Photos Taken 10/8/2023)
Site Looking South (221453357)



Washington looking west (subject left) (221444426)



59th Av looking south from Washington St (SR 202 right) (221515999)



Manhole Cover(s) on site (22235645)



PURPOSE OF THE APPRAISAL

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

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 sale or disposition of the property.

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

East of the southeast corner of 59th Av and Washington St. East of APN 104-04-039B.

(Legal Description from Right of Way Disposal Report): That portion of the Northwest quarter of Section 8, Township 1 North, Range 2 East, as depicted on Exhibit "A" attached, Sheet P-10, of ADOT Drawing D-7-T-1014, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, Section Salt River-Jct I-10 Papago, Project 202L MA 000 H5439 OIR / 7-11541.

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 parcel is as previously described; other adjacent properties are of different ownership and 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 before the acquisition and the remainder after the acquisition to be approximately 6 to 24 months.

EFFECTIVE DATE OF APPRAISAL, REPORT DATE

The effective date of the appraisal is October 8, 2023, the date of physical site visit. The transmittal date of the report is October 16, 2023.

OWNER CONTACT;

Jim Walcutt, ownership representative contacted me requesting a response for appraisal bid (April 14, 2023 letter). I inspected the site initially June 1, 2023 with Jim Walcutt of ADOT, ownership

representative. I visited the site again October 8, 2023, accompanied by Timothy O'Connell of ADOT.

OWNERSHIP (5 year chain of title)/MARKETING HISTORY

Current ownership is indicated to be State of Arizona by and through its Department of Transportation; the most recent recorded transactions for the site are as follows:

1.) Warranty Deed from Jewel Investment Company, LP, an Arizona limited partnership, who acquired title as Jewel Investment Company, an Arizona general partnership, to the State of Arizona, by and through its Department of Transportation, dated August 17, 2017, recorded August 18, 2017, in Document No. 2017-0609755. [Project 202L MA 000 H5439, Parcel 7-11541]

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 Jim Walcutt, ADOT representative.
- Received and reviewed property descriptions.
- Visited the subject parcel developing relevant subject characteristics.
- Reviewed the site plat, zoning and flood zone maps, indicating physical utility of the parcel.
- Had several discussions with Phoenix Zoning representative particularly with respect to building and open storage setbacks under existing zoning.
- Researched sales of similar sites, focusing in the Phoenix market, 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 Costar, 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.
- Discussed site yard setbacks and setbacks for "outdoor storage" type uses, with City of Phoenix Planning and Zoning representative.
- 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

MARKET AREA (NEIGHBORHOOD) ANALYSIS

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 market area (neighborhood).

The subject property is located a southwest portion of the City of Phoenix, Maricopa County, Arizona. The City of Phoenix is divided into 15 urban Villages. Each Village has a Village Planning Committee (VPC) appointed by Mayor & City Council. The VPCs assist the Planning Commission in the performance of its duties. VPCs are part of the Planning & Development Department. The Committees help identify areas or provisions of the General Plan text that need refinement and updating; identify problems and needs related to implementation of the General Plan; define in greater detail the intended future function, density and character of subareas of the village; and comment on proposals for new zoning districts or land use districts.

The subject site is located in Estrella Village: Over the past 50 years, Estrella Village developed as a major hub for industrial, commercial and agricultural activities in Phoenix. The majority of the northern portion of the Village comprises a MAG designated major employment center and is home to numerous warehousing, transportation, logistics, shipping and other businesses.

In recent years, the redevelopment of agricultural and vacant land has led to a greater diversity of land uses, including a growing number of residential communities and commercial centers that complement and balance the concentration of industrial uses along I-10. The Estrella Village also contains established neighborhoods that contribute a historic character to the area, but may be in need of rehabilitation assistance and greater stability.

"The Estrella Village has had the greatest population growth since the 2000 census, based on home sales through 2006. This village closely meets the goal of the General Plan to provide housing, jobs, commercial development, recreation, transportation, and other urban amenities. Industrial growth continues in a hub of warehouses and trucking that serves as a node for regional distribution throughout the valley. In the southwest part of the village the transition from agricultural uses to residential and commercial has benefited from the perspective of the Estrella Village Planning Committee, resulting in trail circulation, streetscapes, and architectural detailing on commercial development. Amenities coming to the village in the next ten years include the Southwest Services Complex and regional park, commercial core, and shopping opportunities in the Lower Buckeye Road corridor, as well as improved traffic circulation." - City of Phoenix.

According to Estrella Village Character Plan, Estrella, 41 square miles, had a population as of 2015 of 87,780; projected population in the year 2030 is 111,450. Approximately 4.78 acres, 12% is Maricopa County jurisdiction, 1.2%, including 83 miles of trails and bikeways; the future Rio Salado Recreation Corridor borders the south side of the Village. 35%, in the northeast portion, is residential (0-5 du/acre). The southwest portion of the Village is home to dairies and agricultural business as well as a mix of housing unit types, planned communities, neighborhood parks, multi-

use trails and future shopping centers. The central portion of the Village has the largest concentration of commerce park and industrial activity in the Valley with significant amount of land available for expansion.

The following are a number of Land Use Goals for respective areas within the Estrella Village:

- Promote and encourage compatible infill development with a mix of housing types in neighborhoods close to employment centers, commercial areas, and where transit or transportation alternatives exist.

Sundance Ranch: Northeast corner of 83rd Ave and Lower Buckeye Road

- Support the growth of land uses that contribute to a healthy and sustainable food system (i.e. grocery stores, community gardens, urban farms and other urban agriculture elements).

Dairies along Broadway Road

- Communities should consist of a mix of land uses to provide housing, shopping, dining and recreational options for residents.

Intersection of 75th Avenue and Lower Buckeye Road and surrounding area

- Encourage land uses that promote the growth of entrepreneurs or new businesses in Phoenix in appropriate locations.

Living Spaces: Southeast corner of 67th Avenue and the I-10 Freeway

- Discourage the location of incompatible uses near base industrial clusters.

Properties near the intersection of 43rd Avenue and Lower Buckeye Road

- Support the expansion of education and training facilities where appropriate.

Phoenix Fire Department Training Academy, east of the southeast corner of 27th Avenue and Lower Buckeye Road

- Facilitate adaptive reuse of older, underutilized properties to create mechanisms for new local and small businesses to operate, thrive and grow.

Vacant commercial sites on Lower Buckeye Road, west of 75th Avenue

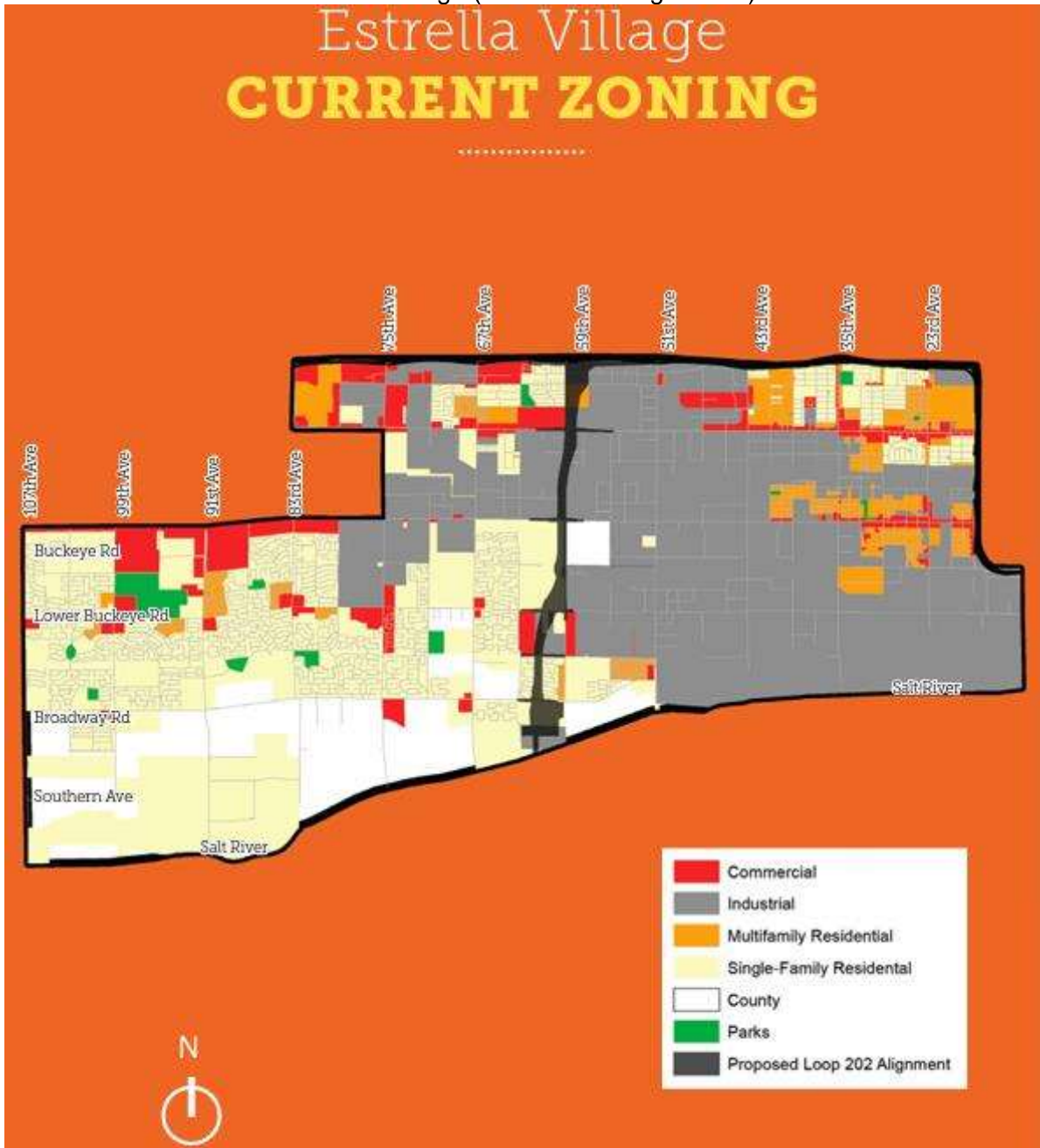
- Support General Plan Land Use Map and zoning changes that will facilitate the location of employment generating uses in each of the designated employment centers.

Swift Transportation: North of the northwest corner of 75th Avenue and Lower Buckeye Road

- Discourage the location of incompatible uses near base industrial clusters.

Major Industrial Parks in the area between I-10 and Buckeye Road, and 43rd Avenue to 75th Avenue

Estrella Village (Land Use Designations)



The social characteristics of the subject neighborhood are compared to a 1 mile radius surrounding the subject property and the overall City, County and State, as follows:

Variable	LC 156 (1 mi)	Estrella Village	Maricopa County, AZ	Arizona
2022 Total Population	3,234	100,608	4,567,502	7,349,266
2022-2027 Population: Compound Annual Growth Rate	0.28%	1.03%	0.75%	0.65%
2022 Total Households	946	25,272	1,699,404	2,786,341
2022 Per Capita Income	\$13,540	\$20,325	\$39,821	\$37,006
2022 Median Household Income	\$39,162	\$62,681	\$76,671	\$68,466
2022 Population Age 25+: Graduate/Professional Degree	62	2,000	387,971	592,690
2022 Owner Occupied Housing Units	449	16,114	1,087,154	1,840,025
Percent Owner Occupied	32.9%	60.2%	58.4%	58.4%
2022 Vacant Housing Units	420	1,512	161,721	366,837
Percent Vacant	30.7%	5.6%	8.7%	11.6%
2022 Total Housing Units	1,366	26,784	1,861,125	3,153,178
2022 Median Home Value	\$189,732	\$229,862	\$334,397	\$294,477
2022 Average Home Value	\$275,338	\$287,262	\$394,813	\$349,266
2021 Housing: Mobile Homes	316	2,405	89,569	302,822
Percent Mobile Homes	23.1%	9.0%	4.8%	9.6%
2021 Median Contract Rent (HHs Paying Cash Rent)	\$967	\$1,016	\$1,110	\$994
2022 Population Density (Pop per Square Mile)	1,030.2	2,354.9	496.5	64.7

As indicated above, the 1 mile radius is projected to continue with below average population growth into the next 5 years. Per-capita income in Estrella Village, and particularly the surrounding 1 mi radius and are below average, as is median household income and median home values.

Loop 202 (South Mountain Freeway), adding 22 miles of freeway to the existing Phoenix metropolitan transportation system, opened December of 2019. ADOT partnered with a private developer (Connect 202 Partners) to design, build, and maintain the freeway for 30 years. The design, build, maintain (DBM) delivery model was an innovative approach used nationwide to efficiently reduce the cost to taxpayers without sacrificing quality, which significantly reduced construction time as construction occurred concurrently in four segments. Now that the freeway is completed, the developer is responsible for maintaining the freeway and ensuring the safety of the traveling public for 30 years.

Conclusion:

The subject is in a southwestern portion of the city, the surrounding neighborhood/market area is quite diverse in uses though primarily low to medium density residential, there are also agricultural areas, significant open space-parks and growing commercial and industrial uses. The Loop 202 completion, bringing additional traffic to the area is and is anticipated to create greater demand for commercial and higher density uses.

SITE DESCRIPTION

The basic features of the subject site is described below.

Location:	The subject parcel is on the south side of Washington St, e/o 59 th Av and SR 202 Loop.												
Site Size:	23,396sf.												
Access:	Access is available on Washington St from the south via 59 th Av; from the north via 59 th Av to Van Buren St to 57 th Av.												
Visibility/Frontage:	The site has visibility from SR 202; indicated traffic counts 68,593vpd, and 59 th Av, traffic counts 20,958vpd (22), however, it is directly accessible from neither of these arterials; there are no traffic counts available on Washington St.												
Shape:	Moderately irregular but not to the point of significantly reducing utility; however, width of the site, estimated to be up to approximately 95' (estimated by GIS mapping; no dimensions detailing width were provided); this, given the below site yard and "outdoor storage" setbacks, significantly reduce site utility.												
Topography:	Level at Washington Street grade, moderately below SR 202.												
Flood Hazard:	According to FIRM Flood Hazard map 04013C2185L, revised 10/16/13, the subject parcel is located in Flood Zone X-shaded; (areas of 0.2% annual chance flood hazard).												
Easements and Other Special Restrictions:	ROW plans indicate water and sewer easements running north-south near the western boundary and electric and telephone easements along the eastern boundary. It is an extraordinary assumption, that easements, particularly the water and sewer easements may be paved over, parked on, etc.												
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): <table><tr><td>Water:</td><td>City of Phoenix</td></tr><tr><td>Sewer:</td><td>City of Phoenix</td></tr><tr><td>Electricity:</td><td>Salt River Project</td></tr><tr><td>Natural Gas:</td><td>Southwest Gas</td></tr><tr><td>Telephone:</td><td>CenturyLink</td></tr><tr><td>Public Safety:</td><td>City of Phoenix</td></tr></table>	Water:	City of Phoenix	Sewer:	City of Phoenix	Electricity:	Salt River Project	Natural Gas:	Southwest Gas	Telephone:	CenturyLink	Public Safety:	City of Phoenix
Water:	City of Phoenix												
Sewer:	City of Phoenix												
Electricity:	Salt River Project												
Natural Gas:	Southwest Gas												
Telephone:	CenturyLink												
Public Safety:	City of Phoenix												
Surrounding Land Uses:	Industrial uses.												
Census Tract:	#1125152												
Zoning:	A-1 (Light Industrial District, City of Phoenix): The A-1, Light Industrial District, is a district of industrial uses designed to serve the needs of the community for industrial activity not offensive to nearby commercial and residential uses. Uses permitted in this zoning district include residential (with use permit), all other uses permitted												

in RE-24, R-3, R-4, R-5, C-1, C-2 and C-3 districts and a great many other commercial and industrial uses.

Development requirements. Please refer to the complete zoning ordinance; to summarize (not inclusive) typical development: Maximum building height of 56' (up to 80' with use permit with specific plan of development, up to 110' for warehouse with City Council recommendation. Yard setbacks are dependent on adjacent property use and road classification. For side and rear yards there shall be thirty (30) foot setback where adjacent to a residential district for closed buildings and one hundred fifty (150) feet for open buildings or uses. Except for vehicle parking areas, no outdoor uses, outdoor storage, or open buildings shall be located within seventy-five (75) feet of a public street. It is further reported that site setbacks under A-1 zoning are 60 feet from any public road.

Site Analysis Summary:

The subject parcel is a 23,396sf A-1 zoned site on the south side of Washington St with visibility from 59th Av and SR 202, however, no direct access except from Washington St. The site is FEMA x-shaded and all utilities necessary for development are reportedly available or in close proximity. There are a number of easements, it is an extraordinary assumption that easements, particularly the water and sewer easements may be paved over, parked on, etc. However, the site is considered to be more significantly restricted by reported zoning yard setbacks (60' from any public road), and 75' for any "outdoor storage" uses.

Real Estate Tax Analysis

The subject site is a remnant from prior ROW road acquisition, it has not been assigned an assessors parcel number nor full cash values or real estate taxes; there would be no 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: A-1 (Light Industrial District, City of Phoenix): The A-1, Light Industrial District, is a district of industrial uses designed to serve the needs of the community for industrial activity not offensive to nearby commercial and residential uses. Uses permitted in this zoning district include residential (with use permit), all other uses permitted in RE-24, R-3, R-4, R-5, C-1, C-2 and C-3 districts and a great many other commercial and industrial uses.

Physically Possible: The site is indicated to be 23,396sf. It is moderately irregular in shape but not significantly reducing utility (due to shape). The site is FEMA x-shaded and all utilities necessary for development are reportedly available or in close proximity. There are a number of easements, it is an extraordinary assumption that easements, particularly the water and sewer easements may be paved over, parked on, etc. however, width of the site, estimated to be up to approximately 95' (estimated by GIS mapping; no dimensions detailing width were provided); this, given reported site yard and "outdoor storage" setbacks, 60' from any public road (59th Av and Washington) and 75' from any side, for "outdoor storage" uses, greatly reduces site utility.

Financially Feasible: In addition to physical and legal characteristics, the financial feasibility of the subject site is significantly influenced by market conditions. The following is from the Arizona Economy Second Quarter 2023 Forecast Update by George W. Hammond, Ph.D., EBRC Director and Research Professor; June 2023:

The Arizona economy started 2023 in solid shape. The labor market generated strong job growth and low unemployment. Labor compensation decelerated at the end of 2022 and into early 2023 but remained robust. Even so, rapid inflation continued to chew up wage gains. In addition, retail sales declined again in the first quarter, after a strong increase in the fourth quarter of 2022. With plummeting housing affordability and much higher mortgage interest rates, housing permit activity plummeted in late 2022 and into early 2023, driven by declines in single-family activity.

The outlook calls for Arizona's economic growth to slow in 2023 and 2024 but to avoid recession and outpace the nation. However, risks to the baseline forecast remain elevated. Under the pessimistic scenario, the U.S. economy succumbs to shocks originating in the financial sector, as recent bank failures cause much more financial tightening than expected under the baseline. This generates modest job losses in the state, but nothing like the state's experience during the 2007-2009 period.

Arizona Recent Developments

In April 2023, Arizona jobs were 165,000 above their pre-pandemic peak. Nearly all industries in the state were above their pre-pandemic level in April, with the exception of government and other services.

For the Phoenix MSA, jobs were up by 151,700 from February 2020 to April 2023, accounting for the majority of the state increase. Government jobs in Phoenix remained significantly below their pre-pandemic level, while other services and natural resources and mining were close to full recovery. Most other sectors were well above February 2020 levels.

Jobs in the Tucson MSA have risen by 3,800 from February 2020 to April 2023, with much more varied performance across industries than for the state or Phoenix. Private education and health services jobs were 2,800 jobs below February 2020 and professional and business services jobs were 2,200 below. Both sectors performed much better in the Phoenix MSA, for reasons which are very unclear.

Similar to Phoenix, Tucson jobs in trade, transportation, and utilities; financial activities; construction; and manufacturing were well above their pre-pandemic level in April.

In April, the Arizona seasonally adjusted unemployment rate dropped to 3.4% (preliminary), an all-time low going back to 1976. Arizona's rate was equal to the national rate in April.

Arizona's tight labor market is putting upward pressure on employment costs, which include both wages and salaries and employer-paid fringe benefits. In the first quarter of 2023, Phoenix employment costs for private industry workers rose by 4.6% over the year, up slightly from 4.4% in the fourth quarter but below the national average of 4.8%. While the increase in Phoenix employment costs has moderated modestly, it is still higher than at any time in the past decade. Even so, employment costs are not keeping pace with Phoenix inflation, which hit 8.5% over the year in the first quarter.

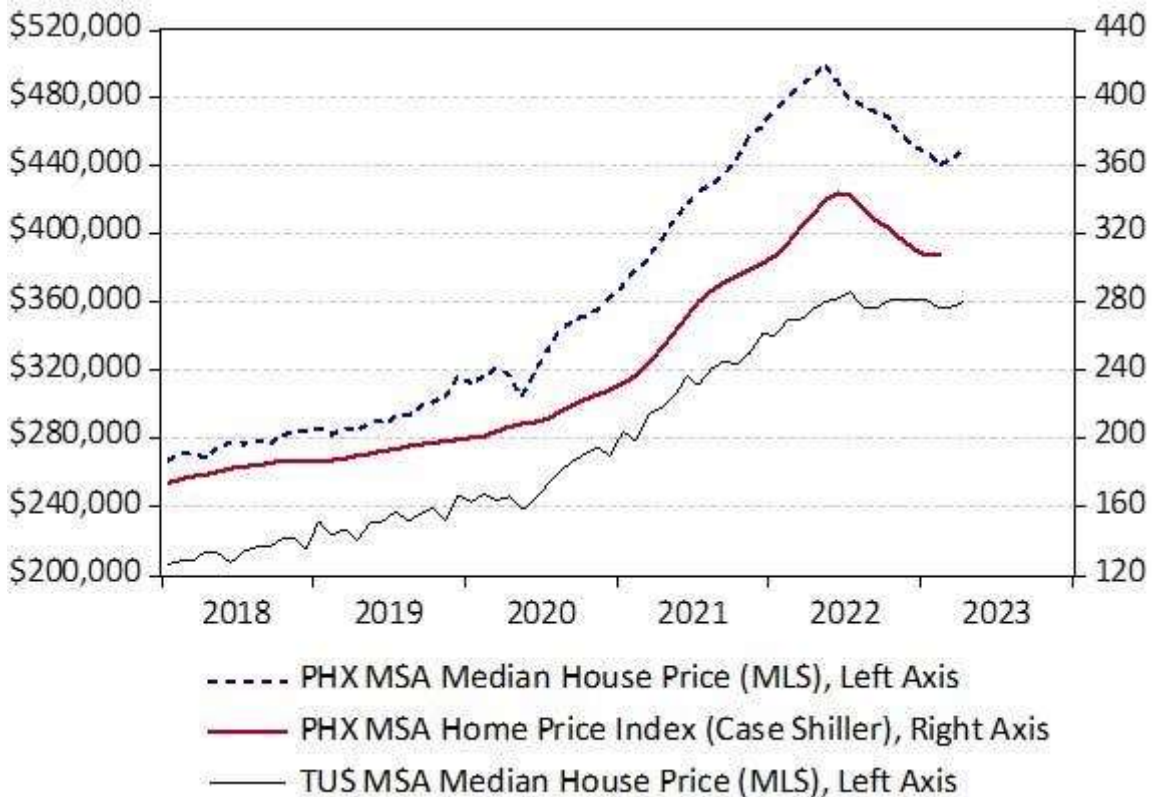
Inflation continued to moderate both nationally and in the Phoenix MSA in April. Over the year, the all-items CPIU rose 4.9% nationally. It was up 7.4% in Phoenix. The U.S. inflation rate peaked in June 2022 at 9.1% over the year. The Phoenix inflation rate peaked at 13.0% in August.

Phoenix inflation is outpacing the U.S. primarily because the cost of shelter has been rising much faster. In April, the shelter consumer price index for the Phoenix MSA was up 14.2% over the year and the national index was up 8.1%. In contrast to the U.S., shelter inflation in Phoenix has moderated significantly from its peak of 19.5% in September 2022 (estimated based on interpolated data).

Phoenix shelter inflation has moderated significantly because house prices have declined from their peak last summer. Median home prices in Phoenix dropped 10.7% from their peak of \$510,000 in May 2022 to \$455,400 in April 2023 (**Exhibit 1**). Using the Phoenix Case-Shiller index (which tracks repeat sales of single-family homes over time), the decline was 10.4% from the peak in June 2022 to February 2023.

Tucson median home prices declined from a peak of \$370,000 in June/July 2022 to \$365,000 in April 2023, a decline of 1.4%.

Exhibit 1: House Prices Continued to Decline During Early 2023, Median Sales Price for Phoenix and Tucson and Case-Shiller for Phoenix, Seasonally Adjusted



Arizona seasonally adjusted total housing permits dropped again in the first quarter of 2023. That was the fourth consecutive decline. Total permits were down 31.0% over the year in the first quarter, compared to benchmarked 2022 data. Permits posted a 24.8% drop in the fourth quarter. Single-family permits drove the decline during the past year, with a 42.3% decline in the fourth quarter and a 47.7% drop in the first quarter of this year. In contrast, multi-family permits were up 7.6% in the fourth quarter and up 8.0% in the first quarter of 2023.

Based on revised annual data from the U.S. Census Bureau, Arizona posted 60,994 total permits in 2022. That was down 6.6% from 2021. The decline was driven by single-family permits, which fell by 19.8% in 2022. Multi-family permits were up 26.0% for the year.

Total housing permits in the Phoenix MSA dropped from 50,581 in 2021 to 47,267 in 2022, a 6.6% decline. Again, the decline was completely driven by single-family permits, which fell by 21.8%. Multi-family permits increased by 25.7%.

The story was similar for the Tucson MSA, where total permits fell from 6,284 in 2021 to 5,714 in 2022. That translated into a decline of 9.1%. Single-family permits declined by 27.0% while multi-family permits rose by 69.4%.

Arizona Outlook

The forecasts for Arizona, Phoenix, and Tucson depend on the outlook for the global and national economies. The forecasts presented here are based on U.S. projections released by S&P Global in April 2023.

After increasing by 2.1% in 2022, the baseline forecast calls for U.S. real GDP growth to slow to 1.4% in 2023 and 1.5% in 2024. The economy is projected to be slightly stronger than expected last month, reflecting stronger recent growth.

On a quarterly basis, the forecast calls for real GDP to decline by 0.4% in the second quarter of 2023 before posting positive gains through the remainder of the year. The drop in the second quarter reflects the impact of tightening financial conditions (created by recent bank failures) on economic activity.

A slowing national economy will mean slower growth in Arizona. **Exhibit 2** shows that Arizona's job growth is forecast to slow from 4.2% in 2022 to 2.2% in 2023 and then again to 1.5% in 2024. Even so, the pace of state job growth is expected to far outpace the nation.

Exhibit 2: Arizona Outlook Summary

	Actual	Forecast		
	2022	2023	2024	2025
Growth Rate				
Nonfarm Jobs	4.2	2.2	1.5	2.3
Personal Income	3.3	5.9	5.9	6.3
Retail Plus Remote Sales	8.1	3.9	3.1	6.2
Population	1.7	1.5	1.2	1.3
Level				
Unempl. Rate	3.8	4.0	4.6	4.8
Housing Permits	60,994	43,886	44,888	44,898

With the end of pandemic-related income support in 2021, Arizona personal income growth decelerated to 3.3% over the year in 2022. Gains return to normal in 2023, as labor market remain tight, interest rates remain elevated, and transfer income increases.

Retail sales growth (including remote sellers) decelerates from 8.1% in 2022 to 3.9% in 2023 and again to 3.1% in 2024, reflecting slower job gains and increased economic uncertainty.

Strong net migration related to the pandemic drove population growth of 1.7% in 2022. As the boost to net migration from the pandemic wanes, population growth is forecast to decelerate to 1.5% in 2023 and 1.2% in 2024.

The state labor market is forecast to remain tight this year, with the unemployment rate expected to rise from 3.8% in 2022 to 4.0% in 2023. As job growth decelerates in 2024, the unemployment rate increases to 4.6%.

Arizona total housing permits are forecast to decline from 60,994 in 2023 to 43,886 in 2023, reflecting rising significantly higher mortgage interest rates and lower housing affordability. Permits bounce up modestly in 2024 and then settle in at a pace consistent with population change.

Risks to the Outlook

The baseline U.S. forecast from S&P Global assumes no U.S. recession this year or next. However, risks to the baseline forecast remain elevated.

Under the pessimistic scenario, the U.S. economy succumbs to shocks originating in the financial sector, as recent bank failures cause much more financial tightening than expected under the baseline.


A national downturn would significantly slow Arizona job growth and increase the unemployment rate the increase in unemployment is expected to be fairly modest compared to what Arizona went through during the Great Financial Crisis, the pandemic, and even the downturn during the early 1990s.

The following is the Forecast for the Phoenix Mesa Scottsdale Metro Area, compared with that of Arizona from second quarter 2023 baseline scenario forecasts produced in June 2023 by the EBRC:

Arizona Economic Forecast Data (Statewide)

Arizona Forecast*	2022	2023	2024	2025	2026
Personal Income (\$ mil)	417,020.8	441,601.8	467,676.6	497,095.8	526,323.4
% Chg from Year Ago	3.3%	5.9%	5.9%	6.3%	5.9%
Retail Sales (\$mil)	165,000.0	169,000.0	174,000.0	184,000.0	193,000.0
% Chg from Year Ago	11.5%	2.4%	3.0%	5.7%	4.9%
Total Nonfarm Employment (000s)	3,095.7	3,164.3	3,211.2	3,286.3	3,350.5
% Chg from Year Ago	4.2%	2.2%	1.5%	2.3%	2.0%
Population (000s), July 1st estimates	7,409.2	7,521.8	7,615.6	7,714.7	7,816.9
% Chg from Year Ago	1.7%	1.5%	1.2%	1.3%	1.3%
Residential Building Permits (units)	60,994.0	43,886.4	44,888.0	44,898.2	45,366.9
% Chg from Year Ago	-6.6%	-28.0%	2.3%	0.0%	1.0%


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Phoenix-Mesa-Scottsdale MSA Forecast (Maricopa + Pinal Counties)

Phoenix-Mesa-Scottsdale MSA Forecast*	2022	2023	2024	2025	2026
Personal Income (\$ mil)	297,884.9	316,361.2	336,661.7	358,384.5	380,712.3
% Chg from Year Ago	3.3%	6.2%	6.4%	6.5%	6.2%
Retail Sales (\$mil)	120,000.0	124,000.0	128,000.0	135,000.0	143,000.0
% Chg from Year Ago	11.1%	3.3%	3.2%	5.5%	5.9%
Total Nonfarm Employment (000s)	2,319.2	2,371.7	2,411.0	2,464.0	2,515.9
% Chg from Year Ago	4.4%	2.3%	1.7%	2.2%	2.1%
Population (000s)	5,040.4	5,128.0	5,207.4	5,290.5	5,374.7
% Chg from Year Ago	1.9%	1.7%	1.5%	1.6%	1.6%
Residential Permits (units)	47,267.0	37,839.4	37,553.1	37,857.1	38,341.1
% Chg from Year Ago	-6.6%	-19.9%	-0.8%	0.8%	1.3%

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Phoenix Metro Industrial Market:

In consideration of subject location, zoning and surrounding uses, the industrial market is summarized following (source: Costar); the subject is in the Southwest – North of Buckeye Road submarket, this market segment is thus analyzed:

Summary: The SW S of Buckeye Road industrial submarket has performed well throughout the pandemic. The submarket has benefited from the shift to increased dependence on online ordering and demand for warehouse and distribution space has remained robust. Logistics accounts for more than 80% of the submarket's inventory. Amazon continued to expand its footprint in the market, which has captured the attention of other logistics players searching for space.

Strong demand for rail access and major freeways has kept vacancies well below the submarket's long-term average, as scattered deliveries are met with strong leasing. Improvements to infrastructure have garnered attention from tenants searching for space in the market and from developers. The 22-mile expansion of Loop 202, which runs through the submarket, provides a convenient connection to the East and West valleys. Several speculative projects have been built along this route.

Most recently VanTrust Real Estate finished work on VT 202, a two-building warehouse project totaling 181,100 SF. Daikin Manufacturing, an air conditioning solutions provider, fully preleased 104,700-SF at the larger property prior to delivery. A half-mile south, CapRock delivered a 248,800-SF speculative property earlier this year. The high-end distribution/manufacturing facility boasts 36-foot clear heights, 28 dock-high loading doors, and heavy power. The development remains available for lease as of August 2023.

Vacancies are forecasted to remain below the submarket's historical average over the mid- to long-term. This is following several years of robust demand and limited development. Over the past five years, demand outpaced new supply on an annual basis, and vacancies have tumbled. Low availabilities will make it challenging for tenants to find space in the submarket, which will limit net absorption in future quarters.

Tight availability spurred aggressive rent growth, which eclipsed 20% year over year in 2022, outpacing the metro level during that time. The average market rent reached \$11.10/SF and smaller blocks will lease at a premium. For example, an industrial user recently leased 4,700 SF at a small warehouse near Broadway Road and 35th Avenue, paying \$20.52/SF modified gross.

Sales activity picked up starting in 2019 as investor interest strengthened for well-located distribution and warehouse space. Recently, high interest rates and economic uncertainty has slowed investment volume to \$67.4 million over the past 12 months, trailing the recent five-year average of \$150 million. Although most trades are between local players for smaller properties, a handful of transactions for institutional-grade assets have also occurred.

The following is a summary of Key Market Indicators for the SW North of Buckeye submarket:



Submarket	Vacancy		Available		Market		Ann		12 Mo		Under		Market		12 Mo	
	Rate	Rate	SF Total	Market Rent/SF	Ann Rent Grwth	Inventry SF	Delivered SF	Constr SF	Constr % of Inventry	Absorp SF	Sale \$/SF	Sales Vol	Growth	Cap Rate		
Tollerson	3.1%	1.8%	909,619	\$10.27	15.0%	49,474,701	2,754,672	285,294	0.6%	2,717,086	\$160	-65.3%	5.8%			
Glendale	16.6%	31.1%	15,799,222	\$11.23	14.3%	38,314,320	10,014,454	12,425,385	32.4%	7,933,142	\$135	-39.8%	6.3%			
Chandler	7.2%	7.2%	1,718,026	\$15.71	12.3%	22,265,562	510,832	1,501,869	6.7%	-48,159	\$229	-53.0%	6.2%			
SW N of Buckeye Road	8.8%	9.4%	3,539,776	\$9.89	14.1%	37,624,030	3,052,372	0	0.0%	304,069	\$144	-58.7%	6.1%			
Deer Vly/Pinnacle Pk	4.6%	12.1%	2,731,564	\$16.99	12.3%	19,684,237	484,805	2,945,330	15.0%	314,867	\$205	-62.0%	6.4%			
Tempe Southwest	5.1%	8.0%	1,801,758	\$13.84	12.1%	22,267,036	197,000	356,904	1.6%	-138,791	\$194	6.6%	6.4%			
SW S of Buckeye Road	5.7%	5.4%	1,111,272	\$11.07	14.8%	20,603,766	620,582	142,121	0.7%	-134,800	\$173	-36.8%	5.9%			
S Airport N of Roeser	4.3%	5.3%	852,052	\$14.48	12.6%	16,168,359	40,000	0	0.0%	28,552	\$186	-46.8%	6.5%			
North Airport	4.5%	4.0%	599,589	\$15.22	12.3%	14,850,567	507,860	0	0.0%	328,054	\$183	-73.5%	6.7%			
SC N of Salt River	4.7%	6.8%	1,146,128	\$13.18	13.3%	16,515,612	0	301,063	1.8%	-251,954	\$161	-59.1%	6.4%			
Grand Avenue	2.8%	7.1%	1,069,878	\$11.63	13.2%	14,725,407	308,411	432,910	2.9%	187,672	\$155	-14.4%	6.4%			
Scottsdale Airport	5.4%	5.7%	396,761	\$21.07	11.4%	7,005,712	0	0	0.0%	-138,086	\$319	-55.2%	6.0%			
Tempe Northwest	6.9%	7.3%	816,146	\$15.30	11.7%	11,155,478	0	0	0.0%	-527,343	\$197	-82.1%	6.5%			
Scottsdale/Salt River	3.3%	3.7%	208,780	\$21.03	11.6%	5,651,458	161,519	0	0.0%	127,054	\$224	-60.1%	6.3%			
Surprise	9.9%	25.0%	1,636,356	\$14.83	12.7%	4,812,620	413,025	1,725,419	35.9%	59,158	\$175	408.1%	6.5%			
W Phx N of Thomas Rd	3.9%	5.0%	416,165	\$10.82	12.0%	8,243,983	0	109,600	1.3%	-59,835	\$126	-49.3%	6.9%			
W Phx S of Thomas Rd	3.8%	3.8%	274,860	\$11.05	12.7%	7,243,086	0	0	0.0%	-172,696	\$139	-69.9%	6.4%			
Central Phoenix	3.4%	6.9%	310,802	\$18.33	12.1%	4,466,797	0	10,000	0.2%	81,862	\$216	1.1%	6.7%			
S Airport S of Roeser	2.6%	2.8%	132,169	\$14.72	12.0%	4,707,418	156,953	24,800	0.5%	91,393	\$193	-83.6%	6.4%			
North Black Canyon	3.7%	4.9%	228,492	\$15.08	11.7%	4,645,599	0	0	0.0%	-66,305	\$172	-78.7%	6.6%			
SC S of Salt River	2.4%	2.8%	76,020	\$12.96	13.1%	2,733,407	0	0	0.0%	-36,406	\$167	-71.9%	6.6%			
North Outlying	0.0%	0.0%	0	\$13.71	12.8%	227,045	13,803	0	0.0%	13,803	\$157	0.0%	6.5%			
Totals/Averages	5.1%	7.5%		\$14.20	12.7%						\$182	-29.3%	6.4%			

As compared to the other Metro Phoenix industrial submarkets (above), after having over 3,052,000sf delivered in the past 12 months, the subject has higher than average vacancy but currently no space under construction; average rent per square foot is below average but annual rent growth above average. Its average sale price/sf is below average but its cap rate is also below average.

Maximum Profitability: In conclusion, the industrial market, is considered to be very strong; demand in the subject submarket will continue to be strong due to good transportation linkages and being priced slightly below other areas in the metro area. Highest and best use as vacant is considered to be assemblage with an adjacent site (most reasonably south or east) that would have sufficient demand for parking that it could use most if not all of the subject's 60' adjacent to public streets building setbacks as parking, landscaping, etc. Considered independently, highest and best use for the subject site would be investment or development of a smaller industrial use, leaving significant open space within setback areas. The following analysis considers sites similar to the subject in zoning and smaller site size.

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 square foot basis, for points of significant difference with respect to the property appraised in the order noted. The prices are adjusted, if need be, for (in sequence):

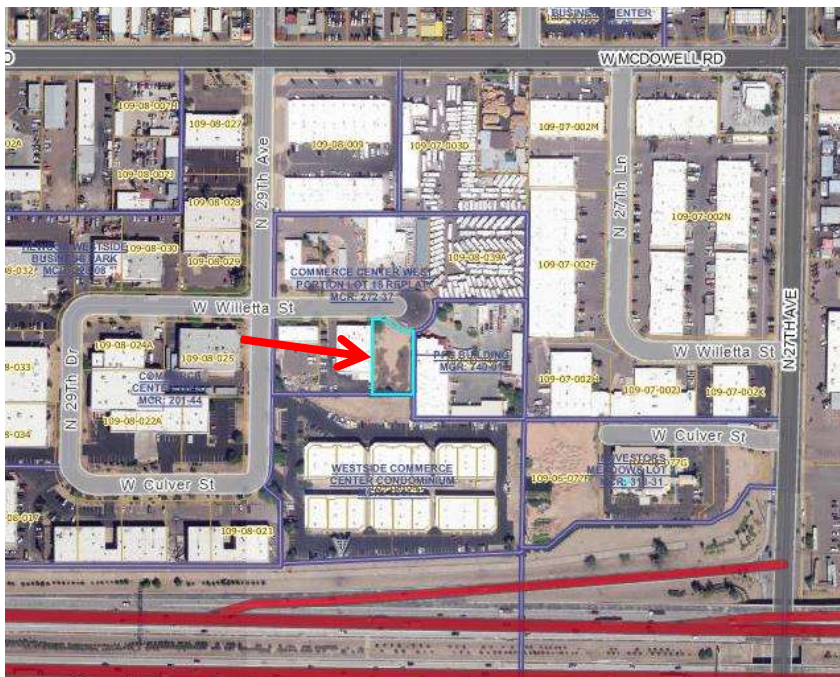
1. Real property rights conveyed
2. Financial terms
3. Conditions of sale
4. Expenditures made immediately after purchase
5. Market conditions
6. Location
7. Physical characteristics
8. Economic characteristics
9. Use
10. Non-realty components of value

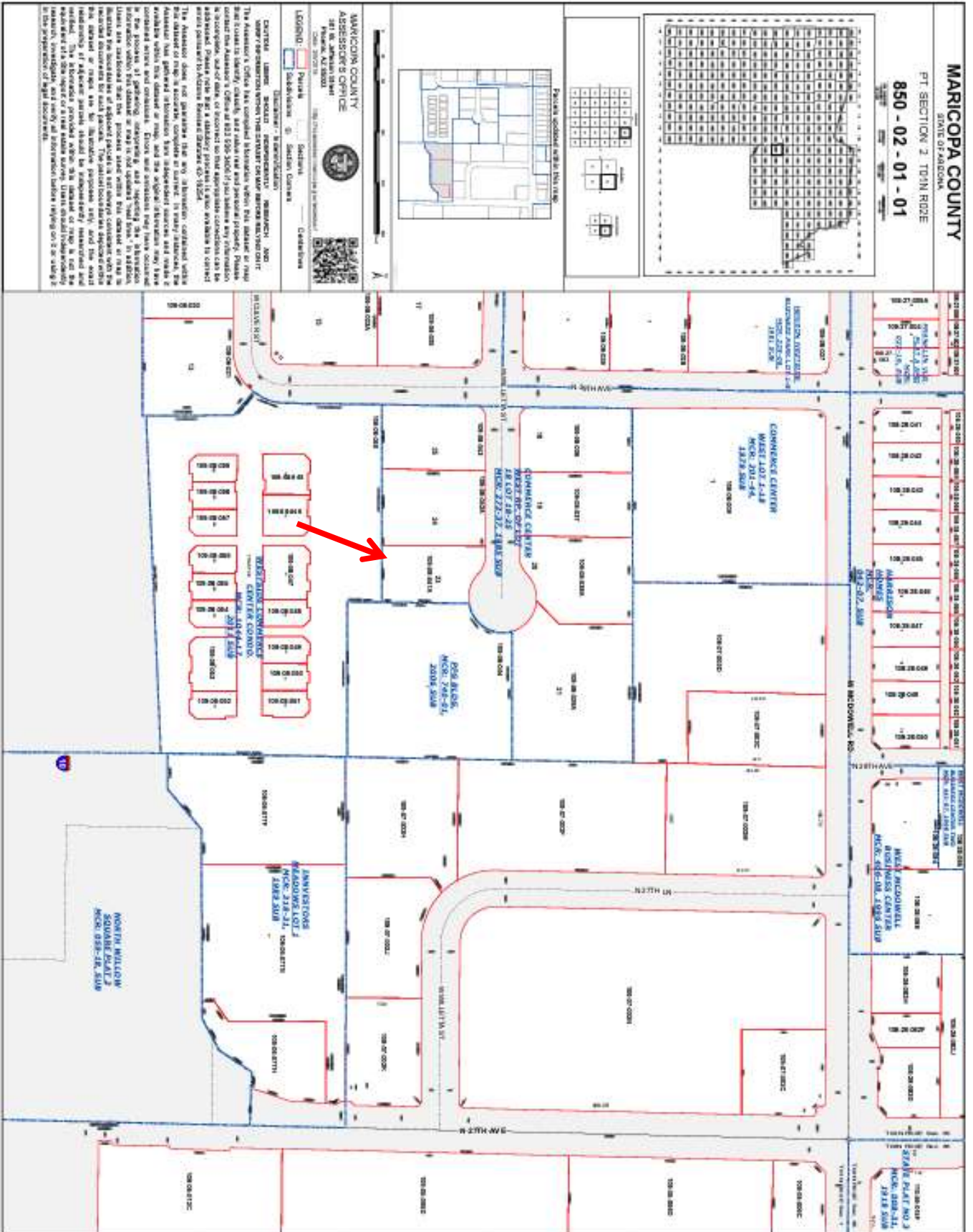
Adjustments for items 1-5 above are made first if necessary, indicating an "adjusted sale price". The prices are then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics, and any non-realty components of value.

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

Comparable Site Sale One

Location: 2811 W Willetta St, NW of I-10 and N 27th Av, Phoenix, 85009
Legal Description: COMMERCE CENTER WEST REPLAT OF LOT 18 MCR 272-37 LOT 23 EX W 20F, Maricopa County, AZ
Tax Code Number 109-08-041a
Records: 1/26/2023 document 2023 004146
Seller: Aaron Gonzales
Buyer: Goodyear Plumbing LLC
Sale Price: \$225,000
Terms: Cash
Site Size: 16,935sf
Price Per Unit: \$13.29/sf
Zoning: CP/GCP (Phoenix Commercial Property / Commerce Park)
Comments: Located northwest west of 27th Av and I-10 at the end of a cul-de-sac. All utilities available. FEMA x-shaded (0.2% annual chance of flood).
Confirmation: Costar, Andrew Cloud, listing agent, 602-224-4419, pdh 2023270

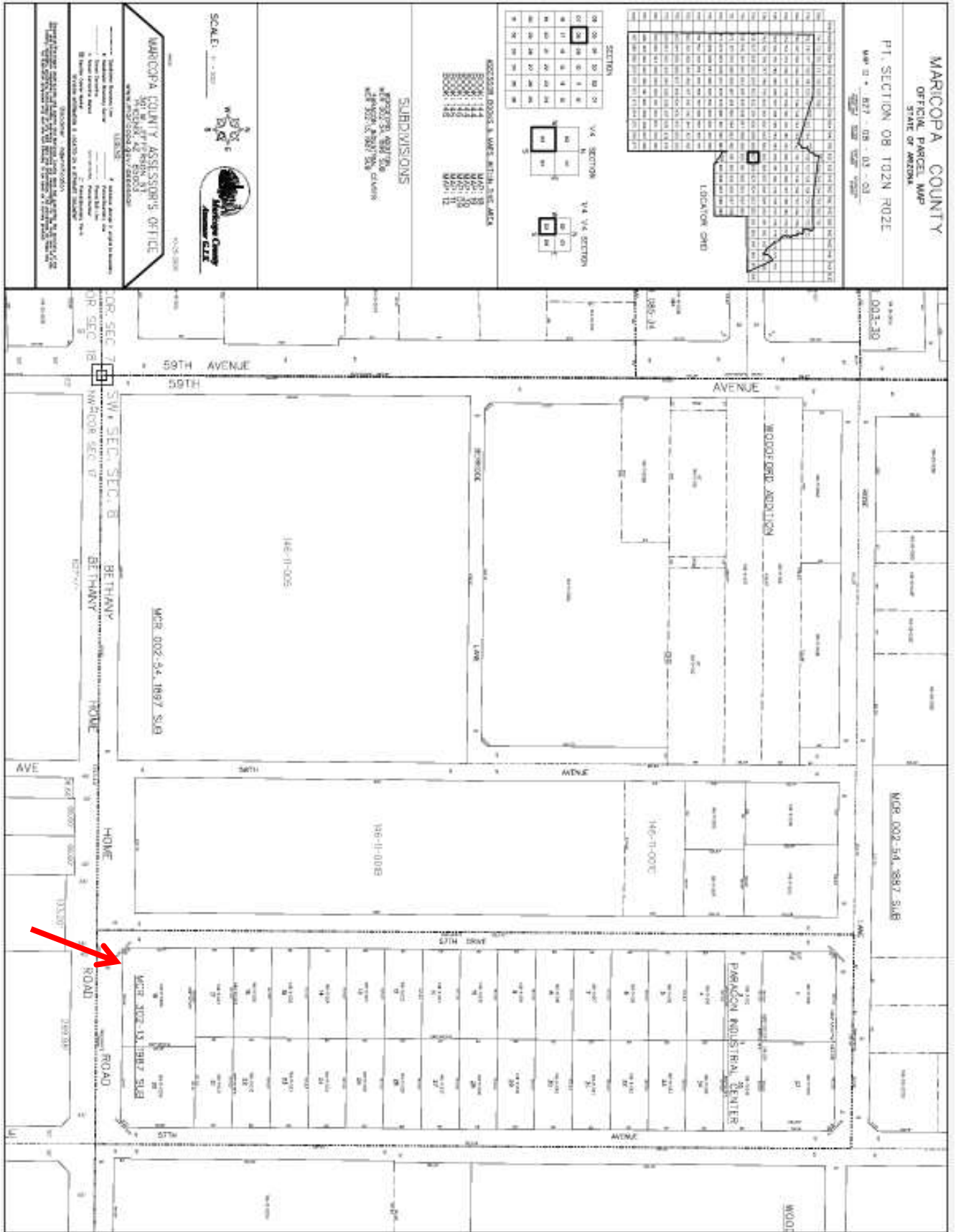




Comparable Site Sale Two

Location: NEC Bethany Home & 57th Dr (6001N), Glendale, 85301
Legal Description: PARAGON INDUSTRIAL CENTER MCR 302-13 LOT 18 PER CERT OF CORR 89-0132519, Maricopa County, AZ
Tax Code Number: 146-11-028A
Records: 9/1/2022 document 2022 0688622
Seller: Mario Garcia Flores
Buyer: Emanuel Soto
Sale Price: \$295,000 Asking Price \$360,000, 96 DOM
Terms: Cash
Site Size: 22,285sf
Price Per Unit: \$13.24/sf
Zoning: M-1 (Glendale Light Industrial)
Comments: Bethany Home 11,369vpd (22) and 57th Dr (no traffic counts); the site accessible from both streets. There is a partial wall (2-3' high) along the south and west sides, not considered to add significant value. All utilities available or in close proximity. FEMA x-shaded (0.2% annual chance of flood).
Confirmation: MLS 6388707, Andres Reyes, listing agent, 602-721-6020, pdh 2023270

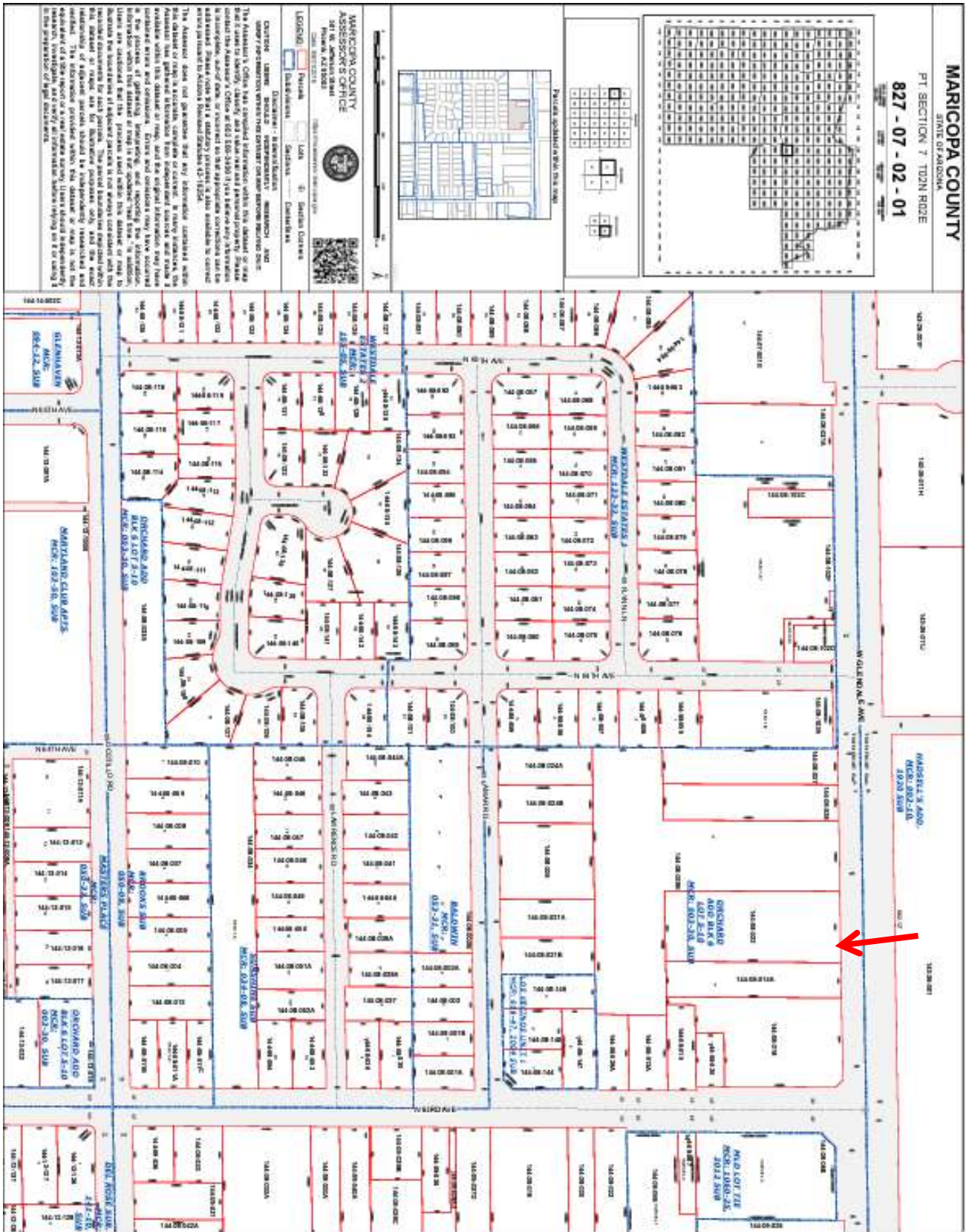




Comparable Site Sale Three

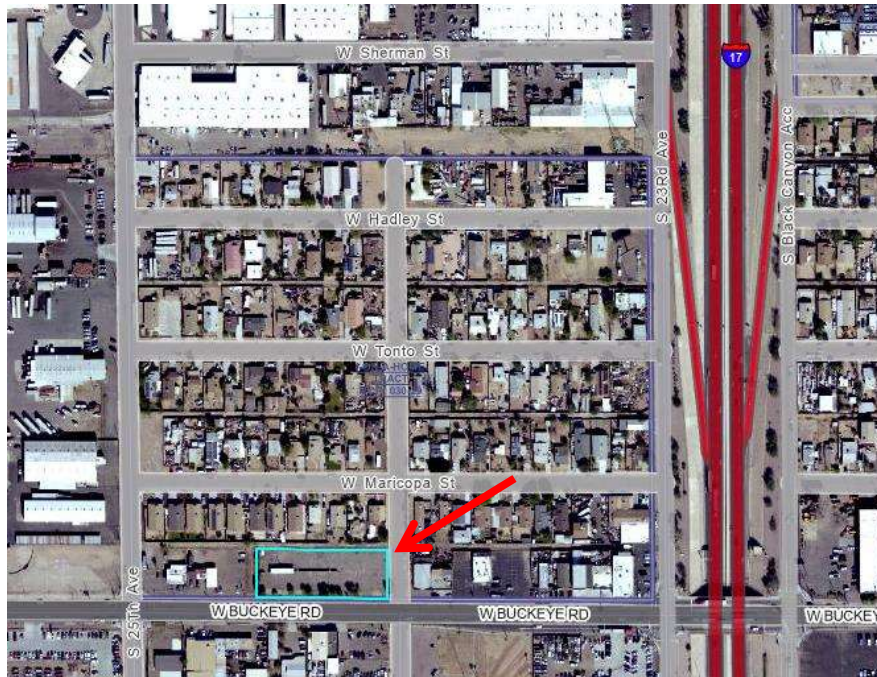
Location: Glendale Av (w/o 6317), w/o Grand Av Van Buren, Phoenix, 85043
Legal Description: ORCHARD ADD PT LOTS 1 & 2 BLK 6 BEG NE COR LOT 1 W ALG N LINE 224' THE PT OF BEG TH S PAR TO E LINE LOT 1 312.80' TH W PAR TO N LINE LOTS 1 & 2 124' TH N TO N LINE LOT 2 TH E 124' ALG N LINE LOTS 1 & 2 TO PT OF BEG EX N 7' RD, Maricopa County, AZ
Tax Code Number: 104-08-022
Records: 12/30/2021 2021 1227021
Seller: RAVIF LLC
Buyer: Premier Real Estate Investments LLC
Sale Price: \$240,000 Asking Price \$240,000, 167 DOM
Terms: \$115,000 cash, to seller carryback, not considered to have affected sale price
Site Size: 37,919sf
Price Per Unit: \$6.33/sf
Zoning: C-2 (Glendale General Commercial)
Comments: Located mid-block on Glendale Av, 17,777vpd (22). Utilities available or in close proximity. FEMA x-shaded (0.2% annual chance of flood).
Confirmation: MLS 6190149, Bettina Franco, listing agent, 602-526-1921, pdh 2023270

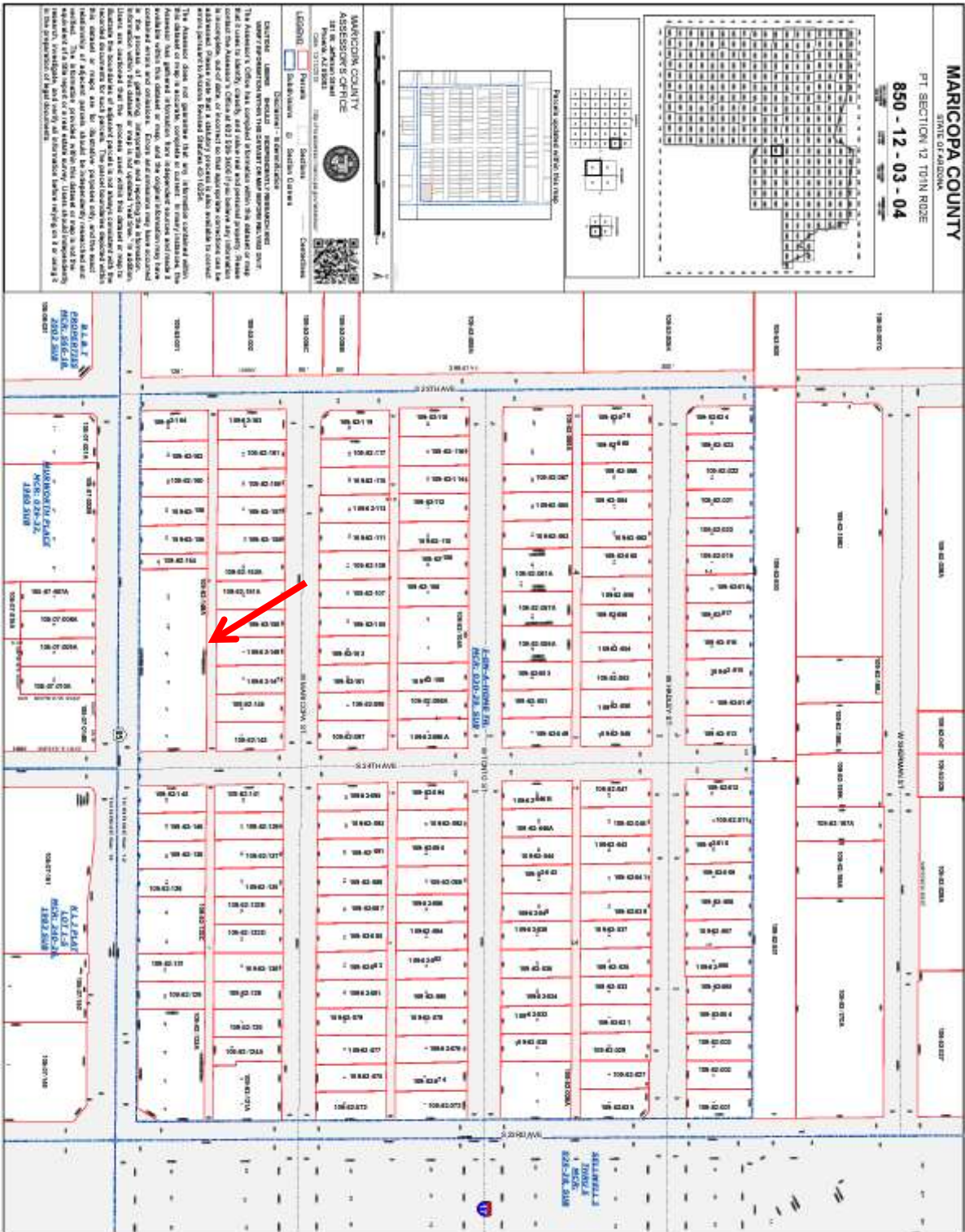




Comparable Site Sale Four

Location: NWC Buckeye Rd (2412 W) & 24th Av, Phoenix, 85009
Legal Description: LT 2,4,6,8,10,12,& E 21F OF LT 14 BLK 8 I-ON-A HOME TR P/F 2018-0854776, Maricopa County, AZ
Tax Code Number: 109-62-148A
Records: 10/27/2021 document 2021 1156537
Seller: Jovany Ceia
Buyer: Orozco Auto Parts LLC
Sale Price: \$550,000, \$595,000 Asking Price; 97 DOM
Terms: \$350,000 cash and private financing
Site Size: 38,887sf
Price Per Unit: \$14.14/sf
Zoning: C-3 (Phoenix Commercial)
Comments: Located on the corner of Buckeye, 23,453vpd traffic counts (22), and 24th Av (no traffic counts). The site was paved and striped at time of sale; purchased for automotive parts supply use. Utilities available or in close proximity. FEMA x-shaded (0.2% annual chance of flood).
Confirmation: MLS 6269337, Manny Peraza, listing agent, 602-614-2755, pdh 2023270

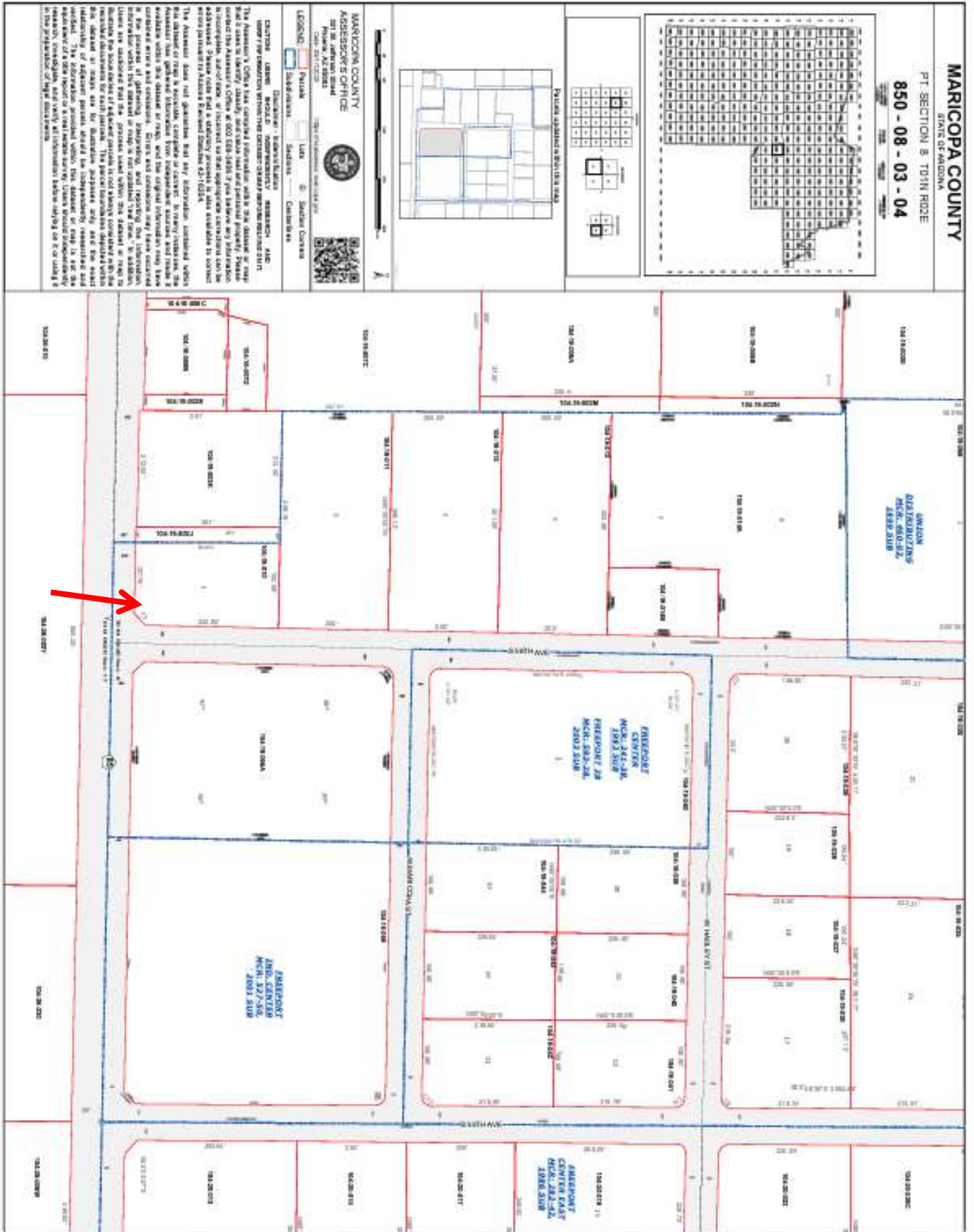




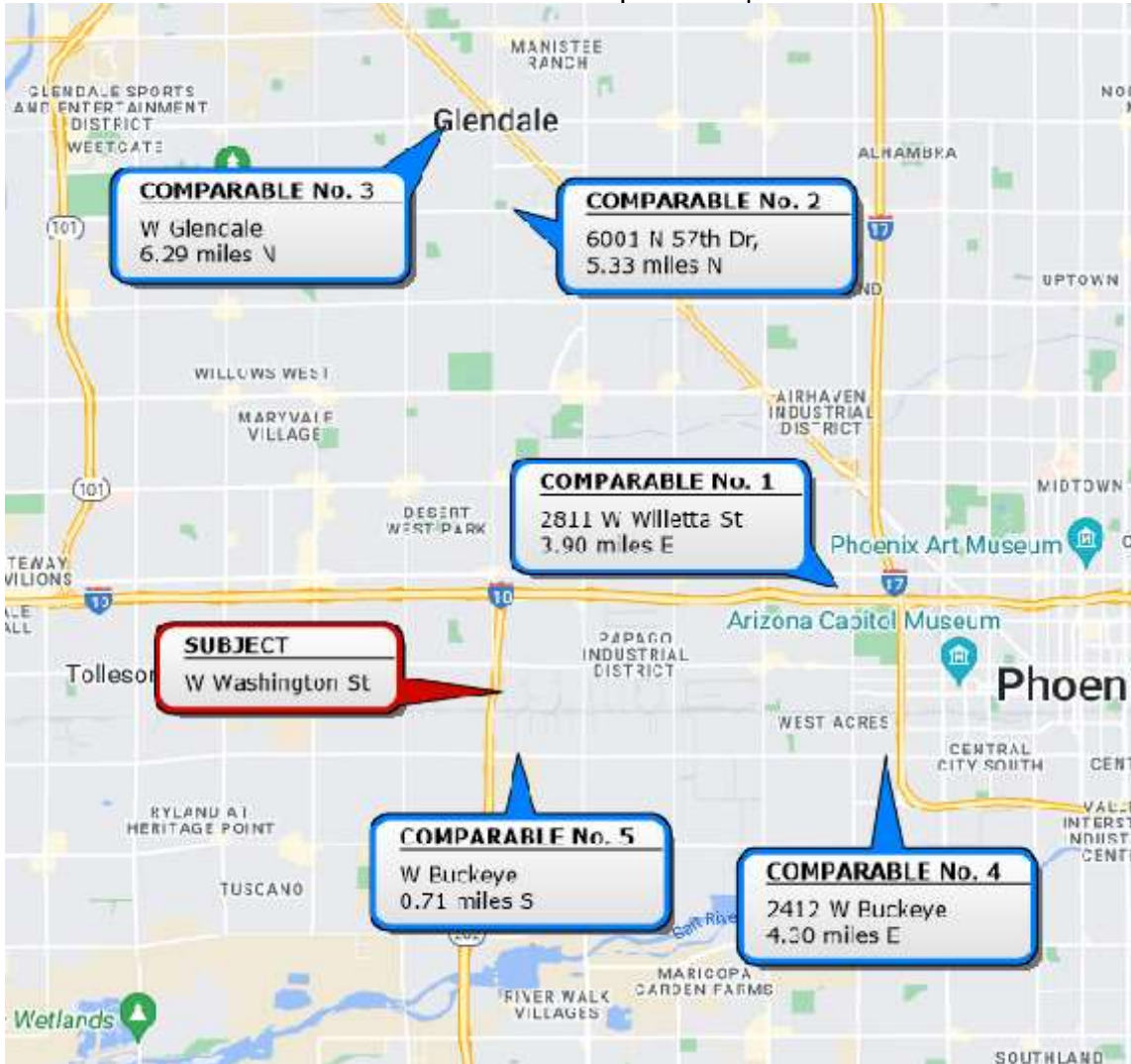
Comparable Site Sale Five

Location: NWC 56th Ave (e/o 5650 W) & Buckeye, Phoenix, 85043
Legal Description: Lot 1 FREEPORT CENTER MCR 241-38, Maricopa County, AZ
Tax Code Number: 104-19-010
Records: 5/18/2021 document 2021 0493117
Seller: AAL Investment LLC
Buyer: Diego Fernando Rosales
Sale Price: \$275,000
Terms: Cash
Site Size: 39,419sf
Price Per Unit: \$6.98/sf
Zoning: A-1 (Phoenix Light Industrial)
Comments: Located at the northwest corner of Buckeye, 28,272vpd traffic counts (22) and 56th Av, no traffic counts. All utilities available. Approximately 152' width (northern boundary), Buckeye frontage (less corner spandrel), by 264' depth (56th Av frontage). FEMA x-shaded (0.2% annual chance of flood).
Confirmation: Costar, Andrew Cloud, listing agent, 602-224-4419, pdh 2023270





Sales Composite Map



Comparable Sales Discussion and Adjustments:

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: Sales 1, 2, 4 and 5 were all cash; no adjustment is necessary; sale 3 involved a partial owner carryback, the terms were not considered to have affected the sale price, no adjustment is considered necessary.

Conditions of Sale: The sales were all reported to have average sales motivation, not requiring adjustment.

Market Condition: The sales occurred from May 2021 through September 2022, the market for this type of property has been increasing over this time frame though softening since increases in interest rates; the comparable sales are adjusted upward.

Location: The subject and comparables are considered to be average locations, no adjustment is considered necessary.

Size: the sales bracket the subject in site size. As smaller properties typically sell for more on a per unit basis, all else being equal, sale 1 is adjusted downward, conversely, sales 3-5 are adjusted upward for inferior larger size; sale 2 is considered to be similar enough as to not warrant adjustment.

Zoning: The subject and comparables were zoned to permit commercial/industrial uses; no adjustment is considered necessary.

Improvements: Neither the subject nor sales 1-3 and 5 had improvements significantly adding to value, no adjustment is necessary; sale 4 is adjusted downward for site improvements.

Utilities: The subject and comparables are similar in the availability of public utilities, no adjustment is necessary.

Site Utility: The subject suffers significantly in site utility due to its fairly narrow width and significant A-1 zone setbacks, essentially changing highest and best use from industrial development to investment. Each of the comparables is adjusted downward for having significantly less restriction due to site shape and/or zoning.

Access/Visibility: The subject has moderate access along Washington Street, access is not permitted on 59th Avenue but visibility is good from 59th Ave, and when improved, signage would likely be visible from SR 202. Visibility/access for sales 2, 4 and 5, is considered to be offsetting, not requiring adjustment; sales 1 and 3 are considered to be inferior and are thus adjusted upward.

Estimated Market Value Conclusion:

Each of the comparables has net downward adjustment due to subject utility related to its width and setbacks. Some emphasis is placed on sale 2 for requiring least adjustment; with emphasis as indicated, a subject value at \$6.30/sf, \$147,000 rounded, (23,396sf x \$6.30=\$147,395), is considered reasonable.

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

SITE SALES COMPARISON SUMMARY						
Comparable	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Location	Washington St e/o 59th Av	2811 W Willetta	6001 N 57th Dr.	Glendale w/o Grand	2412 W Buckeye Rd	NWC 59th & Buckeye
Tax ID Number	w/o 104-04-039B	109-08-041a	146-11-028A	104-08-022	109-62-148a	104-19-010
Sales Data						
Date of Sale	N/A	Sep-22	Sep-22	Dec-21	Oct-21	May-21
Sales Price	N/A	\$225,000	\$295,000	\$240,000	\$550,000	\$275,000
Site Size (sf)	23,396	16,935	22,285	37,919	38,887	39,419
Property Rights (Interest)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Interest adjustment	0%	0%	0%	0%	0%	0%
Financing	Cash	Cash	Cash	Cash, PMM	Cash	Cash
Cash Equivalent Price	N/A	\$225,000	\$295,000	\$240,000	\$550,000	\$275,000
Conditions of Sale	Average	Average	Average	Average	Average	Average
Condition Adjustment	0%	0.0%	0%	0.0%	0.0%	0.0%
Market Condition (Time)	N/A	Sep-22	Sep-22	Dec-21	Oct-21	May-21
Market Conditions Adj.	0.0%	7.0%	7.0%	14.0%	16.0%	20.0%
Adjusted price per SF	N/A	\$14.22	\$14.16	\$7.22	\$16.41	\$8.37
Physical Characteristics						
Location	Average	Similar	Similar	Similar	Similar	Similar
Size	23,396	16,935	22,285	37,919	38,887	39,419
Zoning	A-1	CP/GCP	M-1	C-2	C-3	A-1
Improvements	None	Similar	Nil	Similar	Superior	Similar
Utilities	Available	Similar	Similar	Similar	Similar	Similar
Site Utility	Below Avg	Superior	Superior	Superior	Superior	Superior
Access/Visibility	Avg/Good	Inferior	Offsetting	Inferior	Offsetting	Offsetting
Adjustments						
Location	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Size	0.0%	-2.5%	0.0%	5.0%	5.0%	5.0%
Zoning	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Improvements	0.0%	0.0%	0.0%	0.0%	-10.0%	0.0%
Utilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Site Utility	0.0%	-50.0%	-50.0%	-50.0%	-50.0%	-50.0%
Access/Visibility	0.0%	5.0%	0.0%	5.0%	0.0%	0.0%
Net Physical Adjustments						
Net Physical Adjustments	N/A	Downward	Downward	Downward	Downward	Downward
Net Adjustment (Overall)	0.0%	-47.5%	-50.0%	-40.0%	-55.0%	-45.0%
Adjusted Comp Price/sf		\$7.46	\$7.08	\$4.33	\$7.38	\$4.60
Subject Value (\$/SF)	\$6.30					
Subject Value Opinion	\$147,000					

Auditing Breakdown

Land	\$147,000
Improvements	\$0
Severance	\$0
Cost to Cure	\$0
Special Benefits	\$0
Total	\$147,000

CERTIFICATE OF APPRAISER

Project Number: M697201X

Parcel Number: L-C-156

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 parcel as of the 8th day of October, 2023, is \$147,000, based upon my independent appraisal and the exercise of my professional judgment.

Date: 10/16/23

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 an appraisal on the subject property within the prior 3 years.

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 Title Report
4. Consultant Qualifications
5. Purchase Order

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.

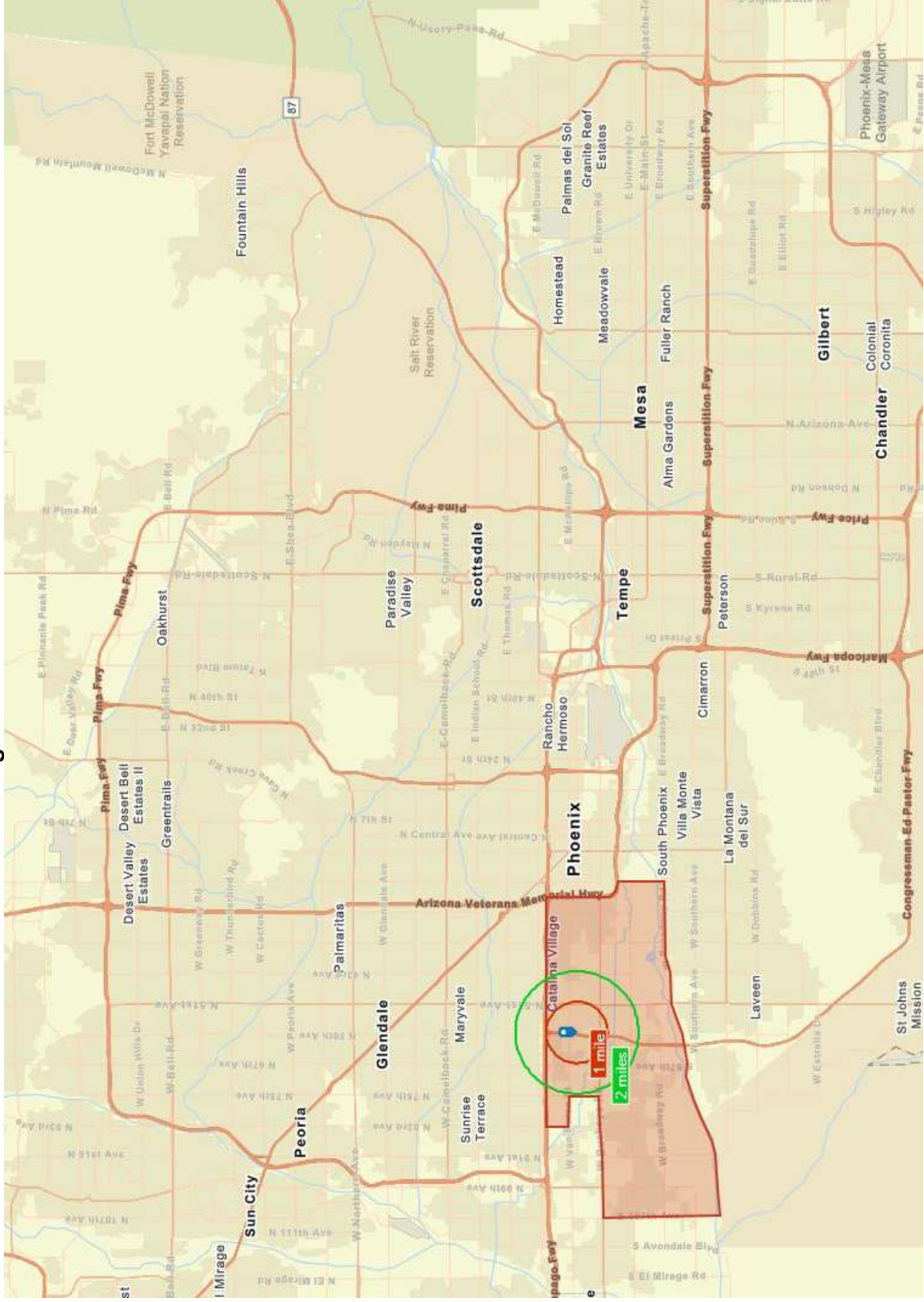
23. Conclusion

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).

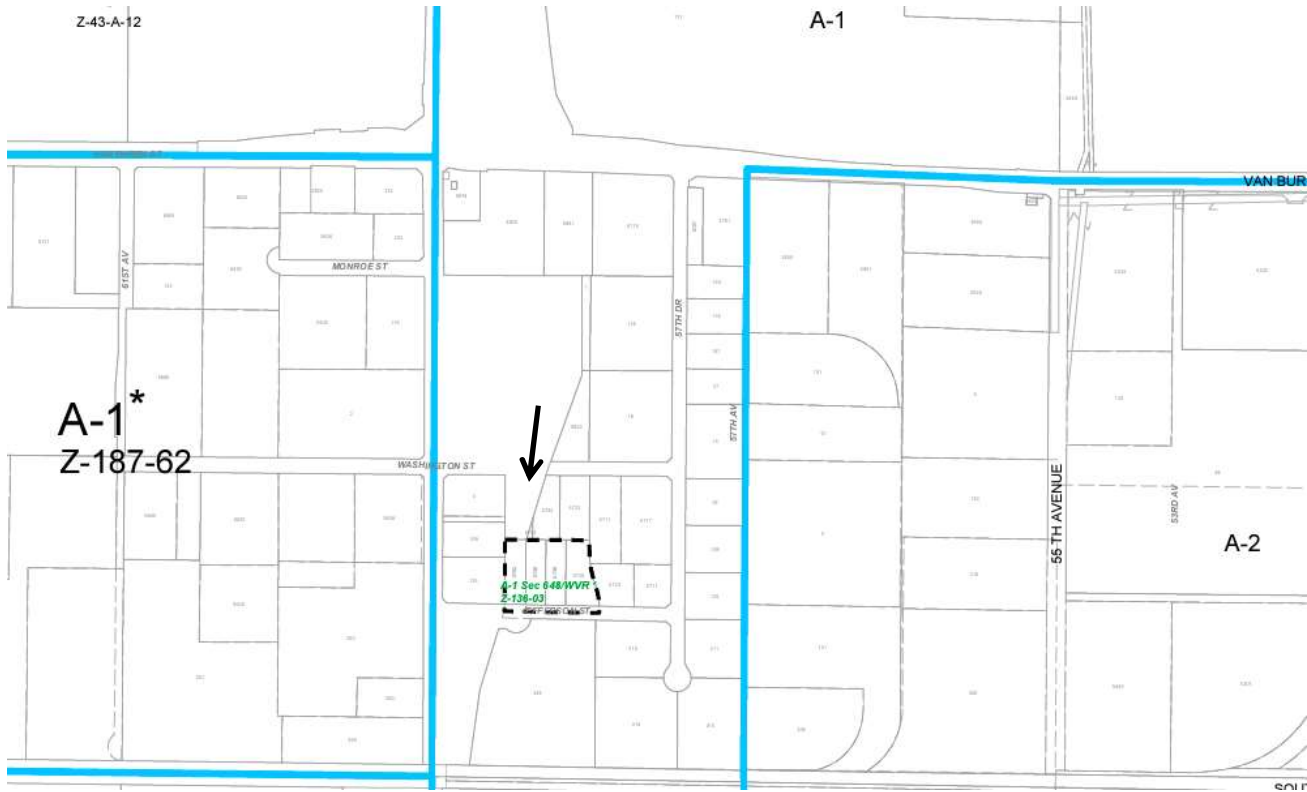
These Limiting Conditions and Assumptions are in conjunction with any form type page(s) of similar nature in the appraisal report package; further, the reader is advised that certain comments in the report may point out other specific assumptions and/or limiting conditions pertaining to this appraisal 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.

--- end ---

SUBJECT EXHIBITS Neighborhood/Market Area



Zoning Map



FLOOD ZONE MAP

National Flood Hazard Layer FIRMette



112°11'24"W 33°27'7"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000

Legend

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

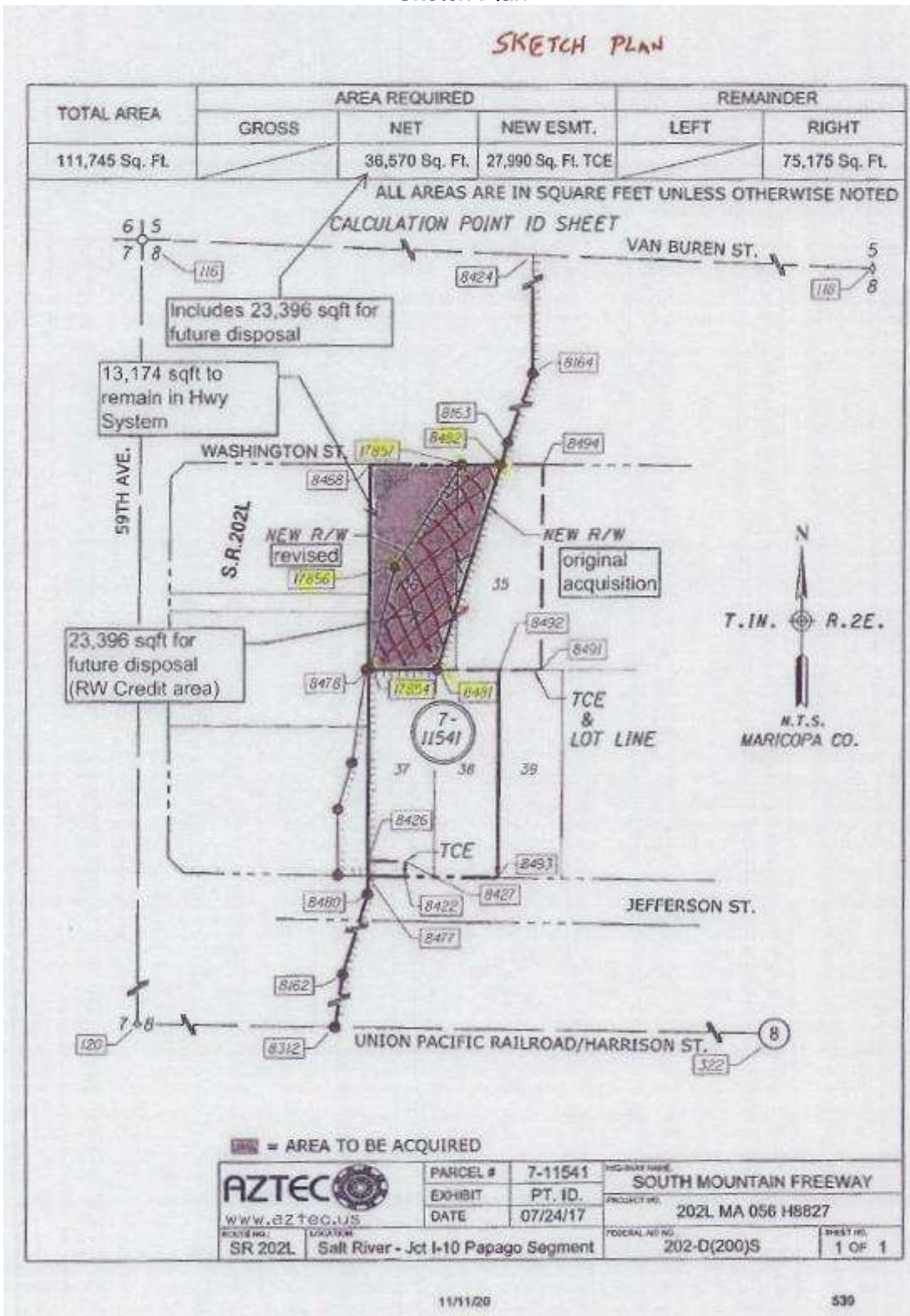
- SPECIAL FLOOD HAZARD AREAS**
 - Without Base Flood Elevation (BFE) Zone A, X, AE, AR
 - With BFE or Depth Zone AE, AD, AH, VE, AR
 - Regulatory Floodway
 - OTHER AREAS OF FLOOD HAZARD**
 - 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
 - Future Conditions 1% Annual Chance Flood Hazard Zone X
 - Area with Reduced Flood Risk due to Levee, See Notes. Zone X
 - Area with Flood Risk due to Levee Zone D
 - OTHER AREAS**
 - NO SCREEN Area of Minimal Flood Hazard Zone X
 - Effective LOMRs
 - Area of Undetermined Flood Hazard Zone D
 - GENERAL STRUCTURES**
 - Channel, Culvert, or Storm Sewer
 - Levee, Dike, or Floodwall
 - OTHER FEATURES**
 - 20.2 Cross Sections with 1% Annual Chance Water Surface Elevation
 - 17.5 Coastal Transect
 - Base Flood Elevation Line (BFE)
 - Limit of Study
 - Jurisdiction Boundary
 - Coastal Transect Baseline
 - Profile Baseline
 - Hydrographic Feature
 - MAP PANELS**
 - Digital Data Available
 - No Digital Data Available
 - Unmapped
- The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

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 5/22/2023 at 10:07 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.

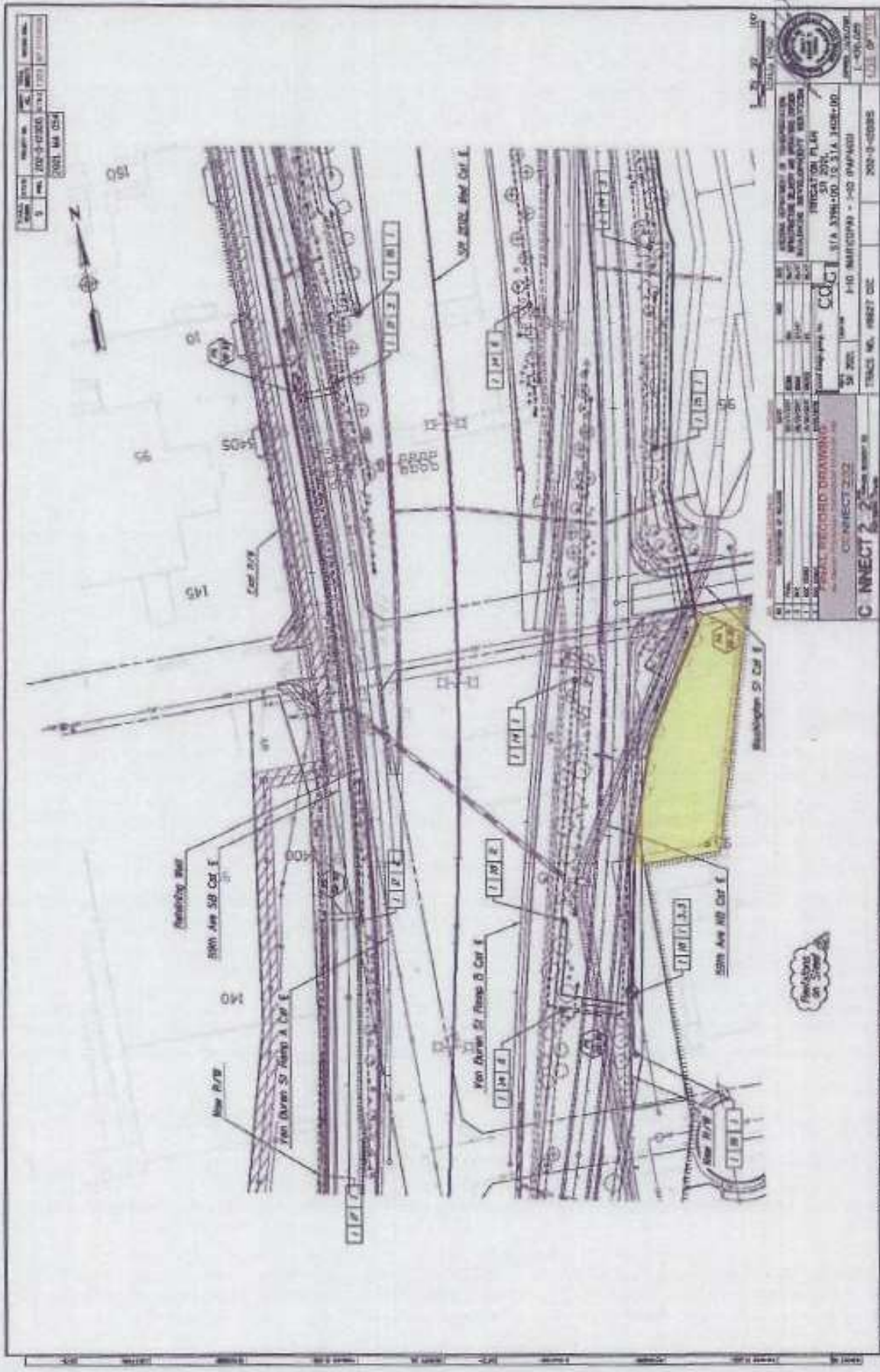
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmapped areas cannot be used for regulatory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

Sketch Plan



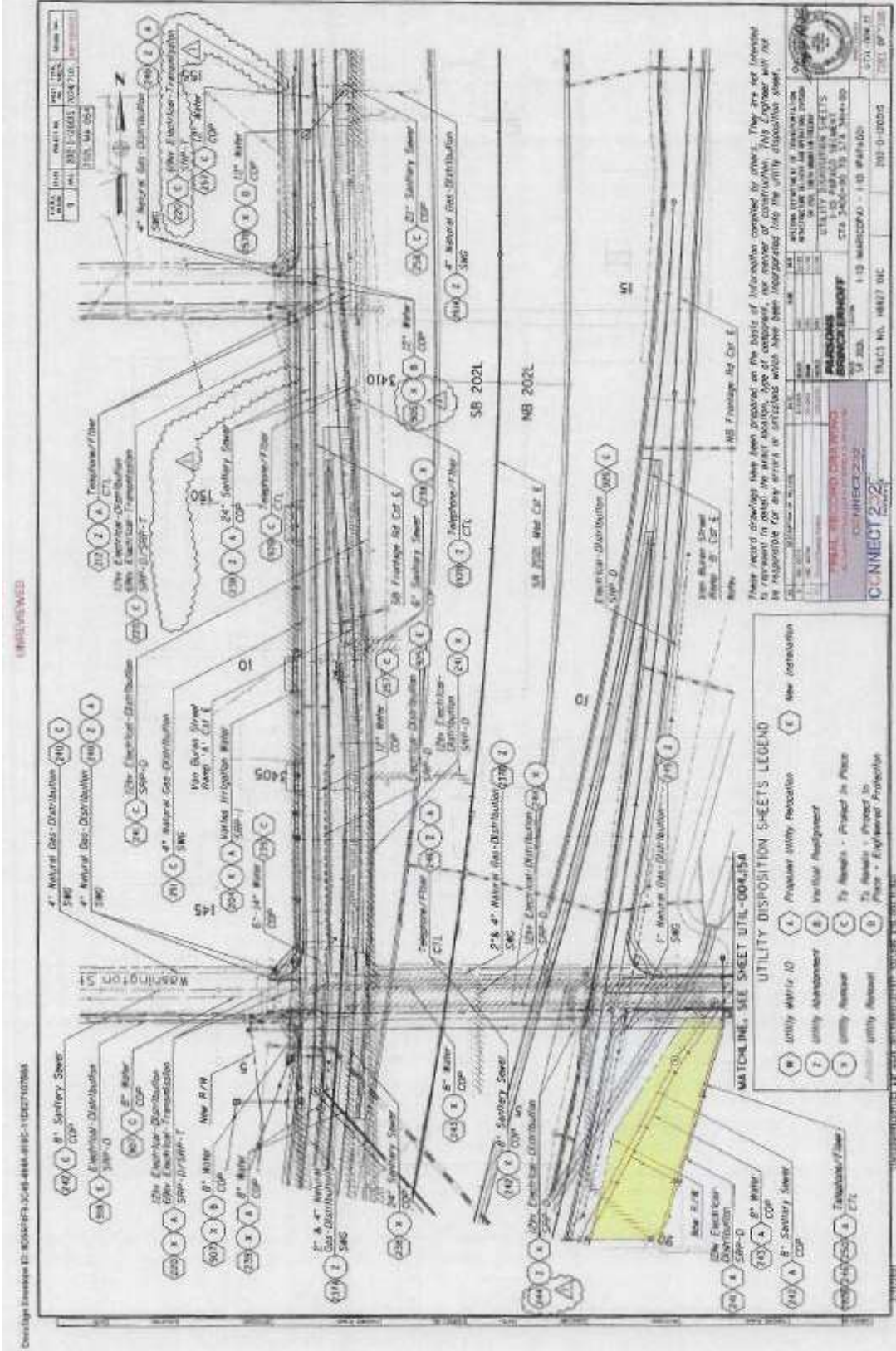
Drawn: S. Enayaya (ID: 301307483, 3048) 44-64-238C-110a (7/10/2024)

UNREVIEWED



DATE	REVISED	BY	APPROVED
5/1/2024	2024-07-2024	3048	3048
2001 MA 034			

PROJECT INFORMATION	
PROJECT NO.	2024-07-2024
PROJECT NAME	SR 202, STA 338+00 TO STA 348+00
DATE	5/1/2024
SCALE	1"=40'-0"
DESIGNER	CH2M HILL
CHECKER	CH2M HILL
DATE	5/1/2024
PROJECT NO.	2024-07-2024
PROJECT NAME	SR 202, STA 338+00 TO STA 348+00
DATE	5/1/2024
SCALE	1"=40'-0"
DESIGNER	CH2M HILL
CHECKER	CH2M HILL
DATE	5/1/2024
PROJECT NO.	2024-07-2024
PROJECT NAME	SR 202, STA 338+00 TO STA 348+00
DATE	5/1/2024
SCALE	1"=40'-0"
DESIGNER	CH2M HILL
CHECKER	CH2M HILL
DATE	5/1/2024



Disposal Title Report Documents

DocuSign Envelope ID: F0402926-738C-42BA-B4AD-C2AE951B74AA

**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: 10-25-2022	Examiner: Jim Gregg	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: Maricopa	Tax Arb: N/A	Disposal: N/A
Tracts No.: 202L MA 000 H5439	Highway: SOUTH MOUNTAIN FREEWAY	Excess Land: L-C-156
Fed. No.: N/A	Section: Salt River-Jct I-10 Papago	Parcel No.: 7-11541

DocuSign Envelope ID: F0402926-738C-42BA-B4AD-C2AE951B74AA

**SCHEDULE A-1
LEGAL DESCRIPTION**

That portion of the Northwest quarter of Section 8, Township 1 North, Range 2 East, as depicted on Exhibit "A" attached, Sheet P-10, of ADOT Drawing D-7-T-1014, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, Section Salt River-Jct I-10 Papago, Project 202L MA 000 H5439 01R / 7-11541.

END OF SCHEDULE A-1

DocuSign Envelope ID: F0402926-738C-42BA-B4AD-C2AE951B74AA

RIGHT OF WAY / VESTING

- 1.) Warranty Deed from Jewel Investment Company, LP, an Arizona limited partnership, who acquired title as Jewel Investment Company, an Arizona general partnership, to the State of Arizona, by and through its Department of Transportation, dated August 17, 2017, recorded August 18, 2017, in Document No. 2017-0609755.
[Project 202L MA 000 H5439, Parcel 7-11541]

END OF RIGHT OF WAY / VESTING

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REQUIREMENTS

1. Record Deed from the State of Arizona, by and through its Department of Transportation to the proposed buyer(s).

NOTE: Repurchase rights do apply due to the signing of request for proper notification of possible re-purchase of excess land.

END OF REQUIREMENTS

DocuSign Envelope ID: F0402926-738C-42BA-B4AD-C2AE951B74AA

SCHEDULE B

1. Power Distribution Easement from the State of Arizona, by and through its Department of Transportation to Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona dated April 11, 2018, recorded April 12, 2018 in Document No. 2018-0277419.

NOTE: Thereafter Terms and Conditions contained in Subordination of SRP Power Distribution Easement, in connection with the relocation of a portion of an irrigation facility, by and between Salt River Project Agricultural Improvement and Power District and the United States of America, dated May 22, 2018, recorded May 22, 2018, in Document No. 2018-0391979.

END OF SCHEDULE B

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.

Prior 4 year experience:

7/23/21 Testimony (telephonic interview) Arizona Superior Court, Pima County, Hon Gary J. Cohen; for City of Tucson Danielle Constant, Esq. and Dina Aouad, assistant; for Defendant-Hector Ochoa.

11/9/20 Testimony (via go to meeting) in Arizona Superior Court, Judge-Daniele Viola. Staples V Watson Chevrolet; for plaintiff-Lesley Lukach, ESQ, Pima County Assessor, for Defendant-Jeremy Shorbe, ESQ. Stubbs & Schubart.

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 Insurance and Financial Institutions
State of Arizona

CGA - 30197

has complied with the provisions of

PAUL D. HENDRICKS

This document is evidence that:
Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Deputy Director 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 expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **August 31, 2024**

Purchase Order



PURCHASE ORDER

PHOENIX, on 10/13/2023
CTR054970/ JW-24-004/ M697201X/ L-C-156/ Appraisal due 10 days from approval -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. PO0000601484

(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
1801 W Jefferson St
UNITED STATES
Phoenix, Arizona 85007
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	CTR054970-2	709524-1	CTR054970/ JW-24-004/ M697201X/ L-C-156/ Appraisal due 10 days from approval Commentaire : L-C-156	1.0000	Total Cost	2,150.0000	2,150.00

Total before Tax 2,150.00 USD
Non-Taxable - 0 % 0.00 USD
Total after Tax 2,150.00 USD





PURCHASE ORDER

DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item





PURCHASE ORDER

PURCHASE ORDER TERMS AND CONDITIONS

State of Arizona
PURCHASE ORDER TERMS AND CONDITIONS
Applied to APP Purchase Orders on or after 11/10/2022

1. **Modification.** No modification of the purchase order shall bind State of Arizona Buyer (Buyer) unless Buyer agrees to the modification in writing.
2. **Packing and Shipping.** Seller shall be responsible for industry standard packing which conform to all legal requirements. Containers must be clearly marked with any required identifying information such as the lot number, destination address, and purchase order number.
3. **Title and Risk of Loss.** The title and risk of loss of the materials shall not pass to Buyer until Buyer physically receives the materials 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 materials and no payment will be made prior to receipt and acceptance of materials and correct invoice. Payment due dates, including discount periods, will be computed from date of receipt of materials or date of receipt of correct invoice (whichever is later) to date Buyer's warrant as 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 (A.R.S.), subject to the requirements and limitations of A.R.S. § 35-154. The Buyer's obligation is payable solely from funds appropriated for the purpose of acquiring the materials or services referred to in this Purchase Order; should Buyer's funding change, no legal liability on the part of the Buyer for any payment may arise under this Purchase Order until funds are made available for performance.
5. **Inspection.** All materials 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 similar expenses are the responsibility of the Seller.
6. **No Replacement of Defective Tender.** Every tender of materials 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. **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 the purpose of 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 canceled by Buyer pursuant to this provision, Buyer shall be entitled to recover or withhold from the Seller the amount of the gratuity, in addition to any other rights and remedies available under Arizona state law.
8. **Warranties.** Seller warrants that all materials and services delivered under this Purchase Order will conform to the requirements of this Purchase Order (including all applicable descriptions, specifications, drawing 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 materials or services by Buyer shall not alter or affect the obligations of Seller or the right of Buyer under the foregoing warranties.





PURCHASE ORDER

9. E-Verify. In accordance with A.R.S. § 41-4401, Seller warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23- 214, Subsection A.

10. Protection of State Cybersecurity Interests. Seller shall comply with State Executive Order No. 2023-10, which includes, but is not limited to, a prohibition against (a) downloading and installing of TikTok on all State-owned and State-leased information technology; and (b) accessing TikTok through State information technology.

11. Assignment and 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 written permission of Buyer.

12. Third Party Antitrust Violations. Seller assigns to Buyer any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Seller toward fulfillment of this Purchase Order

13. Interpretation – 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 course of dealing or usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding. Whenever a term defined by the Uniform Commercial Code (U.C.C.) is used in the Purchase Order, the definition contained in the U.C.C. is to control.

14. Non-Discrimination. The Seller shall comply with State Executive Orders No. 2023-00, 2023-01, 2009-09, and any and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.

15. Indemnity. Seller agrees to indemnify and save 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 expense any legal action or suit against Buyer involving any such alleged patent infringement and will pay and satisfy any judgments rendered or settlements reached in any such legal actions or suits. Seller will indemnify Buyer against all claims for damages to persons or property resulting from defects in materials or workmanship

16. Liens. All delivered materials and services performed under this Purchase Order shall be free of all liens and if Buyer requests, a formal release of all liens shall be delivered to Buyer.

17. Contract Number. If an Arizona contract number appears on the face of this Purchase Order or the Purchase Order was placed against an existing Arizona contract, the terms of that contract are incorporated herein by this reference.

18. Taxes. Seller shall be responsible for paying any and all applicable taxes, including but not limited to state and local transaction privilege taxes.

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

20. Remedies and Applicable Law. This Purchase Order shall be governed by the law of the State of Arizona and suits pertaining to this Purchase Order may only be brought under Article 9 of the Arizona Procurement Code (A.R.S. §§ 41-2501 et





PURCHASE ORDER

seq., and the rules thereunder, A.A.C. R2-7-101 et seq.)

21. Books and Records. Under A.R.S. § 35-214 and § 35-215, the Seller shall retain all books, accounts, reports, files and other records relating to the Purchase Order for five years after completion of the Purchase Order. These books and records shall be available at all reasonable times for inspection and audit by the State at such state offices designated by the State.

22. State Law Certifications. If Seller is a Company as defined in A.R.S. § 35-393, Contractor Seller certifies that it shall comply with A.R.S. § 35-394, regarding use of forced labor of ethnic Uyghurs, as applicable. If this purchase order is over \$100,000, Seller further certifies that it is not currently engaged in a boycott of Israel as described in A.R.S. §§ 35-393 et seq. and will refrain from any such boycott for the duration of this Purchase Order.

23. Arbitration. The Buyer and Seller agree to use arbitration as required by A.R.S. § 12-1518.

