

APPRAISAL COVER SHEET

TYPE OF REPORT: Appraisal for Market Value

ASSESSOR PARCEL NO.: Portion of 212-48-047A

ADOT PARCEL NO.: L-SC-040

OWNER NAME: State of Arizona

NAME & LOCATION OF PROPERTY: Vacant land consisting of approximately 1.84 acres or 80,163 square feet according to the client. The property is located at the southwest corner of SR 86 and Sunset Boulevard in unincorporated Pima County, AZ 85757. The property does not currently have a property address as the land is vacant.

PROJECT: M6975 01X

HIGHWAY: Why – Tucson Highway

SECTION: Robles Jct. - Bilbray

DATE OF APPRAISAL REPORT: December 19, 2023

EFFECTIVE DATE OF VALUE: November 20, 2023

APPRAISER: Steven R. Cole, MAI, SRA
Certified General Real
Estate Appraiser #30130

AERIAL MAP – PROPERTY APPRAISED



Property Boundaries are an Approximation



P: (520) 327-0000

F: (520) 327-3974

P.O. Box 16156
Tucson, AZ 85732

December 19, 2023

Mr. Jim Walcutt
Arizona Department of Transportation
205 South 17th Avenue, Room 331
Mail Drop #612E
Phoenix, AZ 85007

RE: Appraisal of ADOT Parcel L-SC-140. The subject property consists of 80,163 square feet or 1.84 acres. The property currently does not have a physical address as the land is vacant. It is Pima County Assessor Parcel Number 212-48-047A. The property is located at the southwest corner of Ajo Highway and Sunset Boulevard, Tucson, Pima County, Arizona 85757.

Appraiser's File No.: 23-170-L

Mr. Walcutt:

At your request, I have provided my market value opinion for the subject parcel referenced above. The subject property consists of 80,163 square feet or 1.84 acres of vacant land.

The subject parcel is located within the FEMA Flood Zone AO. This is a flood hazard area with a 1% or greater chance of shallow flooding each year. This risk of flooding may create issues for the successful marketing or sale of the property. A hydrology study was not provided to the appraiser. Due to this, I have used an Extraordinary Assumption regarding the development potential of the site. These development issues are outlined in the Land Valuation section of this appraisal. If a hydrology study determines my assumptions are incorrect, my market value opinion is subject to change.

RECOMMENDATION: The appraiser recommends that a hydrology study be performed on the subject property prior to sale or development.

On the western portion of the site, a wash runs from north to south. This area is estimated to encompass 5,975 square feet of land. Due to the existence of this wash, the developable area of the site is reduced from 80,163 square feet to 74,188 although the 5,975 square feet of wash area can accommodate setbacks and open space requirements for development. Due to this, it will be valued as part of the larger parcel.

Currently the subject property is located in the SR, Suburban Ranch zoning district in Pima County, AZ. Due to the property's location along Ajo Highway, a buyer would likely purchase the property to develop with a commercial use. The appraiser believes that the subject has a reasonable probability of being rezoned to CB-2, General Business zone, in Pima County. The likelihood of rezoning is discussed in the Zoning section of this appraisal.

The purpose of this appraisal is to provide market value opinion for the subject parcel identified in the ADOT Right of Way Disposal Report dated January 5, 2023, as of November 20, 2023, the effective date of value, pursuant to Arizona Revised Statute 28-7091, as follows:

"... 'Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which 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."

The intended users of the appraisal include the officials and agents of the Arizona Department of Transportation (ADOT). No other use or users are intended, and any unintended use may be misleading. The intended use of the appraisal is to utilize the market value estimate to assist in decisions regarding the disposition of the properties identified herein.

This appraisal report is intended to comply with the requirements set forth in: (1) the Arizona Department of Transportation Appraisal Standards and Specifications; and (2) the *Uniform Standards of Professional Appraisal Practice 2020-2023* (USPAP), promulgated by the Appraisal Standards Board of the Appraisal Foundation. The Sales Comparison Approach is utilized to support our market value opinions.

This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given, or relied on by any other person other than the client without the prior, expressed written permission of the authors, as set forth within the Assumptions and Limiting Conditions contained in this report.

Based upon the data, analysis, opinions, and conclusions contained in this report, my market value opinion for the subject disposal parcel, as of November 20, 2023, is as follows:

**“AS IS” MARKET VALUE OPINION FOR THE
SUBJECT PROPERTY, AS OF NOVEMBER 20, 2023.....\$150,000**

The value opinion provided herein is subject to the following Extraordinary Assumptions and Limiting Conditions, and appraiser certifications.

Extraordinary Assumption:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of Extraordinary Assumption is as follows:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.

This appraisal report is based on the following extraordinary assumptions:

- 1) *No archaeological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the disposal parcel.*
- 2) *No geological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known geological significance on the disposal parcel.*
- 3) *The disposal parcel was inspected by the appraiser. No evidence of environmental risks or hazardous conditions was observed. It is an extraordinary assumption in this appraisal that there are no known environmental risks or hazardous conditions on the disposal parcel.*
- 4) *This appraisal relies on the site areas provided by ADOT, and the Pima County Assessor's measurement tool. It is an extraordinary assumption that the site areas contained in this appraisal are accurate.*
- 5) *This appraisal assumes that the subject property's location within a FEMA floodplain does not prohibit its development. Due to the lack of a hydrology study, this appraisal assumes that the site's development as outlined in the Land Valuation section are correct. If these estimates are discovered to be incorrect, my opinion of market value is subject to change.*

Hypothetical Condition:


Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), hypothetical condition is defined as follows:

*"A hypothetical condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."*¹

There are no hypothetical conditions that apply to this appraisal. ***The use of these extraordinary assumptions and hypothetical conditions might have affected the assignment results.***

In preparing this appraisal, I have worked with John Medley, who has acted as my associate throughout the assignment. Mr. Medley has contributed significant professional appraisal experience to the report. However, the analyses, opinions, conclusions are my own. I hereby certify that to the best of my knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the appraisal referred to herein.

Respectfully submitted,

By 
Steven R. Cole, MAI, SRA
Certified General Real
Estate Appraiser # 30130

¹ *Uniform Standards of Professional Appraisal Practice, 2020-2023 Ed., Appraisal Foundation*

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ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraisers appearing in the report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the Appraisers in the report.

This report is being prepared for my clients. This report or any portion thereof is for the exclusive use of the clients and is not intended to be used, sold, transferred, given or relied on by any other person than the clients without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraisers assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraisers render any opinion as to the title, which is assumed to be good and marketable. No Owner's Title Policy has been furnished to the Appraisers. The property is appraised as though under responsible ownership, competent management and adequate marketing typical for that type of property. The legal description, if provided to me, is assumed to be correct. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

The Appraisers have made no survey of the property. Any sketch or map in the report may show approximate dimensions and is included for illustrative purposes only. It is the responsibility of a certified engineer, architect or registered surveyor to show by a site plan the exact location of the subject property or any improvements or any proposed improvements thereon, or the exact measurements or calculations of estimated area of the site. In the absence of such a survey, the Appraisers may have utilized Tax Assessor's maps or other maps which may not represent the exact measurements of the subject property or other comparable information utilized to determine the value of the subject property. Any variation in dimensions or calculations based thereon may alter the estimates of value contained within the report.

When possible, the Appraisers has relied upon building measurements provided by the client, owner, or agents of these parties. In their absence, the appraisers have relied upon their own measurements of the subject improvements. However, there are some factors that may limit my ability to obtain accurate measurements. Professional building area measurements are beyond the scope of this appraisal assignment.

In estimating the opinion of value of the subject property and in analyzing comparable information, the Appraisers have relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans and the like. To the extent that these plans may change, the value opinions of this report may also change.

The dates of value to which the opinions expressed in this report apply are set forth in this report. The Appraisers assumes no responsibility for the economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors. These forecasts are,

therefore, subject to changes with future conditions.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraisers assumes no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

The Appraisers are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question unless prior arrangements have been made and confirmed in writing.

Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used.

The Appraisers assumes that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraisers assume no responsibility for such conditions or for engineering which might be required to discover such factors.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the appraiser. The Appraisers assumes, and the clients warrant, that no such materials adversely affect the utility, usability or development potential of the property to the best of their knowledge. The Appraisers are not qualified to detect such substances. The value opinion has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The clients are urged to retain an expert in this field, if desired.

The presence of barriers to the disabled, which may or may not be present within or on the subject property, will not be considered by us. I have not performed a compliance survey to determine if it is in conformance with the A.D.A (Americans with Disabilities Act). The Appraisers assumes, and the clients warrant, that no such barriers adversely affect the utility, usability, or development potential of the property to the best of their knowledge. The Appraisers are not qualified to analyze such barriers. The value opinion has been predicated on the assumption that there are no such barriers on or in the property that would cause a loss in value. The clients are urged to retain an expert in this field, if desired.

Information, estimates and opinions furnished to the Appraisers and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraisers can be attributed to the Appraisers.

Disclosures of the contents of the report by the Appraisers are governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraisers are affiliated.

On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraisers.

Prospective value opinions are intended to reflect the current expectations and perceptions of market participants. They should not be judged on whether specific items in the forecasts are realized. The Appraisers cannot be held responsible for unforeseeable events that alter market conditions after the effective date of the report. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is likely that some assumptions will not materialize and that unanticipated events may occur that will affect actual performance.

The appraisers has not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which is identified as an endangered or threatened species by the U.S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants and wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired.

Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraiser, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval from Southwest Appraisal Associates' President.

This appraisal was prepared for the sole and exclusive use of the client. Any party who is not the clients or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Southwest Appraisal Associates. I claim no expertise in areas such as, legal description survey, structural, or environmental, engineering mechanical or electrical systems and the like. I assume such data is accurate and such systems functional unless otherwise noted in the appraisal.

This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

This appraisal is not intended to be used in connection with a real estate syndicate or syndicates. A real estate syndicate is a general or limited partnership, joint venture, unincorporated association or other organization formed for the purpose of an investment from an interest in real property. It includes, but is not limited to a sale, exchange, trade or development of such real property. It may or may not be registered with the United States Securities and Exchange Commission or a state regulatory agency which regulates public offerings.

This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights, (mineral, gas, and oil), were not considered in this appraisal unless specifically stated to the contrary.

If any claim is filed against Southwest Appraisal Associates, its officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, only for direct compensatory damages, (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by Southwest Appraisal Associates to provide this report.

All disputes shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

The use of this report or its analysis and conclusions by the clients or any other party constitutes acceptance of all the above limiting conditions.

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

Extraordinary Assumption:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of Extraordinary Assumption is as follows:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.

This appraisal report is based on the following extraordinary assumptions:

- 1) No archaeological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the disposal parcel.*
- 2) No geological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known geological significance on the disposal parcel.*
- 3) The disposal parcel was inspected by the appraiser. No evidence of environmental risks or hazardous conditions was observed. It is an*

extraordinary assumption in this appraisal that there are no known environmental risks or hazardous conditions on the disposal parcel.

- 4) *This appraisal relies on the site areas provided by ADOT, and the Pima County Assessor's measurement tool. It is an extraordinary assumption that the site areas contained in this appraisal are accurate.*
- 5) *This appraisal assumes that the subject property's location within a FEMA floodplain does not prohibit its development. Due to the lack of a hydrology study, this appraisal assumes that the site's development as outlined in the Land Valuation section are correct. If these estimates are discovered to be incorrect, my opinion of market value is subject to change.*

Hypothetical Condition:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), hypothetical condition is defined as follows:

“A hypothetical condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”²

This appraisal report is based on the following hypothetical conditions:

There are no hypothetical conditions that apply to this appraisal.

The use of these extraordinary assumptions and hypothetical conditions might have affected the assignment results.

² *Uniform Standards of Professional Appraisal Practice, 2020-2023 Ed., Appraisal Foundation*

Photo 1: Facing Southwest from Northeast Property Corner



Photo 2: Northern Property Boundary Facing West



Photo 3: Facing Southeast from Northwest Property Corner



Photo 4: Wash Along Western Property Boundary



Photo 5: Facing Northeast from Southwest Property Corner



Photo 6: Southern Property Boundary



Photo 7: Sunset Blvd. Along Eastern Property Boundary



Photo 8: Intersection at Northeast Property Corner



EXECUTIVE SUMMARY

Property Location:	The subject property is located at the Southwest corner of State Route 86 and Sunset Boulevard in unincorporated Pima County, AZ.
Assessor's Parcel Number:	A portion of 212-48-047A.
Property Type:	Vacant Land
Effective Date of Value:	November 20, 2023, the date of the property inspection.
Purpose of the Appraisal:	Provide "As Is" Market Value opinion for the subject property.
Intended Use:	The intended use of the appraisal is to utilize the market value estimates to assist in decisions regarding the potential sale of the subject property.
Intended Users:	The intended users of the appraisal includes the officials and agents of the Arizona Department of Transportation and the officials and agents of the Federal Highway Administration. No other use or users are intended, and any unintended use may be misleading.
Interest Appraised:	Fee Simple Interest.
Site Size:	According to the client, the subject property consists of 80,163 square feet or 1.84 acres.
Hazardous Substances:	None known.
Flood Insurance Zone:	Zone AO as defined by FEMA as River or stream flood hazard areas, and areas with a 1% or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Average flood depths derived from detailed analyses are shown within these zones.
Zoning:	Currently zoned SR, Pima County Zoning. This appraisal assumes the subject property could likely be rezoned CB-2. See "Zoning" section for probability of rezoning analysis.
Highest & Best Use:	Commercial use.
<i>As Is" Market Value Opinion:</i>	<i>\$150,000</i>
Exposure Time:	Exposure time is estimated at 12 months if priced appropriately.

THE APPRAISAL PROCESS

An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social and economic forces.

The sections comprising the first portion of the report include: Date, Function and Purpose of the Appraisal, Property Identification, Scope of Work, Regional Data, Neighborhood Data, Site Analysis, and Highest and Best Use. The highest and best use of the subject property is the basis upon which market value is determined.

The second portion of the report contains the approaches used to determine an opinion of market value for the fee simple in the subject property. The three traditional approaches to value are considered. However, since the subject property is vacant land, only the Sales Comparison Approach is applicable.

In the Sales Comparison Approach, recent sales of similar properties, known as "comparables," are analyzed and adjusted to the subject property. The adjustment matrix or grid uses excel software. Calculations of less than whole numbers are carried out by excel as actual decimal values. These values are employed in the estimate of value and not the rounded numbers as shown. This approach best represents the actions of buyers and sellers in the market for this type of property. The degree of similarity between the comparables and the subject property determines the reliability of this approach.

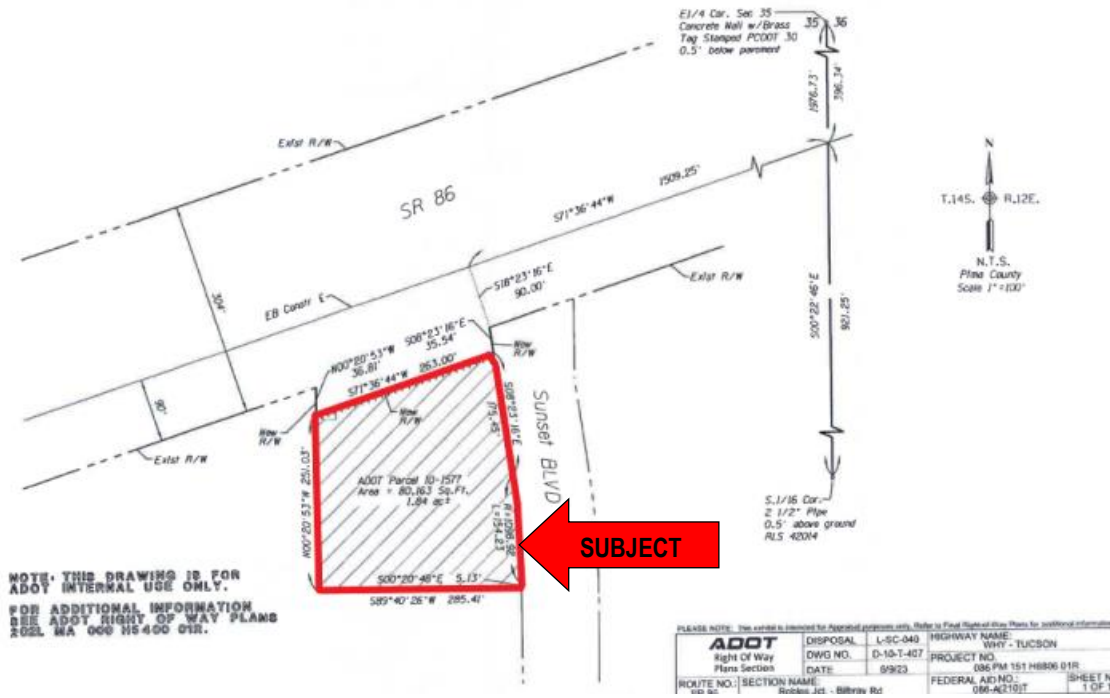
PROPERTY IDENTIFICATION

The subject property is located at the southwest corner of State Route 86 and Sunset Boulevard. The land being appraised is further identified as a portion of Pima County Assessor's Parcel Number 212-48-047A.

Below is the subject's legal description according to the Pima County Assessor's Office follows:

LOT 50 LESS RDS 1.87 AC SEC 35-14-12

PROPERTY MAP



BOUNDARY LINES ARE APPROXIMATE

PURPOSE OF THE APPRAISAL

<i>Purpose of the Appraisal:</i>	Provide “As Is” Market Value opinion for the subject property.
<i>Intended Users of the Appraisal:</i>	The intended users of the appraisal includes the officials and agents of the Arizona Department of Transportation and the officials and agents of the Federal Highway Administration. No other use or users are intended, and any unintended use may be misleading.
<i>Intended Use of the Appraisal:</i>	The intended use of the appraisal is to utilize the market value estimates to assist in decisions regarding the potential sale of the subject property.
<i>Date of Value Opinion:</i>	The effective date of value for this appraisal is November 20, 2023, the date of the property inspection.
<i>Date of the Appraisal Report:</i>	The date of the appraisal report is December 19, 2023.

DEFINITIONS

Appraisal:

“(noun) The act or process of developing an opinion of value; an opinion of value. (adjective) Of or pertaining to appraising and related functions such as appraisal practice or appraisal services.”³

Appraiser:

“One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.”⁴

Contiguity:

“The quality or state of being contiguous.”⁵

Economic Unit:

1. “A portion of a larger (parent) parcel, vacant or improved, that can be described and valued as a separate and independent parcel. Physical characteristics such as location, access, size, shape, existing improvements, and current use are considered when identifying an economic unit. The economic unit should reflect marketability characteristics similar to other properties in the market area. In appraisal, the identification of economic units is essential in highest and best use analysis of a property.”

³ Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2018-2019.

⁴ Ibid

⁵ Merriam-Webster On-Line Dictionary, 2010.

2. *“A combination of parcels in which land and improvements are used for mutual economic benefit. An economic unit may comprise properties that are neither contiguous nor owned by the same owner. However, they must be managed and operated on a unitary basis and each parcel must make a positive economic contribution to the operation of the unit.”*⁶

Exposure Time:

*“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.”*⁷

Fee Simple Estate:

The Fee Simple Estate is the interested to be appraised for the subject within this report.

*“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.”*⁸

Larger Parcel:

*“In governmental land acquisitions and in valuation of charitable donations of partial interest in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, and unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.”*⁹

Market Value:

*“Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which 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.”*¹⁰

OWNERSHIP HISTORY

Title to the subject property is currently vested to the State of Arizona. Title was transferred via Warranty Deed on September 3, 2013. To the best of the appraiser's

⁶ Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), pg. 72-73

⁷ Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2016-2017.

⁸ Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), pg. 90

⁹ Appraisal Institute, The Dictionary of Real Estate Appraisal, Seventh Edition, pg. 105

¹⁰ Arizona Revised Statute 12-1122(C)

knowledge, the subject property is not currently listed for sale and does not have any offers to purchase.

Mr. Jim Walcutt accompanied the appraiser on the inspection of the subject property on November 20, 2023. Mr. Walcutt is a representative for the State of Arizona and the client.

SCOPE OF WORK

The Scope of Work for an appraisal is the extent of the process of collecting, confirming, and reporting data, as well as the methods used in supporting the value opinions. The Sales Comparison Approach is employed to estimate the market value of the two subject parcels. The Cost and Income Approaches are excluded since the market does not rely on these approaches when valuing vacant land.

In accordance with *Uniform Standards of Professional Appraisal Practice* (USPAP) 2022-2023, the scope of work for the appraisal includes, but is not limited to, the following:

- Inspection and analysis of the subject property, market conditions, and other restrictions that affect value; and
- Research, analysis, and confirmation of comparable market data.

Research included the examination of sales and listing data published by CoStar COMPS of Arizona, Multiple Listing Service of Southern Arizona (MLSSAZ), Pima County public records, and interviews with real estate participants and brokers. Based on my conclusions of Highest and Best Use, vacant land property sales with proposed commercial uses were selected.

The comparable properties and other market data that is included in the analysis are considered to be the best available. The data selected is adequate to provide reliable indications of market value for the subject property. Overall, the market value opinion provided in this report is adequately supported.

Limitation in Scope:

This report is a narrative appraisal report. There are no other limitations in the scope of the assignment, other than those discussed in the Assumptions and Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions.

REGIONAL MAP



STATE OF ARIZONA

LEGEND	
● PHOENIX	STATE CAPITAL
● Florence	COUNTY SEAT
● Tempe	50,000+ POP.
● Douglas	10,000-50,000 POP.
● El Mirage	5,000-10,000 POP.
● Clifton	1,000-5,000 POP.
● Alpine	UNDER 1,000 POP.
● Pearce	SITE OR SETTLEMENT
▲	LAKES & RIVERS
▲	POINTS OF INTEREST
—	INTERNATIONAL BOUNDARY
—	STATE BOUNDARY
—	COUNTY BOUNDARY
—	METROPOLITAN AREAS
—	INTERSTATE ROUTES
—	U.S. HIGHWAYS
—	STATE ROUTES
—	INDIAN ROUTES



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 ITEM NO. 74812

REGIONAL ANALYSIS

OVERVIEW – PIMA COUNTY

Pima County is located in southern Arizona and is about 95 miles south of Phoenix. Mexico is immediately south of Pima County. The county has five incorporated cities including Tucson, South Tucson, Marana, Oro Valley, and Sahuarita. These cities are clustered around Tucson. Green Valley, a large retirement community, is unincorporated and is about 25 miles south of Tucson.

Pima County is within an area known as the Sonora Desert, a unique eco-system. It is the only area in the World where the Saguaro cactus grows naturally. The city of Tucson is located in eastern Pima County and is the largest city in Pima County. It is in a valley surrounded by the Catalina, Rincon, Santa Rita, and Tucson Mountain ranges. Elevations within these ranges climb to over 9,000 feet.

The University of Arizona is one of the largest employers in the County. It is a nationally recognized undergraduate and graduate school with total enrollment of over 45,900. Davis-Monthan Air Force base is an important defense installation, also located in Tucson. Due to its clear night skies, Pima County is home to a number of prominent observatories including the Kitt Peak National Observatory.

Population

The population for Pima County is detailed in the following table. The County has had positive population growth for the past five years. The current population is 1,058,318. The five-year population growth was 3.6%.

Population Pima County			
Year	Total Population	Numerical Increase	Percent Increase
2017	1,021,153	N/A	N/A
2018	1,028,511	7,358	0.72%
2019	1,038,205	9,694	0.94%
2020	1,045,589	7,384	0.71%
2021	1,058,318	12,729	1.22%
2022	1,072,298	13,980	1.32%

Note: All estimates are as of February 2022. 2020 is the actual Census.
Source: State of Arizona, Office of Employment & Population Statistics.
<https://population.az.gov/population-estimates>

Gross Domestic Production

The primary measure of an area’s economic activity is Gross Domestic Product (GDP). GDP figures for Pima County are provided in the following table for 2016 to 2020. The figures are in current dollars. Positive GDP growth was reported for 2016 to 2019. Gross domestic product growth in 2020 was negative 8.75%. This is attributed to the Covid-19 pandemic. These numbers are expected to increase when more recent data is released. The numbers in this analysis are the most current.

Gross Domestic Product Pima County				
Year	Total	Numerical Increase	Percent Increase	
2016	\$ 37,134	N/A	N/A	
2017	\$ 38,636	\$ 1,502	4.04%	
2018	\$ 40,011	\$ 1,375	3.56%	
2019	\$ 42,169	\$ 2,158	5.39%	
2020	\$ 38,479	\$ (3,690)	-8.75%	

Note: Dollars are in millions.
Source: U.S. Bureau of Economic Analysis
https://www.bea.gov/iTable/index_regional.cfm

Employment and Unemployment

Total employment and unemployment rates for Pima County are provided in the following tables for the period from 2016 through 2021. Please note that all statistics are as of November. Pima County has had positive employment growth in five of the six years noted. Most recently, employment growth of 4.46% occurred in 2021. Previous employment growth has had more modest increases.

Employment Pima County			
Year	Total Employment	Numerical Increase	Percent Increase
2016	452,436	N/A	N/A
2017	457,092	4,656	1.03%
2018	469,665	12,573	2.75%
2019	480,705	11,040	2.35%
2020	459,909	(20,796)	-4.33%
2021	485,470	25,561	5.56%
2022	492,300	6,830	1.41%

Note: All figures are as of December.
Source: U.S. Bureau of Labor Statistics.
<https://www.bls.gov/regions/west/arizona.htm>

Unemployment as of year-end 2022 was only 3.1%, well below the year-end 2020

figure of 6.4%. Unemployment has recovered from the impact of the jobs lost during the pandemic. Prior to the pandemic, the unemployment rate was consistently under 5%.

Unemployment Rates Pima County	
Year	Unemployment Rate
2017	4.3%
2018	4.6%
2019	4.3%
2020	6.4%
2021	2.9%
2022	3.1%

Note: All figures are as of December.
Source: U.S. Bureau of Labor Statistics.
<https://www.bls.gov/regions/west/arizona.htm>

Largest Employers

The ten largest employers for Pima County are noted in the following table. The county’s employment base is largely government related. Seven of the top ten employers are government entities. One of three private sector employers noted, Raytheon, is largely dependent on government spending. The University of Arizona is one of the largest employers in the County. It is a nationally recognized undergraduate and graduate school with total enrollment of over 45,900 persons. Davis-Monthan Air Force base is an important defense installation, also located in Tucson.

Ten Largest Pima County Employers		
Name	Jobs	Industry
University of Arizona	10,846	Education
Raytheon	9,600	Defense
Davis Monthan Air Force Base	8,406	Defense
State of Arizona	8,508	Government
Tucson Unified School District	7,688	Education
Walmart	7,450	Retail
US Border Patrol	6,500	Government
University of Arrzona Health Network	6,099	Health Care
Pima County	6,076	Government
Freeport-McMoRan Copper & Gold	5,463	Mining

Source: Phoenix Relocation Guide, 2022
<http://www.phoenixrelocationguide.com/Top-25-Tucson-Employers-and-Businesses/>

Davis Monthan jobs represent civilian only

Employment Growth Projections

The University of Arizona Eller College of Management tracks the Tucson area

economy. Employment figures were obtained from the Eller School of Management and are noted below. Employment growth is projected to continue but at a slower pace than 2021 growth. Please note that the figures exclude agricultural jobs.

Employment Projections Pima County			
<u>Year</u>	<u>Total Employment</u>	<u>Numerical Increase</u>	<u>Percent Increase</u>
2022	392,900	Not. Applc.	Not. Applc.
2023	403,100	10,200	2.60%
2024	409,600	6,500	1.61%

Note: Excludes agricultural employment.
Source: Eller College of Management, University of Arizona.
<https://ebr.eller.arizona.edu/economic-forecasts/forecast-data>

Market Trends

The discussion here focuses on the four principal commercial property types. These include office, retail, industrial and apartments. Information from CoStar for each of these four property types is provided in the following table. All data is year-end information for each property type from 2011 through 2022.

Please note that the information reported is for the Tucson Metropolitan area which includes Tucson, South Tucson, Marana, Oro Valley, Sahuarita, and Green Valley. This represents the urban areas of Pima County, also known as the “Tucson Metropolitan Area.” The outlying rural areas are excluded.

Pima County - Metropolitan Tucson Commercial and Multi-Family Markets									
<u>Year</u>	<u>Office</u>		<u>General Retail</u>		<u>Industrial</u>		<u>Apartment</u>		<u>Rent Unit</u>
	<u>Vacancy</u>	<u>Per Sq. Ft.</u>	<u>Vacancy</u>	<u>Per Sq. Ft.</u>	<u>Vacancy</u>	<u>Per Sq. Ft.</u>	<u>Vacancy</u>	<u>Rent</u>	
2011	10.7%	\$ 19.07	7.7%	\$ 16.07	12.0%	\$ 6.34	10.3%	\$ 640	
2012	11.3%	\$ 18.57	7.0%	\$ 15.87	11.7%	\$ 6.45	9.6%	\$ 648	
2013	11.5%	\$ 19.19	6.4%	\$ 15.87	10.0%	\$ 6.65	10.0%	\$ 663	
2014	10.7%	\$ 19.06	6.2%	\$ 16.02	9.4%	\$ 6.96	10.0%	\$ 676	
2015	10.7%	\$ 19.48	5.9%	\$ 16.18	8.4%	\$ 7.22	9.2%	\$ 699	
2016	10.1%	\$ 19.12	5.9%	\$ 16.37	7.0%	\$ 7.48	8.1%	\$ 724	
2017	8.3%	\$ 19.92	5.8%	\$ 16.66	6.7%	\$ 7.81	6.8%	\$ 755	
2018	7.6%	\$ 20.82	5.3%	\$ 16.89	5.8%	\$ 8.25	6.3%	\$ 794	
2019	8.3%	\$ 21.13	5.7%	\$ 17.16	6.8%	\$ 8.64	6.7%	\$ 835	
2020	9.9%	\$ 21.59	6.3%	\$ 17.32	6.6%	\$ 9.04	5.0%	\$ 890	
2021	10.3%	\$ 22.16	6.1%	\$ 17.68	3.9%	\$ 9.68	5.0%	\$ 1,051	
2022	10.5%	\$ 22.71	6.2%	\$ 17.57	3.1%	\$ 10.31	8.2%	\$ 1,088	

Source: CoStar respective market reports for each property type.

In 2011, vacancy rates for 3 of the 4 property types exceeded 10%. Since then, economic conditions have slowly improved. By year-end 2017, vacancy rates for all property

types fell below 10%. However, the United States national economy has grown at a greater rate than the Pima County area.

At year-end 2022, the industrial and apartment vacancy rates were reported at 3.1% and 8.2%, respectively. Apartment vacancies experienced the highest vacancy increase of all categories despite higher interest rates. The office and retail vacancy rates at year-end 2022 increased slightly to 10.3% and 6.2%, respectively. Although there have been increases in vacancy rates, the data shows that rental rates have continued to increase in nearly every category.

OVERVIEW – TUCSON

Tucson was founded in 1775 and incorporated in 1877. Early occupants in the area were Indian tribes. Later the Spanish founded the San Xavier Del Bac Mission, also known as the White Dove of the Desert. This is one of the more famous landmarks in the State of Arizona. The city occupies a valley surrounded by the Catalina, Rincon, Santa Rita, and Tucson Mountain ranges. The city’s elevation is 2,641 at the airport and is desert.

Population – City of Tucson

Population information for the City of Tucson is provided in the following table for the past six years. Tucson has by far the largest population in Pima County. The city’s current population is 554,021. The six-year population growth totals 4.7% or about 0.8% per year. This is substantially slower than Phoenix which has had an average of 1.2% growth for the past 6 years.

Population City of Tucson			
Year	Total Population	Numerical Increase	Percent Increase
2016	528,931	N/A	N/A
2017	533,694	4,763	0.90%
2018	538,883	5,189	0.97%
2019	541,288	2,405	0.45%
2020	542,629	1,341	0.25%
2021	546,061	3,432	0.63%
2022	554,021	7,960	1.46%

Note: All estimates are as of July. 2020 is the actual Census.
 Source: State of Arizona, Office of Employment & Population Statistics.
<https://population.az.gov/population-estimates>

Transportation – Tucson

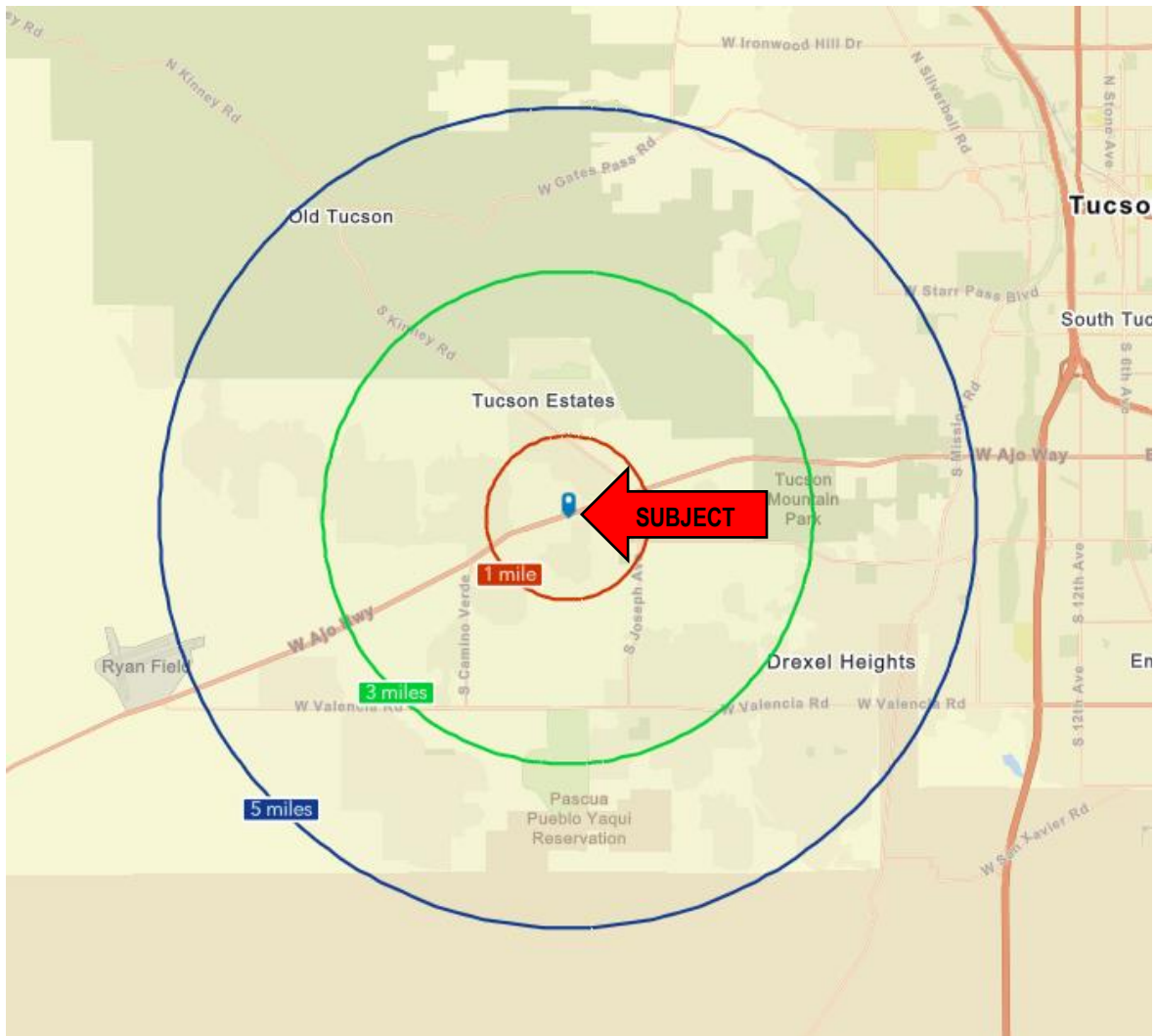
Tucson is adequately served by all major modes of transportation. The Tucson

International Airport provides domestic and international air service to 23 different destinations. Interstate 10 connects Tucson with Phoenix and California to the north and New Mexico and Texas to the east. Interstate 19 connects Tucson with Mexico to the south. Greyhound provides local and national bus line service. Union Pacific provides freight rail service connecting California and Texas. Passenger rail service is provided by Amtrak.

Conclusion

Pima County and the City of Tucson have experienced strong economic growth in the last 12 months. The effects of the pandemic are still seen in office and retail vacancy rates although pricing has continued to increase showing strong economic conditions. Employment in the area is projected to continue its increase, which will continue to stimulate the economy.

NEIGHBORHOOD ANALYSIS



The subject property is located in the southwest portion of the Tucson metropolitan area, approximately 10 miles southwest of the central business district. It is in an expanding development area with residential and commercial uses nearby. Overall, the area is considered rural.

The neighborhood's boundaries are west of Interstate 19, north of the San Xavier District of the Tohono O'odham Nation, east of Three Points, and south of Tucson Mountain Park.

Land Use and Economic Activity

Land uses within the subject's neighborhood primarily consist of a mixture of commercial and residential developments. The immediate area surrounding the subject is low density residential and low intensity commercial uses. Commercial development

primarily exists to the southeast of the subject property along Valencia Road. The majority of the single-family residential development within a one-mile radius of the subject may be described as low-density single-family homes with some tract home subdivisions. The neighborhood is approximately 50% developed. Land use patterns are stable, with significant new development occurring to the east of the subject.

Casino Del Sol

The primary source of employment in the subject's neighborhood is Casino Del Sol, located approximately 2 miles east of the subject property. It is a destination location for local Tucson residents. Casino Del Sol is owned and operated by the Pascua Yaqui Tribe. According to Zippia.com, Casino Del Sol employs 7,500 individuals with an annual revenue of \$73 million dollars. They offer a 215-room hotel, 18 holes of championship golf, a Spa, AVA Amphitheater, fine dining, and a casino with slots and table games.

Tucson Spectrum

The most prominent retail project in the subject's neighborhood is the Tucson Spectrum, a 1.1 million square foot regional shopping center located at the southwest corner of Irvington Road and Interstate 19. Anchor tenants include Target, Home Depot, Harkins Theaters, Food City, Best Buy, Ross Dress For Less, Marshall's, and Michael's.

The Landing

The most recent retail development in the area is The Landing, which is being developed by Bourn Companies. Located directly across the street from Tucson Spectrum, on the north side of Irvington Road, west of Interstate 19, The Landing is a 65-acre, mixed-use project designed to appeal to visitors and the surrounding community alike. An eclectic mix of retail, restaurants, office and hospitality encircle a vibrant family-friendly zocalo-like plaza with local food, retail, entertainment and amusements. Adjacent residential features 125 single-family rental homes in one, two, and three-bedroom floor plans.

Access

Primary access to the subject neighborhood is provided by Interstate 19 and major arterials. The Tucson MSA is set up in a grid format with major thoroughfares set one-mile apart. Major arterials in the neighborhood include Ajo Highway, Irvington Road, Drexel Road, and Valencia Road. Overall access is considered to be above average due to the subject's frontage along Ajo Highway.

Demographics

2023 Demographics: <i>Source: STDBOnline</i>	1-Mile Radius	3-Mile Radius	5-mile Radius
2023 Summary			
Population	3,247	18,815	76,909
Households	1,154	7,702	27,743
Families	868	5,299	19,953
Average Household Size	2.80	2.44	2.76
Owner Occupied Housing Units	981	6,695	20,886
Renter Occupied Housing Units	173	1,007	6,857
Median Age	39.4	46.2	35.7
Median Household Income	\$78,861	\$63,574	\$64,235
Average Household Income	\$91,093	\$81,070	\$82,830

Conclusion:

The population and households within the subject neighborhood have increased modestly over the past five years. The neighborhood has a middle-income profile with a median household income of \$63,574 within three miles of the subject. The neighborhood outlook over the next several years is generally favorable. As a result, the demand for existing developments is expected to be positive. Generally, the neighborhood is expected to maintain a relatively stable growth pattern in the foreseeable future.

SITE ANALYSIS

Location

The subject property is located at the southwest corner of State Route 86 (Ajo Highway) and Sunset Boulevard. This corner location is in the southwest portion of the Tucson metropolitan area but is not within the city limits of Tucson.

Shape and Area

According to the client, the subject property consists of 80,163 square feet or 1.84 acres. The site is irregularly shaped. The site's irregular shape does not inhibit its development potential.

Topography

The eastern portion of the site has level topography that is at street level with Sunset Boulevard. The western portion of the site has a wash that traverses the site. The wash is approximately 4 feet below the surrounding terrain. The wash encompasses approximately 5,975 square feet of the site. The location of this wash is outlined in the following map.

Access

The subject property has frontage along Ajo Highway and Sunset Blvd. Currently, vehicular access to the subject property is from Sunset Blvd., just south of Ajo Highway Road.

Traffic Counts

According to ADOT, the 2022 average vehicles per day on Ajo Highway is 11,588. Additionally, there are 1,689 vehicles per day on Sunset Blvd. east of the subject.

Surrounding Uses

The property is predominantly surrounded by vacant land. There are several single-family residential homes in the vicinity of the subject, and light commercial developments along various sections of Ajo Highway.

Site Improvements

The property is undeveloped, vacant land with no site improvements.

Utilities

Electric, gas, and water are available at the lot line or nearby. Sewer is not available but is located approximately ¼ mile to the east of the site.

Police and Fire Protection:

Police services are provided by Pima County Sheriff Department. Fire and emergency services are provided by Drexel Heights Fire District.

Flood Plain:

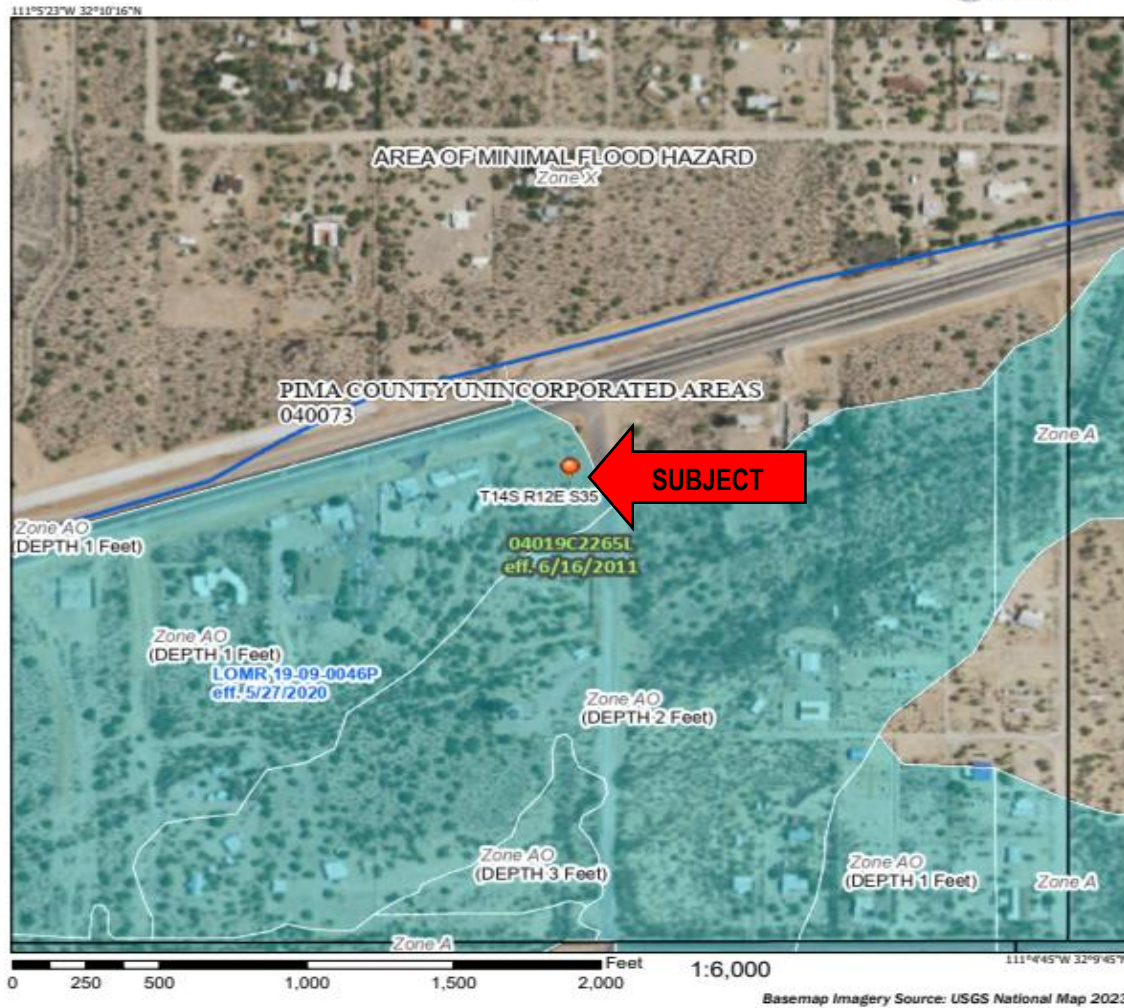
The subject property is located within Flood Zone AO according to the FEMA Map 04019C2265L, dated June 16, 2011. Zone AO is defined by FEMA as follows:

“River or stream flood hazard areas, and areas with a 1% or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Average flood depths derived from detailed analyses are shown within these zones.”

Based on the following FEMA map, the subject property’s flood depth ranges from 1 to 2 feet. Development of the subject property is inhibited by its location in the Zone AO floodplain. This will be further discussed in the Land Valuation section of this appraisal.

FEMA FLOOD MAP

National Flood Hazard Layer FIRMette



Legend

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

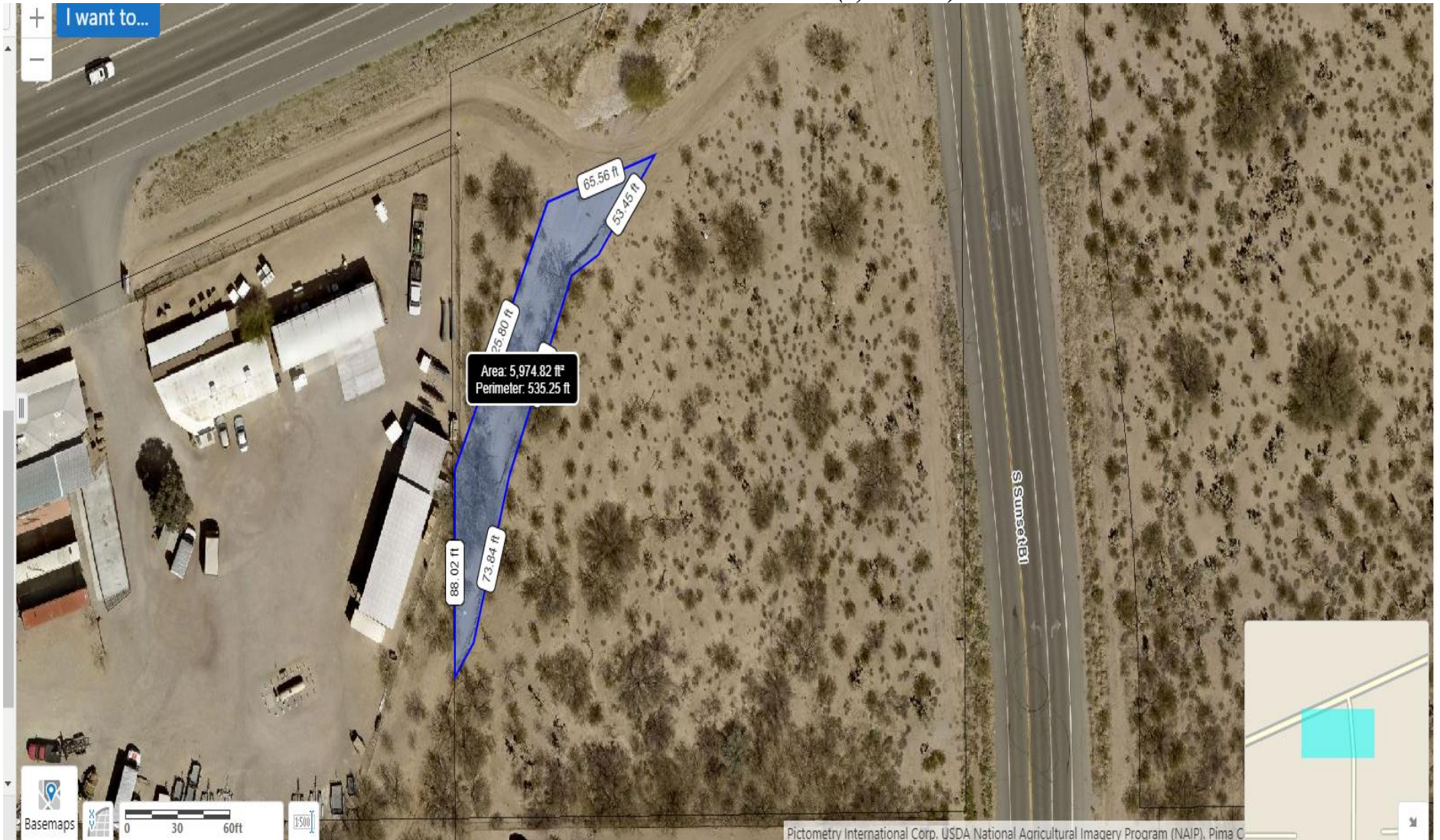
SPECIAL FLOOD HAZARD AREAS	<ul style="list-style-type: none"> Without Base Flood Elevation (BFE) Zone A, V, A99 With BFE or Depth Zone AO, AH, VE, AR Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD	<ul style="list-style-type: none"> 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with 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	<ul style="list-style-type: none"> NO SCREEN Area of Minimal Flood Hazard Zone X Effective LOMRs Area of Undetermined Flood Hazard Zone D
GENERAL STRUCTURES	<ul style="list-style-type: none"> Channel, Culvert, or Storm Sewer Levee, Dike, or Floodwall
OTHER FEATURES	<ul style="list-style-type: none"> Cross Sections with 1% Annual Chance Water Surface Elevation Coastal Transect Base Flood Elevation Line (BFE) Limit of Study Jurisdiction Boundary Coastal Transect Baseline Profile Baseline Hydrographic Feature
MAP PANELS	<ul style="list-style-type: none"> Digital Data Available No Digital Data Available Unmapped <p>The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.</p>

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 11/9/2023 at 4:02 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

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

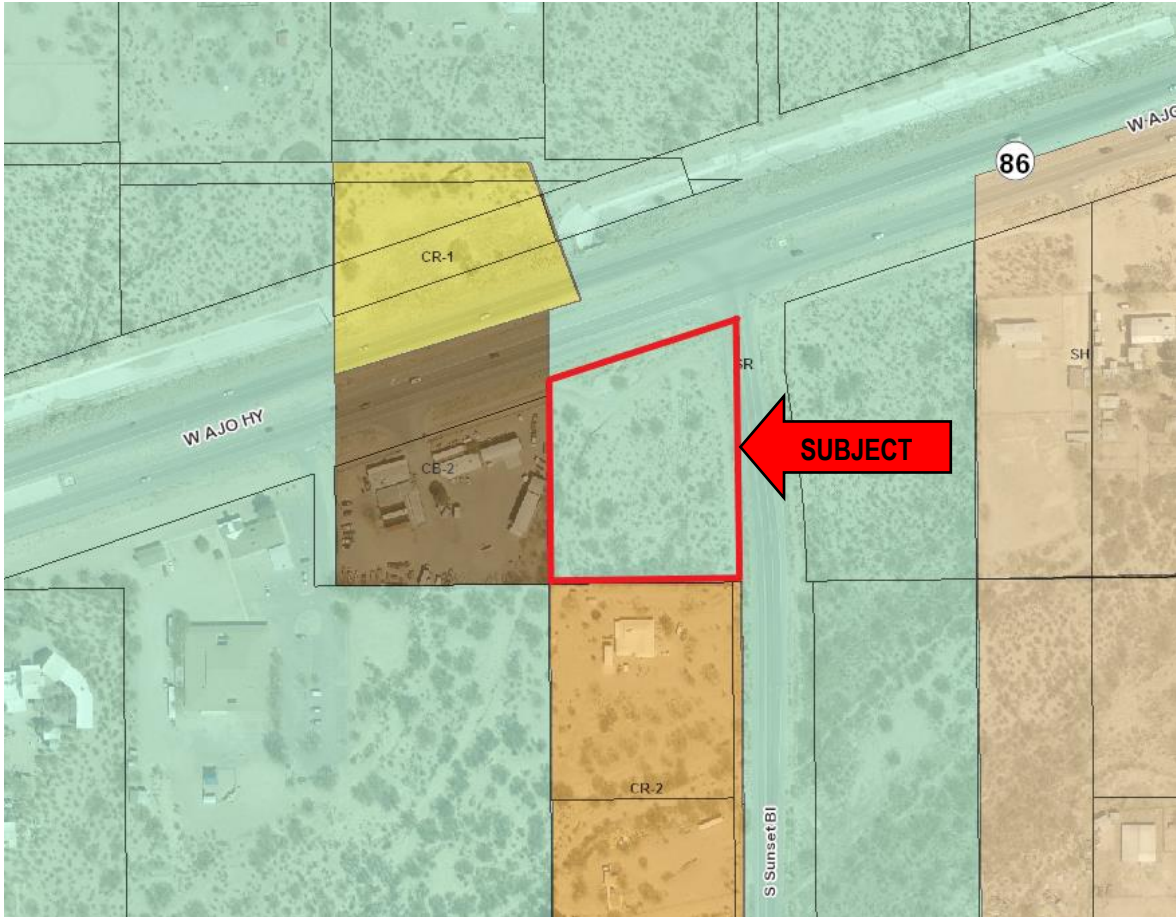
AREA IMPACTED BY WASH (5,975 S.F.)



Impacted Area is an Estimation by the Appraiser

ZONING

The subject property is located in the Suburban Ranch, SR, zoning district in Pima County. This zone is represented on the following map followed by a brief description of the allowable uses.



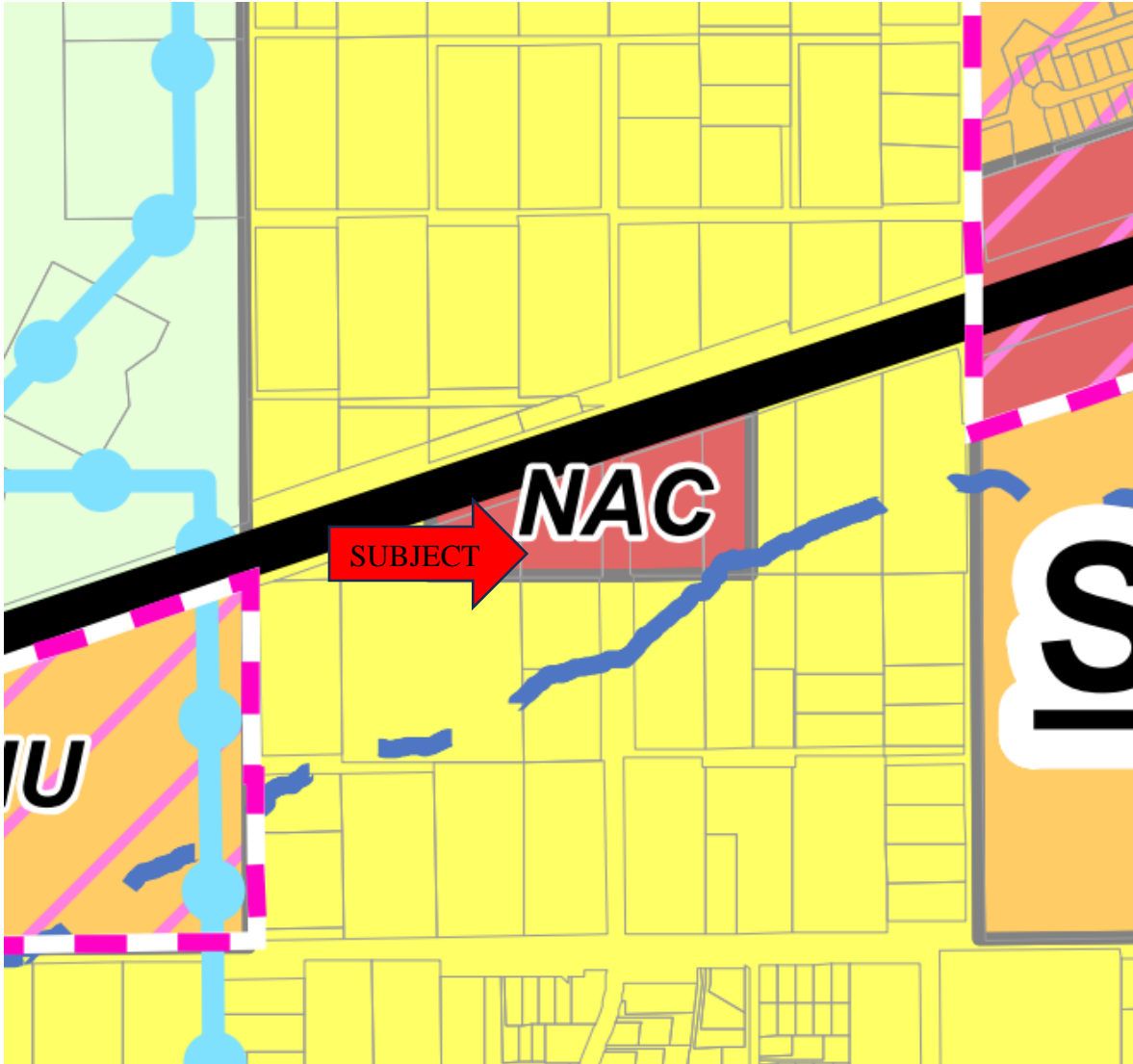
SR, Suburban Ranch Zone:

The Suburban Ranch, SR, zone in Pima County is designed to accommodate low-density residential development, primarily consisting of mobile homes on individual lots or within mobile home parks. The SR zoning allows for compatible uses, such as civic, educational, recreational, religious, and agricultural facilities.

General Plan:

The subject property is located in the Neighborhood Activity Center, NAC, in the Pima County General Plan. This is represented on the following map.

GENERAL PLAN MAP



The NAC allows for lower-intensity mixed-use areas in Pima County that are designed to provide residents with convenient access to the goods and services they need on a daily and weekly basis. The NAC land use allows for a mix of housing, retail, office, and service uses, as well as public amenities.

Probability of Rezoning

The subject property is located within a residential zoning district. Due to its location along a major throughfare, the subject property would likely be purchased develop with a

commercial use. The property's marketability is improved with a more intensive zoning than the current Suburban Ranch, SR, zoning. Due to this, a knowledgeable buyer would consider the likelihood of rezoning the site with a more intensive zone. I have relied on the following text in my consideration of rezoning the subject property.

Definition - Probability of Rezoning:

The general rule is that present market value must ordinarily be determined by consideration only of the uses for which the land "is adapted and for which it is available." The exception to this general rule is that if the land is not presently available for a particular use by reason of a zoning ordinance or other restriction imposed by law, but the evidence tends to show a "reasonable probability of a change in the near future" in the zoning ordinance or other restriction, then the effect of such probability upon the minds of purchasers generally may be taken into consideration in fixing present market value.¹¹

Mr. Spencer Heckman, Pima County Planner, was interviewed about the probability of rezoning the subject property for a commercial use. Mr. Heckman stated that the subject property's location in the Pima County General Plan allows for commercial uses. He states that the subject property is a prime candidate to be rezoned for a commercial use up to CB-2, General Business Zone.

The CB-2, General Business is a versatile zoning designation that caters to a diverse range of commercial activities. Permissible uses within the zone encompass a wide spectrum of commercial ventures, while conditional uses may be permitted with approval. Allowable uses include but are not limited to: Automotive repair facilities, bars, pawn shops, educational facilities, shopping centers regional and local, retail stores, restaurants, self storage, light manufacturing, and wholesaling.

Pima County Rezoning Fees:

Rezoning fees according to the Pima County Development Services Department, effective July 1, 2021, outline the fees associated with rezoning a property. The potential fees associated with the subject property include but are not limited to the following fees outlined below.

¹¹ *Martens V. State, Real Estate Valuation in Litigation 2nd. Edition, page 142, Appraisal Institute*

Advertised Public Hearing	\$812
Comprehensive Plan Amendment & Rezoning	\$3,679
Site Analysis Rezoning Fees/Business	\$6,421 to \$28,906
Modification of Rezoning Condition	\$1,217
Total	\$12,129 to \$34,614 \$23,372 Middle of Range

Entrepreneurial Incentive:

In addition to the direct costs of rezoning, the indirect costs must also be considered. These are the costs to the entrepreneur who is holding the property during the rezoning process. A return to the equity investor of 10% to 20% per year is warranted depending on the risk of the investment. Based on my interview with Mr. Heckman, Pima County Planner, there is minimal risk for the subject property in the rezoning process. Due to this, I have estimated a total cost of 10% including both direct and indirect costs. These costs will be considered in the Land Valuation section which follows.

Conclusion

Based on the interview with the Pima County Planning Department, this appraisal assumes that the subject property could reasonably be rezoned from SR to CB-2. This rezoning is estimated to take approximately one-year and would require a development plan. Overall, rezoning the subject property to CB-2 would allow for a more intensive development and increase the property’s marketability.

ASSESSED VALUATION & TAX DATA

According to the Pima County Treasurer’s Office, Pima County Assessor’s Parcel 212-48-047A, which is the subject property’s parent parcel, has a 2023 full cash value of \$56,000 and a limited cash value of \$40,517. The property owner, State of Arizona, is exempt from property taxation. It is an assumption of this appraisal that taxes for a non-exempt buyer would be assessed based on tax rates consistent with other properties in the immediate area.

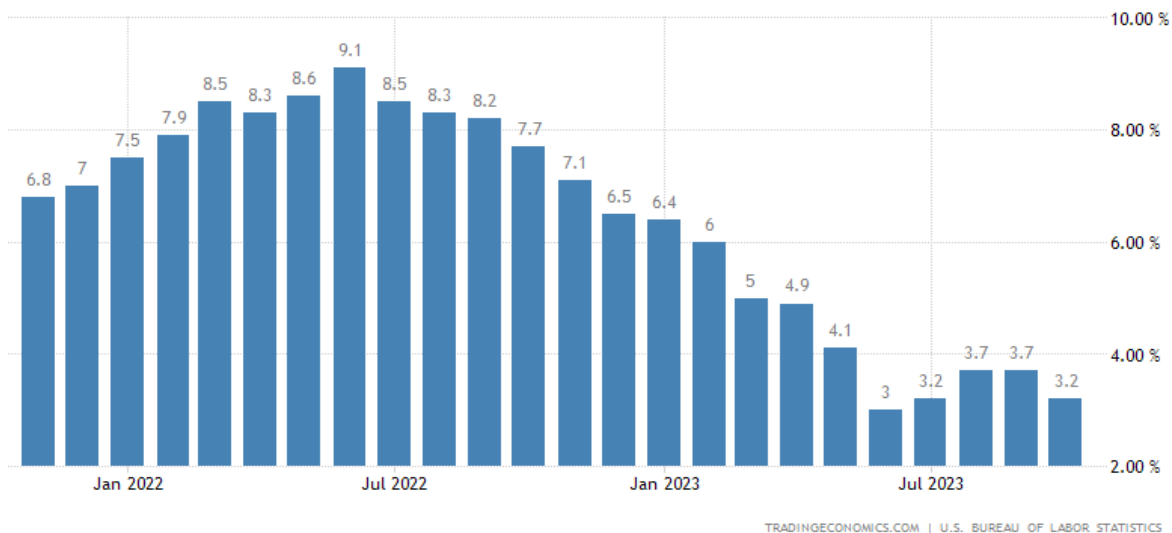
MARKET ANALYSIS

“Market analysis is a process for the examination of the demand for, and supply of, a property type and the geographic market area for the property type.”¹²

The subject property is vacant land that would be considered as mostly retail in the market. The purpose of market analysis is to show how the interaction of supply and demand affects the property’s value.

National Economy:

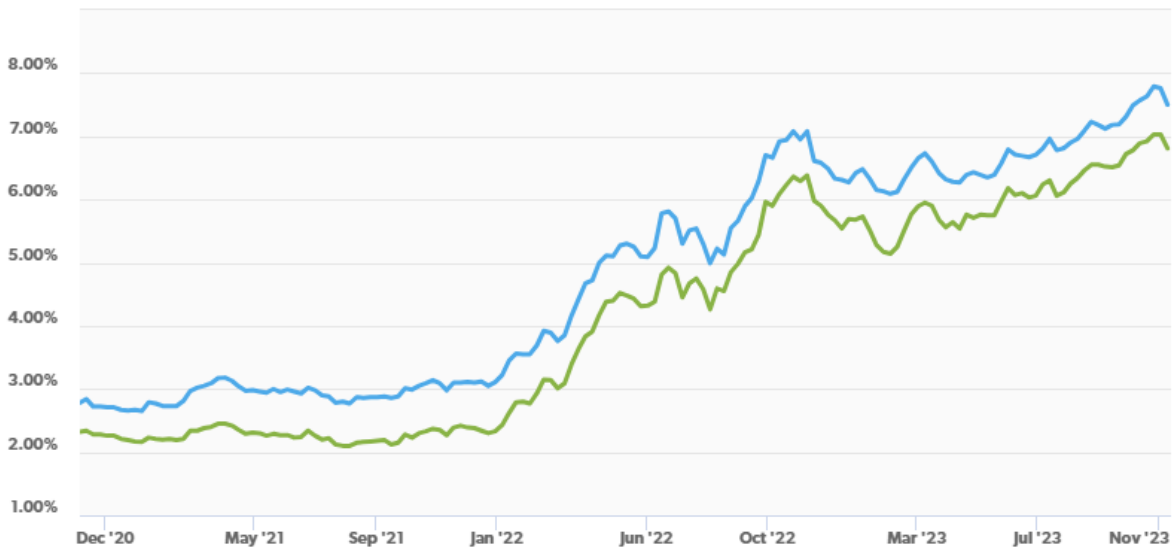
Coming out of the Covid-19 pandemic the national economy enjoyed pent up demand. According to the Federal Reserve Bank of Richmond, consumer spending was at an all-time high and single-family home sales were at a 14-year high in 2022. This can be attributed, in part, to the enormous increase in federal government spending for Covid Relief and for new Infrastructure of approximately \$5 trillion financed largely by new debt. Also driving demand for new homes were record low home mortgage interest rates, which were as low as 2.65% on a 30-year fixed rate loan in January 2021. In 2022 and 2023, the economy now suffers from higher interest rates and inflation. Inflation reached 9.1% in June 2022, its highest level in nearly 40 years. Inflation has come down to 3.2% as of October, 2023, but remains above the Federal Reserve’s target of 2%. A chart representing inflation over the last 2-year period follows.



¹² *The Appraisal of Real Estate, 14th Edition*, Appraisal Institute, P 299

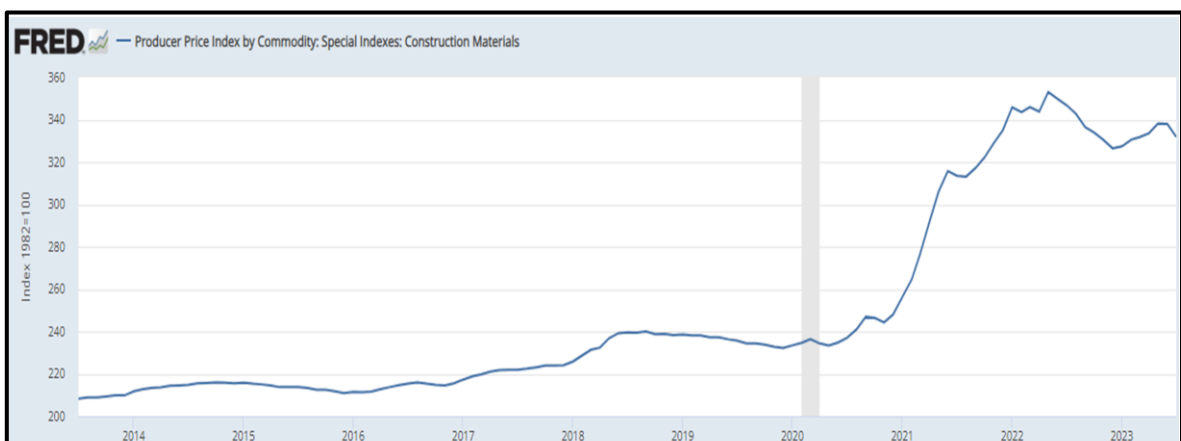
Conventional Long Term Mortgage Data:

According to the “Primary Mortgage Market Survey” compiled by Freddie Mac, the average interest rate for a 30-year fixed rate mortgage was 7.5% as of November, 2023. This is up from the 2.65% interest rate in January 2021. The following chart shows the interest rates for a 30-year fixed mortgage loan over the last 3-year period.



Cost of Construction:

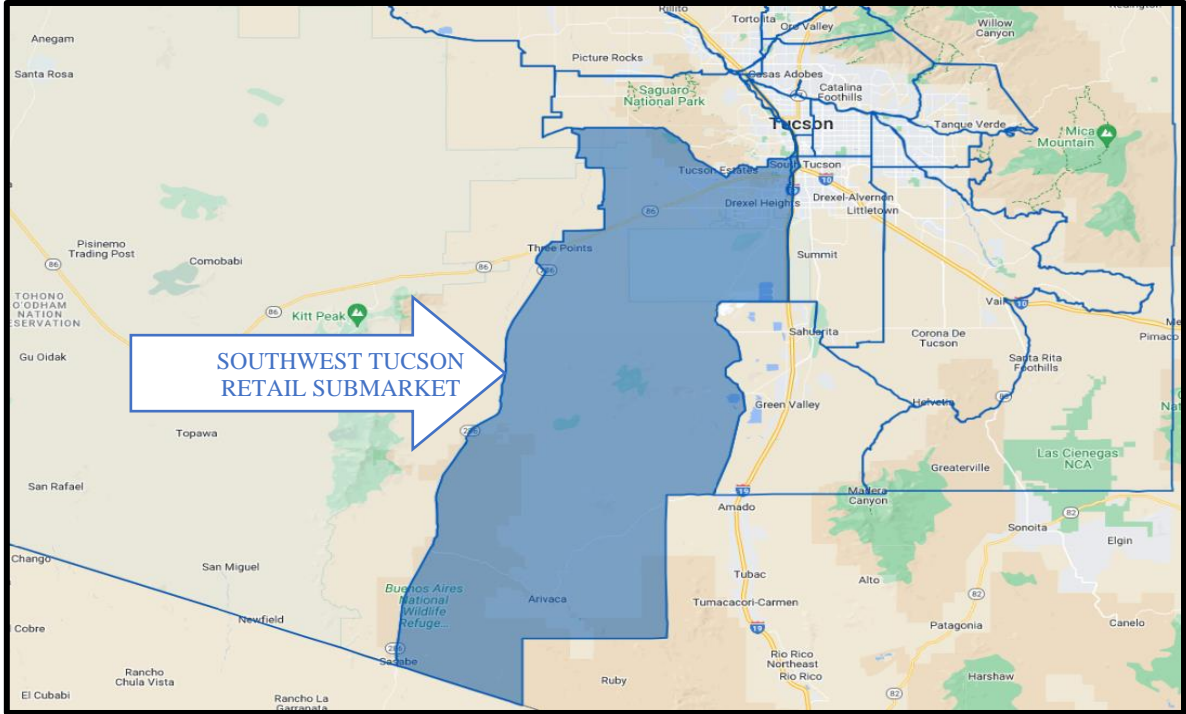
Due to the rise in inflation, construction costs have increased at a record pace over the last 3-year period. This increase has slowed over the last 6-month period with the recent decline in overall inflation. A chart representing the previous 10-year period of construction costs according to the St. Louis Federal Reserve follows.



SOURCE: <https://fred.stlouisfed.org/series/WPUSI012011>

Southwest Tucson Retail Submarket

The subject property is located within the Southwest Tucson Retail submarket, as defined by CoStar Group, Inc. and shown on the following map:



The following data compares the Total Retail statistics for the Southwest Tucson Retail submarket and the overall Metro Tucson retail market.

<i>Source: CoStar</i>	3Q23 Southwest Tucson Retail	3Q23 Metro Tucson
No. of Buildings:	220	5,563
Total GLA (SF):	3,100,000	56,400,000
Total Vacancy (SF):	63,356	3,200,000
Vacancy Rate (%):	2.0%	5.6%
12 Month Net Absorption	109,000	321,000
Under Construction (SF):	7,500	50,200
Quoted Rental Rates (FS):	\$20.68	\$18.39

SUBMARKET INVENTORY													
No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Central East	1,119	8,890	15.8%	2	8	29	0.3%	4	0	-	-	-
2	Central West	766	7,375	13.1%	3	0	0	0%	-	0	-	-	-
3	Downtown Tucson	323	1,914	3.4%	10	0	0	0%	-	0	-	-	-
4	E Outlying Pima Cnty	1	6	0%	15	0	0	0%	-	0	-	-	-
5	East Tucson	785	9,686	17.2%	1	3	4	0%	8	3	12	0.1%	1
6	Foothills	300	5,761	10.2%	5	2	2	0%	10	1	4	0.1%	6
7	North/Oro Valley	188	2,568	4.6%	8	1	4	0.2%	7	2	11	0.4%	2
8	Northeast Tucson	27	324	0.6%	14	1	7	2.3%	5	0	-	-	-
9	Northwest Tucson	305	4,649	8.2%	6	6	37	0.8%	3	1	9	0.2%	3
10	South Tucson	1,031	6,973	12.4%	4	12	48	0.7%	2	1	4	0.1%	5
11	South/SW Outlying	168	1,967	3.5%	9	1	4	0.2%	9	1	3	0.2%	7
12	Southeast Tucson	152	1,912	3.4%	11	1	6	0.3%	6	0	-	-	-
13	Southwest Tucson	220	3,114	5.5%	7	5	67	2.2%	1	1	7	0.2%	4
14	W Outlying Pima Cnty	41	326	0.6%	13	0	0	0%	-	0	-	-	-
15	West Tucson	136	889	1.6%	12	0	0	0%	-	0	-	-	-

SUBMARKET RENT							
No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Central East	\$16.41	13	1.7%	13	0.7%	12
2	Central West	\$16.57	12	1.9%	9	0.3%	14
3	Downtown Tucson	\$18.24	10	2.6%	8	1.8%	4
4	E Outlying Pima Cnty	\$23.79	1	4.8%	2	1.4%	7
5	East Tucson	\$17.56	11	1.8%	10	1.0%	11
6	Foothills	\$22.67	2	2.8%	7	1.3%	8
7	North/Oro Valley	\$22.43	3	0.6%	14	0.5%	13
8	Northeast Tucson	\$19.65	7	0.5%	15	-0.4%	15
9	Northwest Tucson	\$20.53	5	1.7%	12	1.2%	10
10	South Tucson	\$15.87	14	3.5%	6	1.8%	5
11	South/SW Outlying	\$19.17	9	3.8%	5	2.0%	1
12	Southeast Tucson	\$19.42	8	1.8%	11	1.3%	9
13	Southwest Tucson	\$20.67	4	4.5%	3	1.4%	6
14	W Outlying Pima Cnty	\$15.83	15	5.3%	1	1.9%	3
15	West Tucson	\$20.04	6	4.3%	4	2.0%	2

SUBMARKET VACANCY & NET ABSORPTION								
No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Central East	762,015	8.6%	11	(34,778)	-0.4%	13	-
2	Central West	396,705	5.4%	9	26,776	0.4%	4	-
3	Downtown Tucson	57,342	3.0%	4	15,459	0.8%	7	-
4	E Outlying Pima Cnty	-	-	-	0	0%	-	-
5	East Tucson	848,325	8.8%	12	54,650	0.6%	3	-
6	Foothills	209,660	3.6%	6	(52,937)	-0.9%	15	-
7	North/Oro Valley	205,666	8.0%	10	(22,560)	-0.9%	12	-
8	Northeast Tucson	42,568	13.1%	13	24,499	7.6%	5	0.3
9	Northwest Tucson	102,656	2.2%	2	230,492	5.0%	1	0.2
10	South Tucson	292,993	4.2%	7	(12,037)	-0.2%	11	-
11	South/SW Outlying	96,562	4.9%	8	(44,265)	-2.3%	14	-
12	Southeast Tucson	53,035	2.8%	3	16,980	0.9%	6	0.3
13	Southwest Tucson	63,356	2.0%	1	108,735	3.5%	2	0.6
14	W Outlying Pima Cnty	-	-	-	1,022	0.3%	9	-
15	West Tucson	29,115	3.3%	5	6,988	0.8%	8	-

The aforementioned data indicates that the Southwest Tucson Retail Submarket has a lower vacancy rate and a higher average quoted rental rate (PSF) than the Metropolitan Tucson Retail market, as a whole. Citywide, there was 209,000 square feet of new inventory added over the last year, with 50,200 square feet of new inventory currently under construction. The Southwest Tucson Retail submarket has many new properties as it is an expansive submarket. This submarket is outperforming the Tucson Metro with lower vacancy rates and higher quoted rent rates. Speculative new development with pre-leasing may be financially viable under current market conditions.

The data compares the total retail statistics for the Southwest Tucson Retail and the overall Metro Tucson Retail Market as of the current date. CoStar reports retail rental rates in Triple Net lease terms. That is, the tenant pays all operating expenses of the real estate.

The above data indicates the subject's Southwest Tucson Retail submarket has the lowest vacancy rate at 2.0%, out of 15 submarkets identified by *Costar*. The overall Tucson retail market vacancy rate is 5.6%. Absorption in the subject submarket over the last 12-month period was a positive 67,200 square feet compared to 321,000 square feet in metro Tucson. Overall, retail demand within the larger Tucson MSA is relatively subdued, which is largely a result of the popularization of on-line shopping.

Sales/Rents

According to CoStar, the overall retail real estate market has been affected by higher interest rates as sales volume has slowed. There were 193 retail building sales in the past year in Tucson totaling about \$197 million. The subject property's submarket accounted for \$8.3 million of the overall total. According to CoStar, over the past 12 months the average sales price in Tucson of a retail building was \$1,397,264 for a 7,469 square foot property (\$216/sf), with an average year built of 1976, and an average cap rate of 6.5%.

One trend ushered in by the pandemic is the importance of having a drive-thru for certain types of real estate. One local retail broker noted that retail centers that feature a drive-thru will receive stronger investor interest because these tenants are typically able to pay much higher rents and can operate during social distancing.

In the Tucson metro, retail rents increased 2.3% while the subject's submarket increased 4.6% over the last 12-month period. The stagnation in the Tucson metro was partially due to the weakness in the general retail segment. The subject's submarket has outperformed the Tucson metro over the last 12-month period.

Retail Market Conclusion

The overall retail market in Tucson had been steadily improving over the past few years, as measured by vacancy, rental rates, sales volume and capitalization rates. It is noted that capitalization rates within the Tucson market are about 50 basis points higher than the national average. The Tucson retail market is anticipated to continue its nominal growth in 2023 and into 2024. The subject property's submarket is estimated to continue outpacing the overall Tucson market in rent and vacancy rates for the foreseeable future.

CoStar Multi-Family Data

According to CoStar, the subject property is located within the Drexel Heights/Valencia West multi-family submarket. In total, the subject's submarket has an estimated \$219 million in multi-family development assets.

Within the subject's submarket, there are 9 multi-family developments that total 1,537 rentable units. Over the last 12-month period, 1 new development with 12 units was

delivered to market. Based on my interviews with buyers, there are several multi-family developments in the planning phases within the submarket.

SUBMARKET INVENTORY													
No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	Units	% Market	Rank	Bldgs	Units	Percent	Rank	Bldgs	Units	Percent	Rank
1	Casas Adobes	44	9,636	11.6%	3	1	272	2.8%	2	2	405	4.2%	2
2	Catalina Foothills	29	5,641	6.8%	6	0	0	0%	-	0	0	0%	-
3	Central Tucson	1,090	24,059	29.0%	2	1	15	0.1%	4	3	376	1.6%	3
4	Drexel Heights/Valencia...	9	1,537	1.9%	9	1	12	0.8%	5	0	0	0%	-
5	East Side	386	24,271	29.2%	1	0	0	0%	-	1	27	0.1%	6
6	Oro Valley/Catalina	9	1,930	2.3%	8	0	0	0%	-	1	64	3.3%	5
7	Outlying Pima County	70	6,231	7.5%	4	1	300	4.8%	1	1	224	3.6%	4
8	South Tucson	149	6,082	7.3%	5	1	50	0.8%	3	4	724	11.9%	1
9	Southeast Tucson	19	2,883	3.5%	7	0	0	0%	-	0	0	0%	-
10	Tanque Verde	5	790	1.0%	10	0	0	0%	-	0	0	0%	-

Rent & Vacancy

The effective rent rate per unit in the subject's submarket is \$1,116 per month with a 5.2% increase year-over-year. The subject's submarket has outpaced the overall Tucson market's 2.8% year-over-year growth rate. Although, the subject's effective rent rate is below the Tucson market's \$1,139 per month.

SUBMARKET RENT											
No.	Market	Asking Rents				Effective Rents					
		Per Unit	Per SF	Rank	Yr. Growth	Per Unit	Per SF	Rank	Yr. Growth	Concession	Rank
1	Casas Adobes	\$1,429	\$1.55	6	1.5%	\$1,421	\$1.54	6	1.4%	0.6%	6
2	Catalina Foothills	\$1,282	\$1.68	1	3.5%	\$1,269	\$1.66	1	2.8%	1.1%	2
3	Central Tucson	\$1,044	\$1.57	5	3.2%	\$1,034	\$1.55	5	2.9%	0.9%	3
4	Drexel Heights/Valencia...	\$1,124	\$1.49	7	5.5%	\$1,116	\$1.48	7	5.2%	0.7%	5
5	East Side	\$1,040	\$1.44	10	3.4%	\$1,031	\$1.42	10	3.1%	0.9%	4
6	Oro Valley/Catalina	\$1,621	\$1.58	3	-0.9%	\$1,615	\$1.57	3	-1.0%	0.4%	10
7	Outlying Pima County	\$1,409	\$1.59	2	5.6%	\$1,401	\$1.59	2	5.9%	0.5%	8
8	South Tucson	\$904	\$1.45	9	3.0%	\$894	\$1.44	9	2.4%	1.2%	1
9	Southeast Tucson	\$1,067	\$1.57	4	2.7%	\$1,062	\$1.56	4	2.7%	0.5%	9
10	Tanque Verde	\$1,463	\$1.47	8	3.2%	\$1,456	\$1.46	8	2.8%	0.5%	7

Vacancy rates within the subject's submarket is 7.4%. This is below the overall Tucson market's vacancy rate of 8.3%. The subject's submarket was one of five submarkets with a positive absorption rate within the Tucson MSA.

SUBMARKET VACANCY & ABSORPTION								
No.	Submarket	Vacancy			12 Month Absorption			
		Units	Percent	Rank	Units	% of Inv	Rank	Construc. Ratio
1	Casas Adobes	811	8.4%	7	26	0.3%	3	10.3
2	Catalina Foothills	391	6.9%	5	(86)	-1.5%	8	-
3	Central Tucson	2,080	8.6%	8	(102)	-0.4%	9	-
4	Drexel Heights/Valencia...	114	7.4%	6	19	1.3%	4	-
5	East Side	2,190	9.0%	9	(81)	-0.3%	7	-
6	Oro Valley/Catalina	103	5.3%	2	30	1.5%	2	-
7	Outlying Pima County	385	6.2%	3	507	8.1%	1	0.6
8	South Tucson	568	9.3%	10	(139)	-2.3%	10	-
9	Southeast Tucson	188	6.5%	4	(36)	-1.2%	6	-
10	Tanque Verde	34	4.3%	1	8	1.0%	5	-

Multi-Family Sales

Tucson multi-family sales volume slowed significantly in the first half of 2023 due to higher interest rates, weaker property performance, and a widening expectations gap between buyers and sellers. Smaller deals to private buyers at the sub-\$3 million price point have become the primary driver of sales. Despite the slowdown, Tucson multi-family assets still trade at a notable discount relative to larger markets, and cap rates have shown signs of rising.

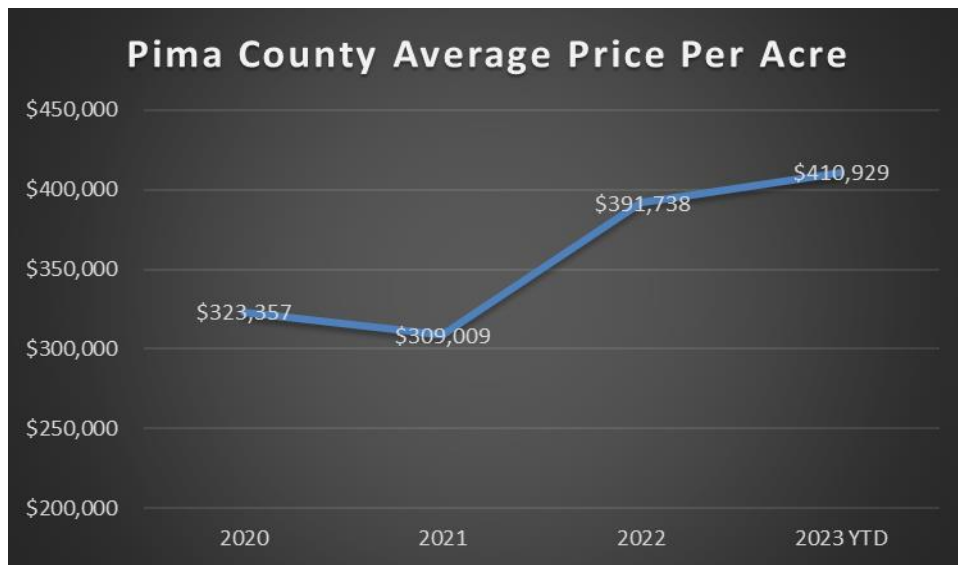
Over the last 12-month period, there have been 59 multi-family sales in the Tucson MSA. The average sale price was \$7,740,928 or \$200,883 per unit. The largest sale was of the Sol y Luna student living apartments with 340 units. The property sold for \$203,000,000 or \$597,000 per unit on October 25, 2022. This transaction drove up the average price per unit in the last 12-month sale statistics.

Multi-Family Conclusion

Development within the multi-family sector has slowed as demand has not kept up with new expansion. The subject property is located in an area with untested demand in comparison to the greater Tucson MSA. Future expansion of the multi-family market is warranted as there are only 12 properties currently under construction in the Tucson MSA.

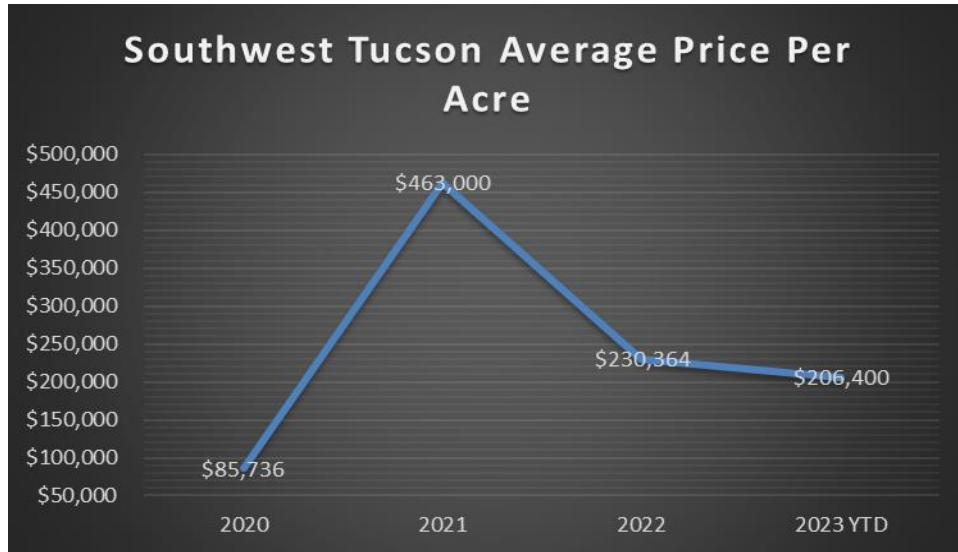
MARKET ANALYSIS –LAND SALES

According to CoStar, there has been 272 vacant, commercial land sales in Pima County from 2020 to 2023 year to date. These sales averaged 2.3 acres in size with an average sale price of \$358,758 per acre. In 2020 the average sale price per acre was \$323,357. The sales price per acre increased 27%, or 6.8% annually, to \$410,929 per acre in 2023 year to date. These vacant commercial land sales in Pima County are represented in the following chart.

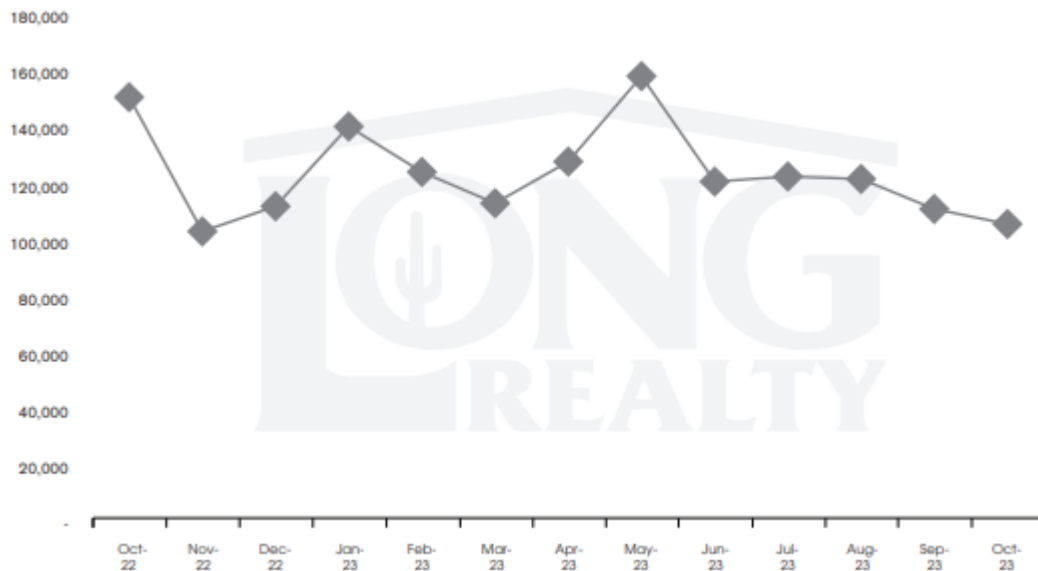


Southwest Tucson Submarket:

According to CoStar, in the subject property's submarket there has been 25 vacant, commercial land sales from 2020 to 2023 year to date. These sales averaged 3.3 acres in size with an average sale price of \$272,203 per acre. In 2020 the average sale price per acre was \$85,736. The sales price per acre increased 140.7%, or 35.2% annually, to \$206,400 per acre in 2023 year to date. Due to the limited sales volume, this is only given partial weight in my analysis. These vacant, commercial land sales in the Southwest Tucson submarket are represented in the following chart.



According to the most recent publication by Long Realty, the Tucson residential lot and land market is showing signs of slowing. Active inventory is down 3% year-over-year and year-to-date closings are up 38%. Median sale prices declined 30% year-over-year, with the October 2023 median price of \$106,702 per lot. This suggests that demand is still strong, but buyers are paying less for land in comparison to the previous year. The following chart represents the price per lot change over the last 12-month period.



Market Analysis Conclusion

Based on the aforementioned data, price increases for commercial land have outpaced the residential land market. The subject property’s submarket is a better performing

market in comparison to Pima County as a whole. This is due to the recent expansion of The Landing and the existing Tucson Spectrum development. Additionally, the subject property benefits from its proximity to Casino Del Sol. Taking into consideration the improved property sales, rents, vacancy rates, and land sales into consideration, a 6% annual increase in market conditions will be utilized within my market conditions adjustment.

HIGHEST AND BEST USE

According to the 15th Edition of *The Appraisal of Real Estate*, published by the Appraisal Institute, highest and best use may be defined as:

"The reasonably probable and legal use of vacant land or an improved property, which is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value." (Page 332)

The highest and best use must meet four criteria. The highest and best use must be:

- 1) ***Legally Permissible:*** What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?
- 2) ***Physically Possible:*** Based on the physical characteristics of the site, what uses are physically possible?
- 3) ***Financially Feasible:*** Which uses meeting the first two criteria will produce a positive return to the owner of the site.
- 4) ***Maximally Productive:*** Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best use.

AS VACANT

Legally Permissible

Currently, the subject property is zoned SR, Suburban Ranch. As discussed within the Zoning Section, I have assumed that the subject property could likely be rezoned to CB-2, General Business. As such, the subject property is appraised as zoned CB-2. The CB-2 zoning legally allows for but is not limited to the following uses: Automotive repair facilities, bars, pawn shops, educational facilities, shopping centers, retail stores, restaurants, self-storage, light manufacturing, and wholesaling.

Physically Possible

According to the client, the subject property consists of 1.84 acres or 80,163 square feet. This site size allows for smaller neighborhood commercial developments. The property consists of irregularly shaped, generally flat terrain that is at street grade with Sunset Blvd which provides access to the property. Utilities are available at or near the lot line.

The subject property is located within the Zone AO, FEMA floodplain. This floodplain restricts the site's development and increased site development costs. A hydrology study or site plan was not provided to the appraiser. Based on the commercial development adjacent west to the subject property, its location in the Zone AO floodplain is not estimated to be prohibitive to the site's development.

Financially Feasible

Potential uses of the subject site include neighborhood retail, and commercial uses. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis of this report, the subject property is located within an expanding submarket that demands higher rent rates than the Tucson MSA. There has been small and larger scale development of new retail product to the east of the property and within the Southwest Tucson Retail Submarket. While speculative development may not be feasible at this time, build-to-suit developments are feasible, if the agreed upon rents are sufficient to cover the developer's costs. Thus, developing the site with an owner occupied or build to suit commercial use if financially feasible.

Maximally Productive - Conclusion

Based on the information presented above and upon information contained in the market and neighborhood analyses, the appraiser concludes that the highest and best use of the subject site, as if vacant, would be the future development of a retail property, time and circumstances warranted. Retail properties in the subject's neighborhood have increased in value at a greater rate than high-density residential land. This is due to the current apartment market being over-supplied in the last several years, high-density residential demand has waned. My analysis of the subject and respective market characteristics indicate the most likely buyer, as if vacant, would be a commercial land investor (land speculation), or a commercial developer.

LAND VALUATION

The Sales Comparison Approach is used to provide a market value opinion for the subject property, as vacant land. This approach applies the principle of substitution which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property without undue or costly delay. The Sales Comparison Approach is the only applicable approach to value vacant land like the subject. Thus, neither a Cost nor Income Approach is applicable to the valuation of vacant land.

Adjustments are made to the comparable sales based on the following elements of comparison: property rights conveyed, financing terms, conditions of sale, market conditions (time), location, physical characteristics, and zoning/planned use. The subject property consists of vacant land. Its highest and best use is commercial land that include retail development. Thus, the appropriate unit of comparison is sale price per square foot.

Search parameters for comparable commercial land focused on sales and listings that are similar in location and size to that of the subject. The search for recent land sales included immediate and surrounding areas that have similar demographics and are planned for similar commercial uses. Sufficient sales were found within the southwest Tucson area. The market data that is included in the analysis is considered to be the best available and provides a credible opinion of value.

A location map showing the selected comparable land sales and listing relative to the subject property and individual data sheets are presented on the following pages. The price per square foot adjustment matrix follows the land value analysis.

COMPARABLE MAP



COMPARABLE LAND SALE



COMPARABLE:	Sale 1
LOCATION:	2202 W. Drexel Road, Tucson, AZ 85746
TAX CODE NUMBER:	137-15-201G
RECORDS:	Warranty Deed
Instrument:	September 2, 2020
Date Recorded:	20202460691
Affidavit of Fee No:	Jesus and Virginia Mendoza
SELLER:	Drexel and Mission LLC
BUYER:	\$165,000
SALE PRICE:	Fee Simple
INTEREST CONVEYED:	\$15,000 Down with Seller Carryback
TERMS:	Arm's-Length
CONDITIONS OF SALE:	81,893
SITE SIZE IN SQ. FT.	1.88
SITE SIZE IN ACRES	\$87,766
SALE PRICE PER ACRE:	\$2.01
SALE PRICE PER SQ. FT:	PHYSICAL DESCRIPTION
Location:	Above Average
Access / Frontage:	Above Average / Average
Traffic Counts:	12,343 Vehicles Per Day, ADOT 2022
Topography / Shape:	Level / Irregular
Flood Risk:	Zone X
Utilities:	Lot Line
ZONING/PLANNED USE:	CB-2, Commercial / Coffee Shop
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	104 Days on Market
CONFIRMED WITH:	MLS, Virginia Mendoza, Seller, 520-975-2005 and Affidavit of Value
DATE CONFIRMED:	11/16/2023
COMMENTS:	

This sale represents the sale of 1.88 acres according to the Pima County Assessor's Office. The listing indicated that the site size is 1.94 acres. I have relied on the assessor's site size estimate. The property was used as a tire sales facility at the time of sale. The property included some minor site improvements that did not contribute value to the site. The buyer removed the existing improvements and developed the site with a drive-thru coffee shop. The cost to remove the existing improvements was not disclosed to the appraiser, although it is assumed to be minimal. According to the seller, the transaction was arm's-length and utilized a broker. Utilities were available at the lot line at the time of sale. The seller received \$15,000 down and provided a seller carry back loan for the remainder at a market interest rate. The amount of cash down is considered nominal compared to typical carryback loans.

COMPARABLE LAND SALE



COMPARABLE:	Sale 2
LOCATION:	4775 W. Ajo Highway, Tucson, AZ 85757
TAX CODE NUMBER:	212-50-0100
RECORDS:	Warranty Deed
Instrument:	December 22, 2021
Date Recorded:	20213560547
Affidavit of Fee No:	Sean & Lori Nicks
SELLER:	Bear River Storage LLC
BUYER:	\$800,000
SALE PRICE:	Fee Simple
INTEREST CONVEYED:	\$100,000 Down, Seller Carryback
TERMS:	Arm's-Length
CONDITIONS OF SALE:	229,866
SITE SIZE IN SQ. FT.	5.28
SITE SIZE IN ACRES	\$151,601
SALE PRICE PER ACRE:	\$3.48
SALE PRICE PER SQ. FT.:	PHYSICAL DESCRIPTION
PHYSICAL DESCRIPTION	<p><i>Location:</i> Average</p> <p><i>Access / Frontage:</i> Above Average / Above Average</p> <p><i>Traffic Counts:</i> 34,948 Vehicles Per Day, ADOT 2022</p> <p><i>Topography / Shape:</i> Level / Irregular</p> <p><i>Flood Risk:</i> Zone X and Zone A</p> <p><i>Utilities:</i> Lot Line</p>
ZONING/PLANNED USE:	CB-2, Commercial / Self Storage
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	Not Disclosed
CONFIRMED WITH:	CoStar and Sean Nicks, Seller, 520-576-2332, and Affidavit of Value
DATE CONFIRMED:	Work File
COMMENTS:	

This comparable is located with frontage along Ajo Highway. West of the site there is commercial development which includes O'Reilly Auto, McDonald's, Dairy Queen and Circle K. The seller provided a carryback loan to the buyer for \$700,000. According to the seller, the interest rate on the loan was at a current rate. The buyer intends to develop a self-storage facility on the site. According to the Pima County GIS, approximately 55% or 2.9 acres of the site is within the Zone A floodplain.

COMPARABLE LAND SALE



COMPARABLE:	Sale 3
LOCATION:	NWC Kinney Road and Tucson Estates Parkway, Tucson. AZ 85713
TAX CODE NUMBER:	212-29-005B
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	April 28, 2022
Affidavit of Fee No:	20221180566
SELLER:	Falcon Ridge Real Estate LLC
BUYER:	Vincenzo Field
SALE PRICE:	\$40,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length / Below Market
SITE SIZE IN SQ. FT.	44,867
SITE SIZE IN ACRES	1.03
SALE PRICE PER ACRE:	\$38,835
SALE PRICE PER SQ. FT.:	\$0.89
PHYSICAL DESCRIPTION	
<i>Location:</i>	Average
<i>Access / Frontage:</i>	Average / Below Average
<i>Traffic Counts:</i>	5,556 Vehicles Per Day, ADOT 2022
<i>Topography / Shape:</i>	Gently Sloping / Irregular
<i>Flood Risk:</i>	Zone X
<i>Utilities:</i>	Lot Line
ZONING/PLANNED USE:	CB-1, Commercial / Potential Restaurant-Limited
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	Not Disclosed
CONFIRMED WITH:	CoStar, Vincezo Field, Buyer, 734-395-3658, and Affidavit of Value
DATE CONFIRMED:	11/15/2023
COMMENTS:	

This comparable represents the sale of 1.03 acres of vacant, commercial land. The property is located adjacent west of the Tucson Estates mobile home community. According to the buyer, the transaction was arm's-length and utilized a broker. The buyer purchased the land to develop with a commercial use. Although his plans are not finalized, the buyer intends to use the site for a restaurant use. Nearby commercial developments include Circle K, Family Dollar, Ace Hardware, and several restaurants.

COMPARABLE LAND SALE



<p>COMPARABLE:</p> <p>LOCATION:</p> <p>TAX CODE NUMBER:</p> <p>RECORDS:</p> <p style="padding-left: 20px;">Instrument:</p> <p style="padding-left: 20px;">Date Recorded:</p> <p style="padding-left: 20px;">Affidavit of Fee No:</p> <p>SELLER:</p> <p>BUYER:</p> <p>SALE PRICE:</p> <p>INTEREST CONVEYED:</p> <p>TERMS:</p> <p>CONDITIONS OF SALE:</p> <p>SITE SIZE IN SQ. FT.</p> <p>SITE SIZE IN ACRES</p> <p>SALE PRICE PER ACRE:</p> <p>SALE PRICE PER SQ. FT:</p> <p>PHYSICAL DESCRIPTION</p> <p style="padding-left: 20px;"><i>Location:</i></p> <p style="padding-left: 20px;"><i>Access / Frontage:</i></p> <p style="padding-left: 20px;"><i>Traffic Counts:</i></p> <p style="padding-left: 20px;"><i>Topography / Shape:</i></p> <p style="padding-left: 20px;"><i>Flood Risk:</i></p> <p style="padding-left: 20px;"><i>Utilities:</i></p> <p>ZONING/PLANNED USE:</p> <p>THREE YEAR HISTORY:</p> <p>MARKETING TIME:</p> <p>CONFIRMED WITH:</p> <p>DATE CONFIRMED:</p> <p>COMMENTS:</p>	<p>Sale 4</p> <p>6450 S. Speaks Trail, Tucson, AZ 85746</p> <p>137-18-126A</p> <p>Special Warranty Deed</p> <p>September 9, 2022</p> <p>20222520414</p> <p>Four Davis Brothers LLC</p> <p>Pascua Yaqui Tribe</p> <p>\$365,000</p> <p>Fee Simple</p> <p>Cash to Seller</p> <p>Arm's-Length</p> <p>114,998</p> <p>2.64</p> <p>\$138,258</p> <p>\$3.17</p> <p>Above Average</p> <p>Above Average / Above Average</p> <p>30,042 Vehicles Per Day, ADOT 2022</p> <p>Level / Irregular</p> <p>Zone X</p> <p>Lot Line</p> <p>GR-1, Residential / Assumed Commercial</p> <p>No Prior Sales</p> <p>Not Disclosed</p> <p>CoStar, Dave Hammack, Buyer's Broker, 520-546-2712, and Affidavit of Value</p> <p>Work File</p>
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This comparable represents the sale of 2.64 acres according to the Pima County Assessor's Office. The listing indicated that the site size is 2.84 acres. I have relied on the assessor's site estimate. The property was marketed as retail development land due to its corner location with frontage on Valencia Road. Utilities are available at the property's lot line. According to the buyer's broker, the transaction was arm's-length. The buyer does not have immediate plans for development of the site. The surrounding area is primarily low-density residential with some low intensity commercial uses. The surrounding residences show signs of deferred maintenance. Directly east of the site is a Family Dollar.

COMPARABLE LAND LISTING



COMPARABLE:	Active Listing 5
LOCATION:	15442 W. Ajo Highway, Tucson, AZ 85735
TAX CODE NUMBER:	208-55-090F
RECORDS:	
Instrument:	Active Listing
Date Recorded:	Active Listing
Affidavit of Fee No:	Active Listing
SELLER:	John Fehser and Carlson Zeke LLC
BUYER:	Active Listing
LIST PRICE:	\$125,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Assumed Cash to Seller
CONDITIONS OF SALE:	Active Listing
SITE SIZE IN SQ. FT.	50,530 / 34,848 Developable
SITE SIZE IN ACRES	1.16
LIST PRICE PER ACRE:	\$107,759
LIST PRICE PER SQ. FT.:	\$2.47
PHYSICAL DESCRIPTION	
<i>Location:</i>	Below Average
<i>Access / Frontage:</i>	Above Average / Above Average
<i>Traffic Counts:</i>	7,583 Vehicles Per Day, ADOT 2022
<i>Topography / Shape:</i>	Level / Irregular
<i>Flood Risk:</i>	Zone X
<i>Utilities:</i>	Lot Line / Septic Required
ZONING/PLANNED USE:	CB-2, Commercial / Assumed Commercial W/Restrictions
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	2,409 Days on Market
CONFIRMED WITH:	CoStar and Alain Hartmann, Listing Broker, 520-332-6000
DATE CONFIRMED:	11/16/2023
COMMENTS:	

This comparable represents an active listing for 1.16 acres of vacant, commercial land. The property is located on Ajo Highway, west of the subject property. This comparable is located in a less developed area in comparison to the subject property. The property is located adjacent east of a Family Dollar. The listing broker estimated that 0.8 acres of the site is developable due to an easement on the northern portion of the site. Additionally, the property contains a deed restriction that does not allow for any development that directly competes with the adjacent Family Dollar. Utilities are available at the lot line with the exception of sewer. The site would have to be developed with a septic system. The property was originally listed for \$250,000. Due to this high asking price the property was on the open market for an extended period. The seller has reduced the listing price to \$125,000 and has received more interest. In the listing brokers opinion, the property will likely sell for \$90,000 due to the deed restriction limiting its development.

LAND VALUE ANALYSIS

Quantitative adjustments have been considered for elements of comparison including property rights conveyed, financing terms, conditions of sale, and date of sale, location, and physical characteristics, zoning/planned use. A tabulation of these comparable sales and listing follows.

SUMMARY OF LAND COMPARABLES

LAND COMP	SALE DATE	PROPERTY LOCATION	SALE PRICE	SITE AREA IN ACRES	SITE AREA IN S.F.	PRICE PER ACRE	PRICE PER S.F.	ZONING / PLANNED USE
1	09/02/20	2202 W. Drexel Road, Tucson, AZ 85746	\$165,000	1.88	81,893	\$87,765.96	\$2.01	CB-2, Commercial / Coffee Shop
2	12/22/21	4775 W. Ajo Highway, Tucson, AZ 85757	\$800,000	5.28	229,866	\$151,601.37	\$3.48	CB-2, Commercial / Self Storage
3	04/28/22	NWC Kinney Road and Tucson Estates Parkway,	\$40,000	1.03	44,867	\$38,834.95	\$0.89	CB-1, Commercial / Potential Restaurant-Limited
4	09/09/22	6450 S. Speaks Trail, Tucson, AZ 85746	\$365,000	2.64	114,998	\$138,257.58	\$3.17	GR-1, Residential / Assumed Commercial
5	Active Listing	15442 W. Ajo Highway, Tucson, AZ 85735	\$125,000	1.16	50,530	\$107,758.62	\$2.47	CB-2, Commercial / Assumed Commercial W/Restrictions
Subject	---	SWC of Ajo Highway and Sunset Blvd. Tucson, AZ 85757	---	1.84	80,163	---	---	Assumed CB-2 / Commercial Development

The following is an analysis of the sales by each element of comparison. The adjustment matrix summarize the price adjustments precedes the conclusion of this analysis.

Property Rights Conveyed

No price adjustments to any of the comparable sales is made for property rights conveyed. The fee simple interest was transferred for each comparable.

Financing Terms

In accordance with the definition of market value, adjustments for financing terms assume all cash or cash to the seller with the buyer obtaining new conventional financing at prevailing interest rates.

Comparable Sale One was financed with \$15,000 down and a seller carryback loan at a market rate for the remainder. Typically, larger down payments are required by sellers to provide financing on a seller carryback loan. Due to the minimal amount of cash down,

the buyer received favorable financing terms that are not typical of the market. An upward price adjustment is made to the sale price on a price per square foot basis.

Comparable Sales Two, Three, Four, and Five were transacted on the basis of all cash to seller, assumed cash to seller or a market rate carry back loan. No price adjustments are made for those financing terms.

Conditions Of Sale

A price adjustment for conditions of sale is made if the transaction was influenced by outside factors such as financial duress, lack of a sales commission, a related-party transaction, or out of the ordinary motivations of the buyer or seller.

Comparable Sales One, Two, and Four were arm's-length transactions that utilized a broker. No adjustments are made.

According to CoStar, Comparable Sale Three had the lowest total purchase price of all commercial land sales up to 3 acres in the Tucson MSA over the last 3-year period. This is an indication that the property was purchased at a price below its market value. The buyer stated that the transaction was arm's-length and the property was listed on the open market with a broker. Although, this purchase price is considered below market value based on land values in the surrounding area. An upward price adjustment is made to account for the below market sale price.

Comparable Five is an active listing which has been on the open market for 2,409 days. The extended days on market can be attributed to the original asking price of \$250,000, double the current asking price. In the listing brokers opinion, the property is likely to sell for 28% less or \$90,000 from the current list price. A downward price adjustment on a price per square foot basis is made as vacant land typically sells for less than the asking price. The listing brokers interview is utilized as the basis for the downward adjustment.

Market Conditions (Time)

A price adjustment for market conditions considers any changes in market prices that occur over time. These changes include fluctuations in supply and demand and general price changes for the property type. Since the subject property is appraised as of a specific date, the comparable sales must be analyzed to determine the direction of price change, if any, during the period between the sale date and the effective date of value.

The sales dates for the comparable sales range from September 2020 to currently listed. As discussed in the Market Analysis, market conditions have been improving since September 2020 to the effective date of value. A 6% annual upward price adjustment is applied from all of the comparable sales dates to the November 20, 2023 date of value. Comparable Five is not adjusted as it is a current listing.

LOCATION

General/Access/Frontage

The subject property is located on the southwest corner of Ajo Highway and Sunset Boulevard. It is situated approximately 4 miles north of Casino Del Sol, which is the areas primary employer. According to Site to do Business, within a 3-mile radius of the subject property, there are 7,701 households with a median household income of \$63,574. This income level supports average quality residential and commercial developments. The subject property benefits from the limited commercial development in Three Points. Residents in this area would commute to the subject property due to its close proximity and limited commercial development in their immediate area.

Access to the subject property is from Sunset Boulevard, to the east of the subject property. This access is considered above average as its benefited by its corner location adjacent south of Ajo Highway. The subject has above average frontage along Ajo Highway with an average daily traffic count of 11,588 vehicles per day along Ajo Highway and 1,689 vehicles per day along Sunset Boulevard.

Comparable Sale One is located on the north side of Drexel Road, west of Mission Road. The surrounding area is largely developed with commercial and residential uses. Within a 3-mile radius there are 25,774 households with an annual median household income of \$52,081. Overall, the comparable is located in an above average location as the surrounding area is largely developed with residential homes in the immediate vicinity. A downward price adjustment is made for the comparable's superior location.

Access to Comparable Sale One is from Drexel Road which is considered an urban major collector street. This provides above average access to the site, similar to the subject property. No adjustment is made. The comparable has direct frontage along Drexel Road. It is not located on a corner and does not have heavy traffic volumes. Overall, the property's

frontage is considered average. An upward price adjustment on a price per square foot basis is made.

Comparable Sale Two is located on the south side of Ajo Highway, west of Camino De Oeste. Within a 3-mile radius there are 8,252 households with an annual median household income of \$68,434. Its overall location is considered average, similar to the subject property, no adjustment is made.

Comparable Two is accessed from and has frontage along Ajo Highway. This provides above average access and visibility, similar to the subject property. No adjustment is made.

Comparable Sale Three is located at the northwest corner of Kinney Road and Tucson Estates Parkway. Within a 3-mile radius there are 5,897 households with an annual median household income of \$61,536. The comparable's location is considered average, similar to the subject property. No adjustment is made.

Access to Comparable Three is from Kinney Road, which is considered an urban major collector road. Its access is considered average, inferior to the subject property. An upward price adjustment on a price per square foot basis is made. The comparable has frontage along Kinney Road. Due to the minimal traffic volume, 1,439 V.P.D, the property's frontage is considered below average. An upward price adjustment on a price per square foot basis is made.

Comparable Sale Four is located on the north side of Valencia Road, east of Camino De Oeste. Within a 3-mile radius there are 11,763 households with an annual median household income of \$67,038. Valencia Road is considered the major commercial corridor in the Southwest Tucson submarket. The comparable's location along this corridor is considered above average, superior to the subject property. A downward price adjustment on a price per square foot basis is made.

Comparable Four is accessed from Camino De Oeste which is the direct corner with Valencia Road. This provides above average access and visibility, similar to the subject property. No price adjustment is made.

Comparable Listing Five is located on the north side of Ajo Highway, west of Camanche Road. Within a 3-mile radius there are 875 households with an annual median household income of \$44,972. Its overall location is considered below average due to the

limited number of households in the immediate area. Additionally, the lower income levels do not support intensive commercial developments. An upward price adjustment on a price per square foot basis is made.

The comparable is accessed and has corner frontage along Ajo Highway and Comanche Road. This provides above average access and visibility, similar to the subject property. No price adjustment is made.

Physical Characteristics

Adjustments for physical characteristics include the size, topography/shape/potential view(s), zoning/planned use, availability of utilities, and floodplain issues.

Site Size

Assuming all other things are equal a larger property usually sells for a lower price per acre than a smaller property due to economies of scale. This is because smaller properties typically have a larger number of potential buyers than a larger property and because the holding cost to the developer of a larger parcel is greater due to the extended timeline to develop a larger site area. The subject property is comprised of 80,163 square feet or 1.84 acres. Due to the wash on the western portion of the site, only 74,188 square feet, 92.5%, of the site is developable.

There is limited available land sale data within the subject's neighborhood to extract reliable site size adjustments using paired sales. Commercial land sales within Pima County were analyzed to estimate site size adjustments. According to CoStar, within the last 3-year period there were 52 land sales ranging from 21,780 to 43,560 square feet, 31 land sales that ranged from 43,560 square feet to 65,340 square feet, and 23 land sales ranging from 65,340 to 87,120 square feet. The 21,780 to 43,560 sales had a median sale price of \$11.72 per square foot. The 43,560 to 65,340 square foot land sales had a median sale price of \$10.89 per square foot. The 65,340 to 87,120 square foot sales has a median sale price of \$5.76 per square foot. The smaller land sales include more developed sites which typically sell for more per square foot than larger, raw land sales. These differences provides some guidance regarding a size adjustment and is considered the basis for my adjustments.

Comparable One is 81,893 square feet or 1,730 square feet larger than the subject property. This is comparable to the subject property, requiring no price adjustment.

Comparable Two is 229,866 square feet or 149,703 square feet larger than the subject property. This is inferior to the subject property. An upward price adjustment on a price per square foot basis is made.

Comparable Three contains 44,867 or 35,296 square feet smaller than the subject property. This is superior to the subject. A downward adjustment on a price per acre adjustment is made.

Comparable Four is 114,998 square feet or 34,835 square feet larger than the subject property. This is inferior to the subject. An upward price adjustment on a price per square foot basis is made.

Comparable Five contains 50,530 square feet or 29,633 square feet smaller than the subject property. According to the listing agent, only 34,848 square feet is developable due to an easement on the north property boundary. A downward price adjustment is made for the site's superior site size and limited developable area.

Topography / Shape

The subject property has flat topography with the exception of the wash on the western portion of the site. This wash will be accounted for in the floodplain section. Thus, its topography is not analyzed. The property is irregular in shape. The property's irregular shape does not inhibit its development.

Comparables One, Two, Four, and Five have flat terrain and irregular site shape that are not restrictive. No price adjustments are made.

Comparable Three has gently sloping terrain that requires additional grading to develop the site. This is inferior to the subject property. An upward adjustment is made to account for the additional grading costs.

Utilities (Offsites)

The subject property's water, gas, and electric utilities are located at or near the property's lot line. Sewer is approximately ¼ mile to the east of the site. Due to the exorbitant costs to develop sewer to the site, it is reliant on the development of a septic system. According to *Marshall Valuation Services, MVS*, a 2,000-gallon septic tank ranges from \$4,200 to \$5,828. Due to the subject property's smaller site size, a 2,000-gallon tank is estimated to sufficiently accommodate the site's potential development.

Comparables One, Two, Three, and Four have all utilities available at or near the lot line. This is superior to the subject which is reliant on septic development. A downward adjustment is made to the comparables which have superior sewer development potential.

Comparable Five has water, electric and gas available at or near the lot line. The site does not have sewer and is reliant on septic development. This is similar to the subject property and no adjustment is made.

Floodplain

As discussed in the Site Analysis, the subject property is located in the FEMA Zone AO floodplain. This floodplain has a 1% or greater chance of shallow flooding every year with an average depth of 1 to 3 feet. A hydrology study was not supplied to the appraiser. It is a recommendation that the property owner or any potential buyer have a hydrology study performed on the property prior to any development of the site. Without a hydrology study or site plan, I will use cost estimates to raise the building site 2 feet. This estimate is made to use as a basis for my adjustments.

Bill Carroll, President of Civil and Environmental Consultants was interviewed regarding development of the subject property. Mr. Carroll stated that development of the subject property can not increase the water runoff to the surrounding properties. Without completing a hydrology study of the subject, which is outside of the scope of work for this appraisal, determining the required development to accommodate the required flowage of water is unknown.

The subject property consists of approximately 74,188 square feet of developable site area. Typical site coverage ratios from the subject's market area were analyzed to estimate the site's development. Based on the selected improved commercial properties, the typical site coverage ratio is 12.43%. These site coverage ratios are outlined in the following chart.

SITE COVERAGE RATIOS				
PARCEL #	SITE SIZE	BUILDING SIZE	SITE COVERAGE RATIO	USE
212-48-046A	87,701	4,237	4.83%	Old Town Horse and Pet
212-50-001F	53,819	6,904	12.83%	Multi-Tenant Retail
212-50-011G	42,153	7,711	18.29%	O'Reilly Auto Parts
212-50-001G	31,349	3,467	11.06%	McDonalds
212-50-006A	29,649	3,129	10.55%	Tiny's Restaurant
318-26-317E	81,022	13,782	17.01%	Walgreens
AVERAGES	54,282	6,538	12.43%	-

Utilizing the average site coverage ratio of 12.43% on the subject's 74,188 square feet of developable site area, the subject's building area is estimated to be 9,222 square feet ($74,188 \times 0.1243 = 9,222$). Assuming a 9,222 square foot building is developed on the subject property's site, I will estimate the cost to raise the building site area out of the existing floodplain.

To raise the 9,222 square foot building site 2 feet, the subject property would require 683 cubic yards of fill dirt. This equates as follows:

$$\begin{aligned} & \mathbf{9,222 \text{ Square Feet} \times 2 \text{ Foot Site Lift} = 18,444 \text{ Square Feet}} \\ & \mathbf{18,444 \text{ S.F.} / 27 \text{ (Conversion to Cubic Yards)} = 683 \text{ Cubic Yards.}} \end{aligned}$$

Kevin McAlevy, Pioneer Landscaping Commercial Sales, 719-726-4931, was consulted regarding the required amount of fill dirt needed to raise the building pad 2 feet. According to Mr. McAlevy, the site would require 925 tons of fill dirt. The cost of fill dirt to include delivery to the site and dump is \$16,650.

Riprap would be required to protect the embankment from erosion. Based on my measurements utilizing the Pima County GIS mapping system, 258 linear feet of wash embankment would need riprap. Assuming the 258 feet of riprap would need to be 4 feet high, 1,032 square feet of riprap would be required ($258 \times 4 = 1,032$). This equates to 115 square yards of riprap required of bank protection ($1,032 / 9 = 115$). According to MVS, riprap costs range from \$115.36 to \$163.77 per square yard. Utilizing the middle of the range, \$139.56 per square yard, riprap is estimated to cost \$16,049 ($\$139.56 \times 115 \text{ S.Y.} = \$16,049$).

According to MVS, grading and surplus disposal costs \$0.33 to \$0.86 per square foot with an average cost of \$0.46 per square foot. The estimated building site consists of 9,222

square feet. Grading of the site would consist of recently delivered fill dirt which is considered the easiest to grade. The low end of the price estimate is used to consider grading costs according to *MVS*. This grading will not include site compacting which is required prior to development. The grading costs equates as follows:

$$9,222 \text{ S.F.} \times \$0.33 = \$3,043$$

The total cost to raise the buildable site 2 feet includes: cost of fill dirt, transportation costs, riprap, and grading costs. These costs are added together to estimate the total development costs to remove the site from the floodplain. In total, the estimated cost to lift the site out of the floodplain is as follows:

$$\$16,650 + \$16,049 + \$3,043 = \$35,742$$

Time and risk associated with developing the site out of the floodplain is considered. A 10% entrepreneurial incentive is added to the estimated costs of curing the subject property's floodplain issues. This equates as follows.

$$\$35,742 \times 1.10 = \$39,316$$

The subject property consists of 80,163 square feet. The estimated costs plus entrepreneurial incentive to raise the site is divided by the site size to estimate the costs per square foot. This equates as follows.

$$\$39,316 / 80,163 = \$0.49 \text{ Per Square Foot}$$

The \$0.49 per square foot cost will be used as a basis for the adjustments made to the comparables. Downward adjustments will be made to comparables that require less or no additional site work in comparison to the subject property.

Comparables One is located in Zone X, outside of the floodplain. This is superior to the subject property. A downward adjustment is made.

Comparable Two is located within the Zone A and Zone X floodplains. The comparable is estimated to have additional development cost as its partially located in Zone A. The portion of the comparable is less affected by the floodplain in comparison to the subject. A downward price adjustment is made for less than the total costs incurred by the subject.

Comparable Three is located in Zone X, outside of the floodplain. This is superior to the subject property. A downward adjustment is made.

Comparable Four is located in Zone X, outside of the floodplain. This is superior to the subject property. A downward adjustment is made.

Comparable Five is located in Zone X, outside of the floodplain. This is superior to the subject property. A downward adjustment is made.

Zoning / Potential Use

The subject property is currently zoned SR, Suburban Ranch, a residential zoning district. The appraiser established that there is a reasonable likelihood of the subject property receiving rezoning approval to CB-2, General Business Zone. The rezoning process is estimated to take one-year and incur additional costs as outlined in the Zoning section of this appraisal.

When valuing a property that is subject to rezoning considerations are given to risks of non-approval, costs to rezone and time associated within the rezoning process. These are considered within the price adjustments to the comparable sales. Based on the probability of rezoning, the subject property's potential future use is believed to be a commercial use. The estimated cost to rezone the subject property that includes 10% for entrepreneurial incentive is \$25,709 or \$0.32 per square foot. The \$0.32 per square foot cost to rezone the subject is used as a basis for adjustments to the comparables.

Comparable Sale One is located in CB-2, General Business Zone in Pima County. The property was improved with a coffee shop, which could be a potential use for the subject property. CB-2 Zoning allows for a wide spectrum of commercial uses. The comparable does not have to be rezoned. This is superior to the subject property and a downward price adjustment is made to account for the subject's rezoning costs.

Comparable Sale Two is zoned CB-2, General Business. The buyer's planned use is for self-storage. Within the subject's market, improved properties with self-storage facilities have an average site size of 3.61 acres. This indicates that the subject property is too small to accommodate a self-storage facility. Based on interviews with local developers, self-storage facilities are a desirable improvement within the subject's market. A downward adjustment is made for the comparable's superior development potential with a self-storage facility. The comparable does not have to be rezoned. This is superior to the subject property and a downward price adjustment is made to account for the subject's rezoning costs.

Comparable Sale Three is currently zoned CB-1, Local Business Zone. The property owner initial development plan is for a restaurant use, although this plan is not finalized. The development potential of a restaurant use is constrained by the comparable's small site size. Its development potential is considered inferior to the subject's development potential. An upward adjustment is made for the comparable's limited development potential. The comparable's CB-1 zoning is considered inferior to the subject's assumed CB-2 zoning. This is due to CB-1 zoning allowing for less intensive uses in comparison to CB-2 zoning. An upward price adjustment is made for the subject's superior zoning. The comparable does not have to be rezoned. This is superior to the subject property and a downward price adjustment is made to account for the subject's rezoning costs. Overall, an upward adjustment is made to the comparable sale.

Comparable Four is zoned GR-1, Rural Residential. Due to the property's location along Valencia Road and corner location it would likely be developed with a commercial use. The comparable property was marketed and sold as a retail corner. Based on the comparable's location, size, and frontage its potential use is estimated to be similar to the subject property. The buyer purchased the land without plans to immediately develop the site. The comparable would have to be rezoned, similar to the subject property. Thus, no adjustment is made for the cost of rezoning.

Comparable Listing Five is zoned CB-2, General Business. As the comparable is currently an active listing the property does not have plans to develop. There is a deed restriction on the property that restricts its development from directly competing with the adjacent Family Dollar. This is inferior to the subject property that does not have deed restrictions that limit its development potential. An upward price adjustment is made. The comparable does not have to be rezoned. This is superior to the subject property and a downward price adjustment is made to account for the subject's rezoning costs. Overall, no adjustment is made to the comparable listing.

Here follows the Comparable Sales Adjustment Matrix summarizing the adjustments to the comparable land sales as they apply to the subject property.

LAND ADJUSTMENT MATRIX

ELEMENTS OF COMPARISON	SUBJECT	Sale 1		Sale 2		Sale 3		Sale 4		Active Listing 5	
	SWC of Wade Road and Valencia Road, Tucson, AZ 85757	2202 W. Drexel Road, Tucson, AZ 85746	Price / SF Adjustments	4775 W. Ajo Highway, Tucson, AZ 85757	Price / SF Adjustments	NWC Kinney Road and Tucson Estates Parkway, Tucson, AZ 85713	Price / SF Adjustments	6450 S. Speaks Trail, Tucson, AZ 85746	Price / SF Adjustments	15442 W. Ajo Highway, Tucson, AZ 85735	Price / SF Adjustments
SALE PRICE / PER SQUARE FOOT	N/A	\$165,000	\$2.01	\$800,000	\$3.48	\$40,000	\$0.89	\$365,000	\$3.17	\$125,000	\$2.47
INTEREST RIGHTS CONVEYED Adjustment	Assume Fee Simple	Fee Simple 0%	\$0.00	Fee Simple 0%	\$0.00	Fee Simple 0%	\$0.00	Fee Simple 0%	\$0.00	Fee Simple 0%	\$0.00
FINANCING TERMS Adjustment	Assume cash to seller	\$15,000 Down with Seller Carryback 5%	\$2.01	\$100,000 Down, Seller Carryback 0%	\$3.48	Cash to Seller 0%	\$0.89	Cash to Seller 0%	\$3.17	Assumed Cash to Seller 0%	\$2.47
CONDITIONS OF SALE Adjustment	Assume Market	Arm's-Length 0%	\$0.10	Arm's-Length 0%	\$0.00	Arm's-Length / Below Market 25%	\$0.00	Arm's-Length 0%	\$0.00	Active Listing -25%	\$0.00
MARKET CONDITIONS Adjustment	November 20, 2023 Date of Value	September 2, 2020 19%	\$2.12	December 22, 2021 11%	\$3.48	April 28, 2022 9%	\$1.11	September 9, 2022 7%	\$3.17	Active Listing 0%	\$1.86
ADJUSTED SALE PRICE PER SF			\$0.40		\$0.38		\$0.10		\$0.22		\$0.00
			\$2.52		\$3.86		\$1.21		\$3.40		\$1.86
LOCATION General Adjustment	Average	Above Average -10%	-\$0.25	Average 0%	\$0.00	Average 0%	\$0.00	Above Average -10%	-\$0.34	Below Average 10%	\$0.19
Access and Frontage Adjustment	Above Average / Above Average	Above Average / Average 5%	\$0.13	Above Average / Above Average 0%	\$0.00	Average / Below Average 25%	\$0.30	Above Average / Above Average 0%	\$0.00	Above Average / Above Average 0%	\$0.00
PHYSICAL CHARACTERISTICS Site Size in SF Adjustment	80,163 / 74,188 Developable	81,893 0%	\$0.00	229,866 10%	\$0.39	44,867 -5%	-\$0.06	114,998 5%	\$0.17	50,530 / 34,848 Developable -10%	-\$0.19
Topography / Shape Adjustment	Level / Irregular	Level / Irregular 0%	\$0.00	Level / Irregular 0%	\$0.00	Gently Sloping / Irregular 5%	\$0.06	Level / Irregular 0%	\$0.00	Level / Irregular 0%	\$0.00
Utilities Adjustment	Water, Electric, Gas, No Sewer	Lot Line -5%	-\$0.13	Lot Line -5%	-\$0.19	Lot Line -5%	-\$0.06	Lot Line -5%	-\$0.17	Lot Line / Septic Required 0%	\$0.00
Floodplain Adjustment	Zone AO	Zone X -20%	-\$0.49	Zone X and Zone A -10%	-\$0.39	Zone X -42%	-\$0.51	Zone X -15%	-\$0.49	Zone X -27%	-\$0.49
Zoning / Planned Use Adjustment	Assumed CB-2 / Commercial Use	CB-2, Commercial / Coffee Shop -13%	-\$0.32	CB-2, Commercial / Self Storage -23%	-\$0.89	CB-1, Commercial / Potential Restaurant-Limited 15%	\$0.18	GR-1, Residential / Assumed Commercial 0%	\$0.00	CB-2, Commercial / Assumed Commercial W/Restrictions 0%	\$0.00
ADJUSTED SALE PRICE / SF			\$1.46		\$2.78		\$1.13		\$2.56		\$1.36

Conclusion:

After making adjustments for all of the appropriate elements of comparison, the adjusted price range for the comparable sales is \$1.13 to \$2.78 per square foot, with an average price of \$1.86 and a median price of \$1.46 per square foot. The large range is attributed to the limited number of sales and listings for comparably sized properties in the subject's market. Greatest weight is given to the average price per square foot of the comparables adjusted sales price per square foot.

Based on the foregoing data and analysis, it is my opinion that the market value of the subject property is \$1.85 per square foot. This equates as follows.

80,163 Square Feet X \$1.85 Per Square Foot = \$148,302 Rounded to \$150,000

Rounded Market Value Opinion **\$150,000**

EXPOSURE TIME

Exposure time is the estimated length of time the appraised property 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. An exposure time of 12 months or less is estimated for the subject property if priced appropriately.

AUDITING BREAKDOWN

Market Value Opinion, Land:	\$150,000
Market Value Opinion, Improvements:	\$0
Severance Damages:	\$0
Cost to Cure:	\$0
Opinion of Market Value:	\$150,000

CERTIFICATION OF APPRAISER

Project Number: L-SC-040

Parcel Number: Portion of 212-48-047A

I hereby certify:

That I personally inspected, the property herein appraised, and that I have afforded the property owner the opportunity to accompany us 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 as 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 our knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and 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 analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes; and that, to the best of 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 acquisition of right of way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

That neither my employment nor our 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 results 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 of the acquisition as of the 20th day of November, 2023, is \$150,000, based upon my independent appraisal and the exercise of my professional judgement.

Date: 12/19/2023

Signature: By



Steven R. Cole, MAI, SRA
*Certified General Real
Estate Appraiser # 30130*

CERTIFICATION

THE APPRAISER CERTIFIES TO THE BEST OF THEIR KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

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 and Standards of Professional Practice of the Appraisal Institute.

The reported valuations, assumptions and limiting conditions 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 or bias with respect to the parties involved.

I have not performed services as appraisers regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

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 compensation 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.

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

Steven Cole, MAI, AI-GRS, has made a personal inspection of the property that is the subject of this report.

John Medley, AZ Trainee License #RTA-1022415 provided significant real property appraisal assistance to the person(s) signing this certification. Mr. Medley assisted me in inspecting the property being appraised, gathering data for the appraisal, writing the preliminary analyses and property value. However, the final report and its opinions and conclusions of value are Steven Cole's.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. The use of this report is also subject to the requirements of the Arizona Board of Appraisal.

I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraisers' Statement of Qualifications.

All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraisers whose signatures appear on the appraisal report, unless indicated as "Review Appraiser".

No change of any item in the appraisal report shall be made by anyone other than the Appraisers, and the Appraisers shall have no responsibility for any such unauthorized change.

As of the date of this report, Steve Cole, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.



*Steven R. Cole, MAI, SRA, AI-GRS
Certified General Real
Estate Appraiser #30130*

QUALIFICATIONS OF STEVEN R. COLE, MAI, SRA, AI-GRS

FORMAL EDUCATION:

Bachelor of Arts Degree with high honors, University of California,
Santa Barbara, 1971

Master's Degree in Business Administration, University of California,
Los Angeles, 1973. Concentration: Urban Land Economics

PROFESSIONAL EDUCATION:

Successful Completion of Examinations for the following courses given by the
Appraisal Institute:

"Real Estate Appraisal Principles" and "Basic Valuation Procedures"
"Capitalization Theory & Techniques", Parts 1, 2, and 3
"Case Studies in Real Estate Valuation"
"Introduction to Real Estate Investments Analysis"
"Litigation Valuation"
"Standards of Professional Practice", Part A, B & C
"Market Analysis"
"Review Theory - General"

Attendance at Numerous Educational Seminars:

PROFESSIONAL MEMBERSHIPS:

Member, Appraisal Institute (MAI), Certification Number 6080. The institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification. As of this date, I have completed the requirements under the continuing education program of the Appraisal Institute. I am currently certified through December 31, 2021.

Senior Residential Appraiser (SRA), of the Appraisal Institute. This designation signifies expertise in the valuation of residential properties of 1 to 4 units.

General Review Specialist (AI-GRS), of the Appraisal Institute. This designation signifies expertise in the review of appraisals of general real estate properties.

EXPERIENCE:

Includes valuation of most types of urban real property: single and multi-family residential, commercial, industrial, and vacant land. Experience also includes special

purpose properties, feasibility studies, Fee Simple and leasehold interest, counseling, and appraisal for condemnation since 1975.

ADDITIONAL EDUCATIONAL AND PROFESSIONAL ACTIVITY:

Publication of articles in Professional Journals:

“A New Methodology for Estimating Highest and Best Use”,
Real Estate Appraiser and Analyst, Summer, 1987

“Estimating the Value of Proposed Developments by Discounting
Cash Flow”, *Real Estate Review*, Summer, 1988.

Formerly a Certified Instructor with the Appraisal Institute for “Highest and Best Use Applications”, “Feasibility Analysis and Highest and Best Use- Nonresidential Properties”, and “Principals and Procedures of Real Estate Appraisal”.

Associate Faculty, Pima Community College for “Real Estate Appraisal Principals” and “Basic Valuation Procedures”, 2000-2006.

Instructor for Tucson Board of Realtors, American Bar Association, Brodsky School of Real Estate, and Hogan School of Real Estate. Appraisal Principles, Appraisal Procedures, Market Analysis. Using the Internet for Due Diligence.

President of Southern Arizona Chapter #116, Appraisal Institute, 1983-84.

President for the Arizona State Chapter #41, Appraisal Institute, 1990.

Chairman, Pima County Real Estate Council, 2003-2004, Director 1989-2007.

Chairman, Tucson Airport Authority Chairman, 2015.
Board of Directors, 2011-2016. Member, Tucson Airport Authority, 2007-2016.

APPROVED APPRAISER:

With most major commercial banks and mortgage companies in Arizona.

STATE CERTIFICATION:

Arizona Certified General Real Estate Appraiser Number 30130. Currently certified through August 31, 2022.

Department of Insurance and Financial Institutions
State of Arizona

CGA - 30130

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

has complied with the provisions of

STEVEN R. COLE

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

STEVEN R. COLE

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

Expiration Date : **August 31, 2022**

ADDENDA



PURCHASE ORDER

PHOENIX, on 11/1/2023
CTR054974/ JW-23-031/ M697501X/ L-SC-040/ Appraisal due 45 days from approval-SOUTHWEST APPRAISAL ASSOCIATES INC

SUPPLIER

SOUTHWEST APPRAISAL ASSOCIATES INC
Attn: STEVEN COLE
Address: Legal Address
PO BOX 16156
UNITED STATES
TUCSON, Arizona 85732-6156
Phone: 5203270000
E-mail: STEVE@SWAA.BIZ

ORDER No. PO0000605862

(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: Net 30

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054974-2	716122-1	CTR054974/ JW-23-031/ M697501X/ L-SC-040/ Appraisal due 45 days from approval Commentaire : L-SC-040	1.0000	Total Cost		

Total before Tax [REDACTED]
Non-Taxable - 0 % 0.00 USD
Total after Tax [REDACTED]



DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item

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 at 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.

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. 2023-09, 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

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.



Infrastructure Delivery and Operations

Katie Hobbs, Governor
Jennifer Toth, Director
Greg Byres, Deputy Director for Transportation/State Engineer
Steve Boschen, Division Director
Iqbal Hossain, PE, Group Manager

205 S. 17th Ave. Room: 331
Mail Drop: 612E
Phoenix, AZ 85007

August 18, 2023

Steven Cole
Southwest Appraisal Associates, Inc
P.O. Box 16156
Tucson, AZ. 85732-6156

RE: Appraisal Assignment No.: JW-23-031
PROJECT: M6975 01X
HIGHWAY: WHY - TUCSON HIGHWAY
SECTION: Robles Jct. - Bilbray
PARCEL: L-SC-040

Dear Steven Cole:

You are hereby requested to provide your fee quote to prepare an appraisal for the referenced parcel. Your appraisal report will need to reflect the market value using the current date of valuation, and be prepared in accordance with terms of this task; the ADOT Right of Way Procedures Manual Project Management Section Chapters Three and Four; The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24; the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) guidelines at the time of your valuation; and the enclosed scope of work and provided information.

The purpose of the appraisal report is to estimate the market value of the fee simple estate of the acquisition and its effect to the remaining property. The intended use of the appraisal report is to utilize value estimates to assist in decisions regarding possible sale or disposal.

ADOT Procurement Group will issue a Purchase Order that will be your notice to proceed with the appraisal assignment. You may contact the property owners to arrange for the property inspection after you receive your notice to proceed from procurement. Inspection dates/times must be provided at least seven calendar days prior to inspection to the Property Owner and emailed to Elizabeth Hofstetter (EHofstetter@AZDOT.GOV); Vanessa Nunez (VNunez@AZDOT.GOV); Jim Walcutt (JWalcutt@AZDOT.GOV); and Timothy O'Connell (To'Connell@AZDOT.GOV).

Please direct any questions regarding this appraisal assignment to Jim Walcutt, (520-591-7923, JWalcutt@AZDOT.GOV), ADOT R/W Review Appraiser. All changes must be in writing to prevent any miscommunications.

Additional information regarding the parcel is as follows:

Type of Report: Appraisal
Type of Property: VACANT LAND
Scope Notes: This excess parcel is vacant and Market Value is required.

ARIZONA DEPARTMENT OF TRANSPORTATION
206 S. 17th Ave. | Phoenix, AZ 85007 | azdot.gov

The FHWA is to be named as an intended user of the appraisal. The appraisal report must include the ADOT Certificate of Appraiser immediately following the Auditing Breakdown section of the report. The addenda to the report is to include a current copy of the appraiser's State of Arizona Certified General Real Estate Appraiser license, a copy of the owner contact correspondence including Owner Contact Report Form(s), and a copy of the signed procurement purchase order.

Appraisal Contractor agrees that within any particular project wherein Contractor has provided appraisal or consulting services to ADOT, no other appraisal services may be provided to other clients/property owners in this project, without the written approval of ADOT. Any hypothetical assumptions, extraordinary limiting condition or jurisdictional exceptions of the appraisal must be pre-approved by the Review Appraiser prior to submittal of the appraisal report and identified in the appraisal report.

In the course of the appraisal assignment due diligence, if it is discovered that the property ownership has transferred to any entity other than that noted in the ADOT Title report, the Review Appraiser must be notified immediately. A new Title Report and Ownership Record Sheet will then be ordered for inclusion in the appraisal report.

Please note that there are changes to civil expert disclosure and discovery rules effective July 1, 2018. Please update your qualifications in the appraisal report to list all other cases in which you have testified as an expert witness at a hearing or trial during the previous four years.

A complete initial appraisal report in an electronic PDF file format is to be submitted by e-mail to the review appraiser by the appraisal due date. All subsequent appraisal report iterations are also to be e-mailed to the review appraiser. Within 5 business days after ADOT approves the acceptability for the initial report submittal, the Appraiser will deliver an electronic PDF file and four (4) bound color copies of the final report. The submitted final hard copies of the appraisal report are to include, a CD with a PDF copy of the appraisal report with the following naming convention:

✱ (ADOT Parcel # Owner Name – (Appraisal Firm Name) – Date of Value - Date of Appraisal Report, eg; Owner Name - (Appraisal Firm) DOV xx-xx-2020 DOR xx-xx-2020.

The appraisal report package is to be addressed to ADOT Right of Way Operations - Appraisal, ADOT Mail Room, 1655 W. Jackson Street, Phoenix, AZ 85007. Packages must be marked Time Sensitive or Urgent. If a delivery service is utilized, a confirmation notice is to be e-mailed to the review appraiser.

Please complete the last page of this bid request with your quote and email to RightofWayContracts@azdot.gov no later than 5:00 p.m. on August 23, 2023.

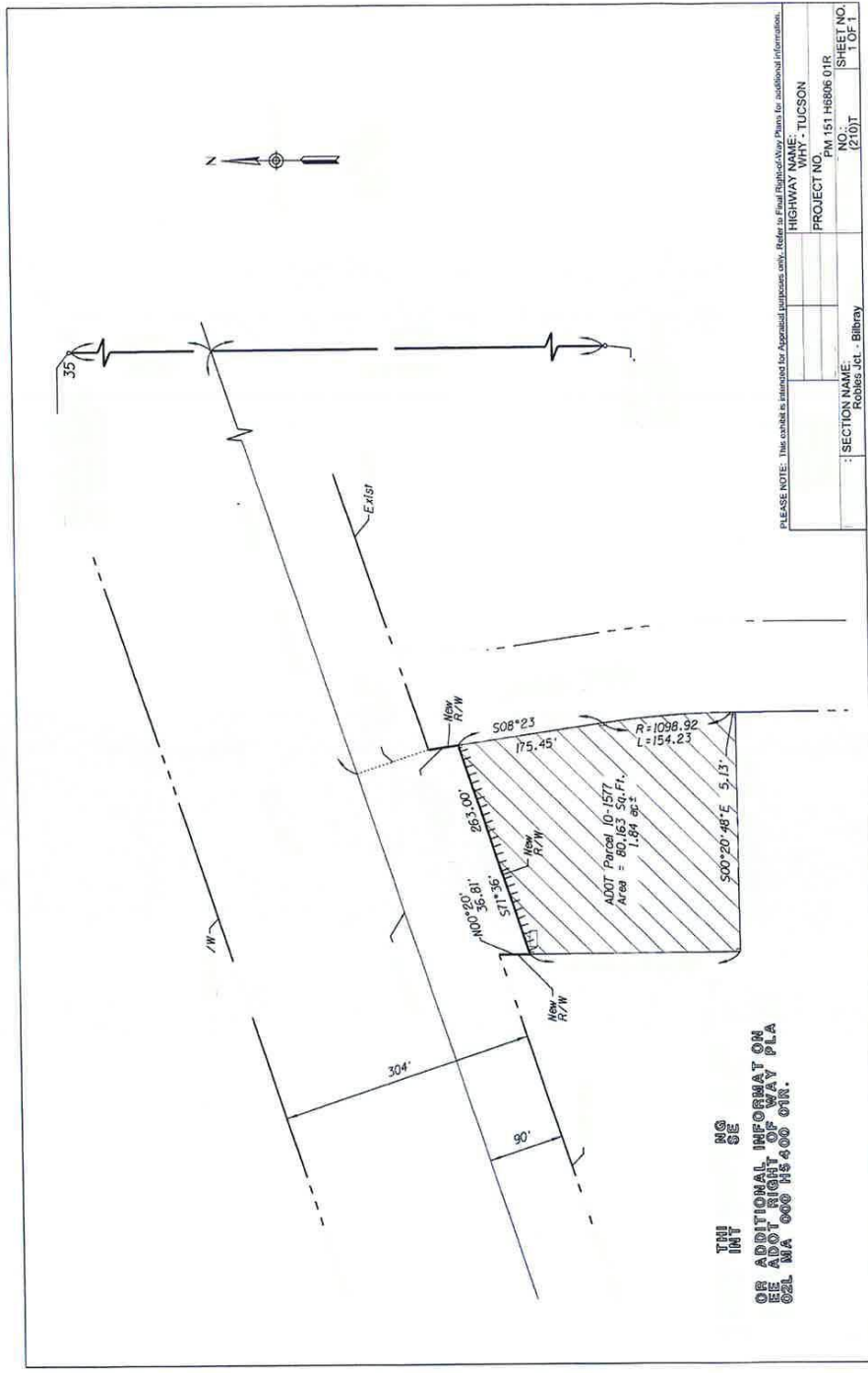
Sincerely,
Jim Walcutt
R/W Project Management Section

Enclosure(s)
cc: Esther Valencia, R/W Contracts Section



	DISPOSAL #	
	THIS SKETCH PLAN IS FOR ADDITIONAL USE ONLY	
LOCATION:		

W:\FL\SP30008\EE\WMS... (technical drawing file path)



THE
 MY
 DE
 OR ADDITIONAL INFORMATION
 BE ADJUSTED BY PLA
 02L MA 000 H5400 01H.

PLEASE NOTE: This exhibit is intended for Appraisal purposes only. Refer to Final Rights-Away Plans for additional information.

HIGHWAY NAME:	HWY - TUCSON
PROJECT NO.:	PM 151 H8806 01R
SECTION NAME:	Robbes Jct. - BIRRAY
NO.:	(210)T
SHEET NO.:	1 OF 1

1394 LSP0000 County of Maricopa, Arizona, Department of Public Safety, Division of Motor Vehicle Services, 1394 LSP0000

EXHIBIT "A"

That portion of Lot 50, Section 35, Township 14 South, Range 12 East, Pima County, Arizona, described as follows:

COMMENCING at a concrete nail with brass tag stamped "PCDOT 30" marking the East quarter corner of said Section 35, being North 00°22'46" West 1317.59 feet from a 2¼ inch pipe with tag "RLS 42014" marking the South 1/16th corner of said Section 35;

thence along the East line of said Section 35 South 00°22'46" East 396.34 feet to the Eastbound construction centerline of State Route 86 (WHY – TUCSON HIGHWAY);

thence along said Eastbound construction centerline of State Route 86 South 71°36'44" West 1509.26 feet;

thence South 18°23'16" East 90.00 feet to the juncture of the existing southerly right of way line of said State Route 86 with the existing westerly right of way line of Sunset Boulevard;

thence along said existing westerly right of way line of Sunset Boulevard South 08°23'16" East 35.54 feet to the POINT OF BEGINNING at the proposed southerly new right of way line of said State Route 86;

thence continuing along said existing westerly right of way line of Sunset Boulevard South 08°23'16" East 175.45 feet;

thence continuing along said existing westerly right of way line of Sunset Boulevard along a curve to the Right having a radius of 1098.92 feet, a length 154.23 feet;

thence continuing along said existing westerly right of way line of Sunset Boulevard South 00°20'48" East 5.13 feet to the South line of said Lot 50 of Section 35;

thence along said South line of Lot 50 South 89°40'26" West 285.41 feet to the Southwest corner of said Lot 50;

thence along the West line of said Lot 50 North 00°20'53" West 251.03 feet to said proposed southerly new right of way line of State Route 86;

(continued)

EXHIBIT "A"

PAGE 1

PROJECT: 086 PM 151 H6806	LOCATION: Robles Jct. - Bilbray Rd.	PARCEL: L-SC-040
086-A(210)T	Disposal	cg 07-13-2023

thence along said proposed southerly new right of way line of State Route 86 North 71°36'44" East 263.00 feet to the POINT OF BEGINNING.

The parcel of land described above shall have no right or easement of access to said State Route 86.

The Access Control provisions set forth above shall be a covenant running with the land and shall be binding upon, and shall inure to the benefit of the State of Arizona, the landowners and their respective successors and assigns with respect to the property. The Access Control provisions shall also remain enforceable by the State of Arizona even if all or part of any roadway is abandoned to a local jurisdiction.

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

EXHIBIT "A"

PAGE 2

PROJECT: 086 PM 151 H6806	LOCATION: Robles Jct. - Bilbray Rd.	PARCEL: L-SC-040
086-A(210)T	Disposal	cg 07-13-2023

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: April 3, 2023	Examiner: Jim Gregg	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: Pima	Tax Arb: N/A	Disposal: L-SC-040
Tracs No.: 086 PM 151 H6806 01R	Highway: Why-Tucson	Excess Land: N/A
Fed. No.: N/A	Section: ROBLES JCT - BILBRAY RD.	Parcel No.: 10-1577

**SCHEDULE A-1
LEGAL DESCRIPTION**

That portion of Southeast quarter of Section 35, Township 14 South, Range 12 East, , as depicted on Exhibit "A" attached, Sheet P-18 of ADOT Drawing D-10-T-407, the Right of Way Plans of WHY-TUCSON HIGHWAY, Section Robles Jct. - Bilbray Rd., Project 086 PM 151 H6806 01R.

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

END OF SCHEDULE A-1

RIGHT OF WAY / VESTING

- 1.) Warranty Deed from Michael E. Hennessy, as Trustee of Trust B u/w of Trust dated April 15, 1982, to Mark Q. Waldon and Holly L. Waldon, husband and wife as joint tenants with right of survivorship, as to an undivided 50% interest and Phil Galloway, an unmarried man, as to an undivided 50% interest, dated April 30, 2004, recorded May 11, 2004, in Docket 12299 page 4944.
- 2.) Warranty Deed from Phil Galloway, an unmarried man, to the State of Arizona, by and through its Department of Transportation, dated August 29, 2013, recorded September 3, 2013, in Document No. 2013-2460648.
[Project 086 PM 151 H6806, Parcel 10-1577]
- 3.) Warranty Deed from Mark Q. Waldon and Holly L. Waldon, husband and wife, to the State of Arizona, by and through its Department of Transportation, dated August 29, 2013, recorded September 3, 2013, in Document No. 2013-2460649.
[Project 086 PM 151 H6806, Parcel 10-1577]

END OF RIGHT OF WAY / VESTING

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 not apply due to the property being acquired by a signed waiver of first right of refusal.

END OF REQUIREMENTS

SCHEDULE B

1. Establishment and acquisition of new right of way as a state highway for the improvement of State Route 86, as set forth in Resolution of Establishment No. 2015-01-A-001, dated January 9, 2015, recorded January 13, 2015, in Document 2015-130304.

END OF SCHEDULE B

ADOT

L-SC-040

STATE OF ARIZONA
DEPARTMENT OF TRANSPORTATION
INTERMODAL TRANSPORTATION DIVISION
PROJECT PLANS

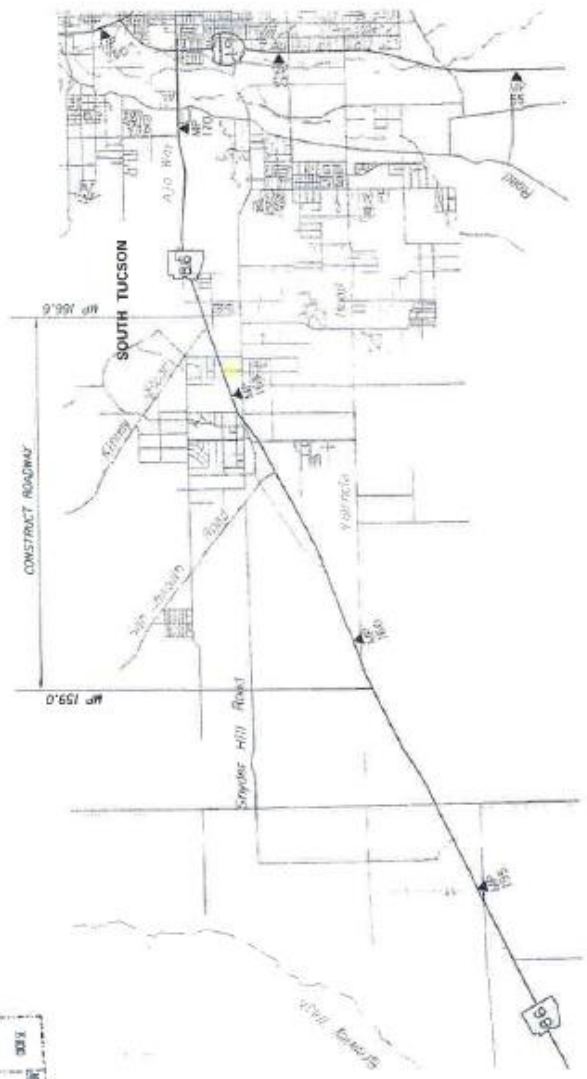
STATE HIGHWAY
WHY-TUCSON HIGHWAY
SR 86

VOLUME 2 of 2

Constructed by:
The Ashton Company, Inc.
Contractors & Engineers
7/5/2019
Contract No. 159H6806-01C
Contract Title: WHY-TUCSON HIGHWAY, SR 86
Contract Phase: Final Construction
Contract Value: \$10,000,000
Contract Start: 7/21/2019
Contract End: 7/21/2019
Record Drawings by:
J. Paul Salerno, P.E.
Michael Baker International
8/1/2019
Contract No. 159H6806-01C
Contract Title: WHY-TUCSON HIGHWAY, SR 86
Contract Phase: Final Construction
Contract Value: \$10,000,000
Contract Start: 7/21/2019
Contract End: 7/21/2019

DESIGNED BY: MICHAEL BAKER INTERNATIONAL
DRAWN BY: MICHAEL BAKER INTERNATIONAL
DATE: 8/1/2019
SCALE: AS SHOWN

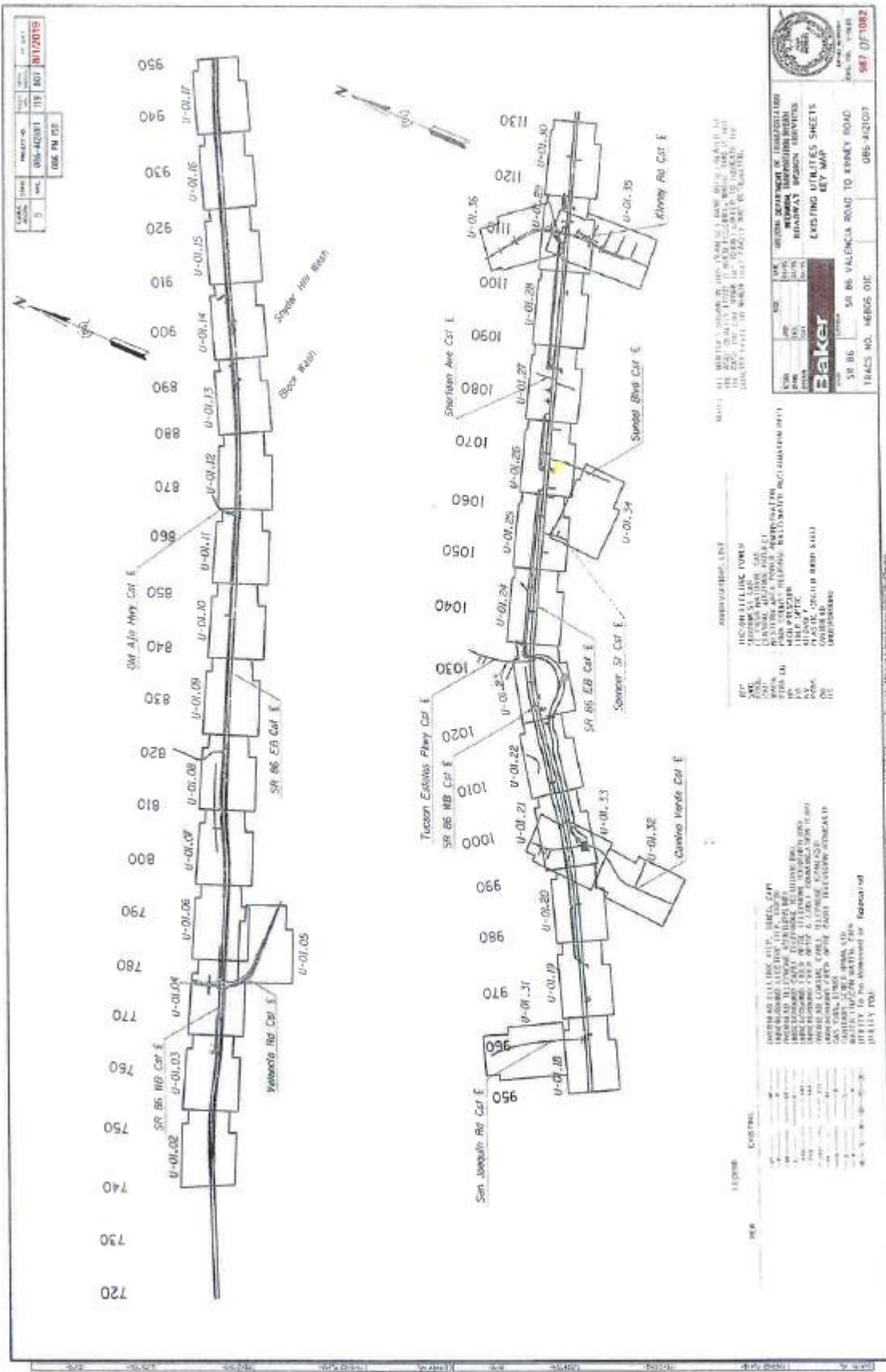
NO. 159H6806-01C
SHEET NO. 159H6806-01C-002

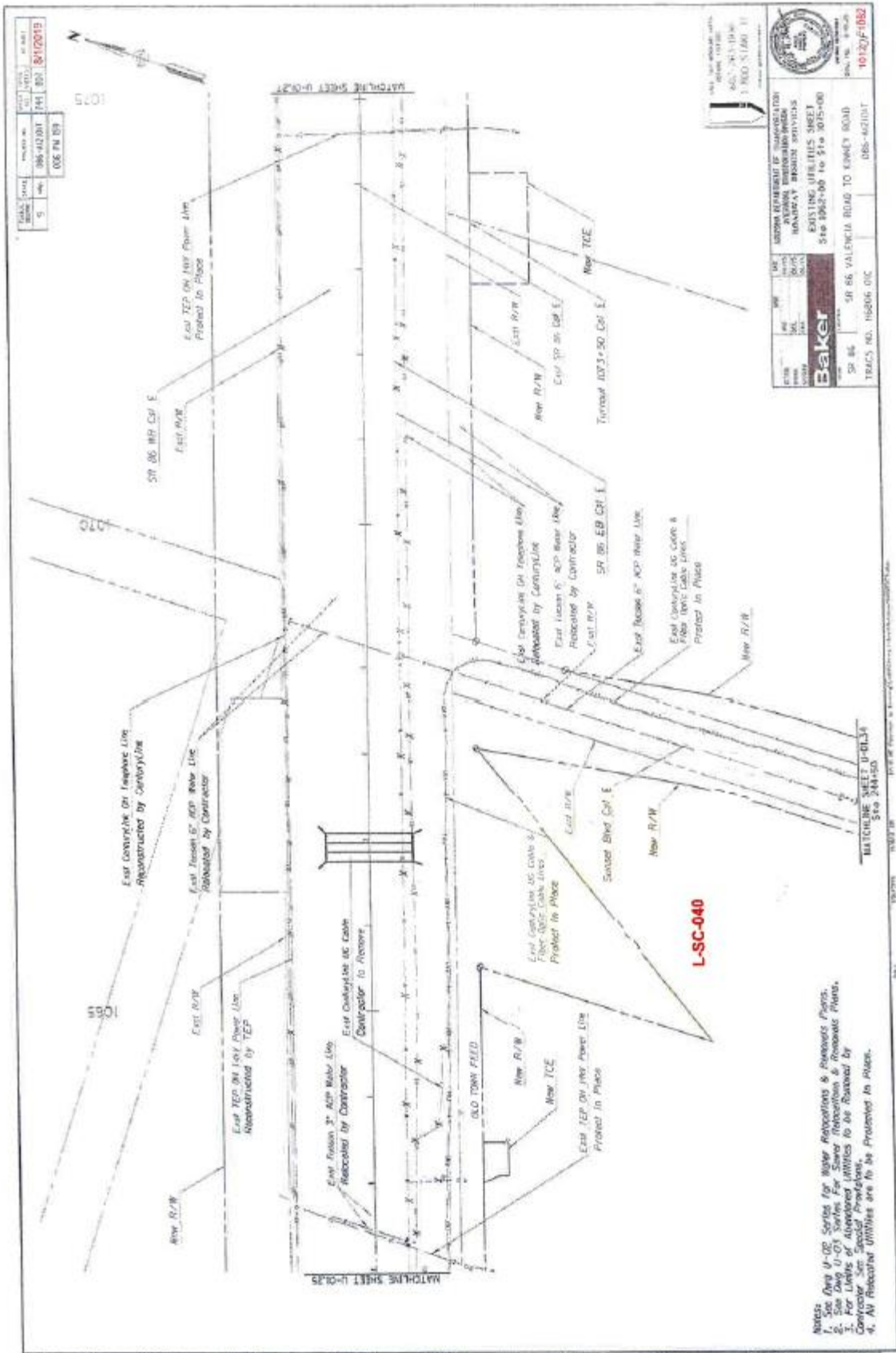


VALENCIA ROAD-KINNEY ROAD
PROJECT NO. 086 PM 159 H6806 01 C
FEDERAL AID NO. STP-086-A(210)S

SECRET 04

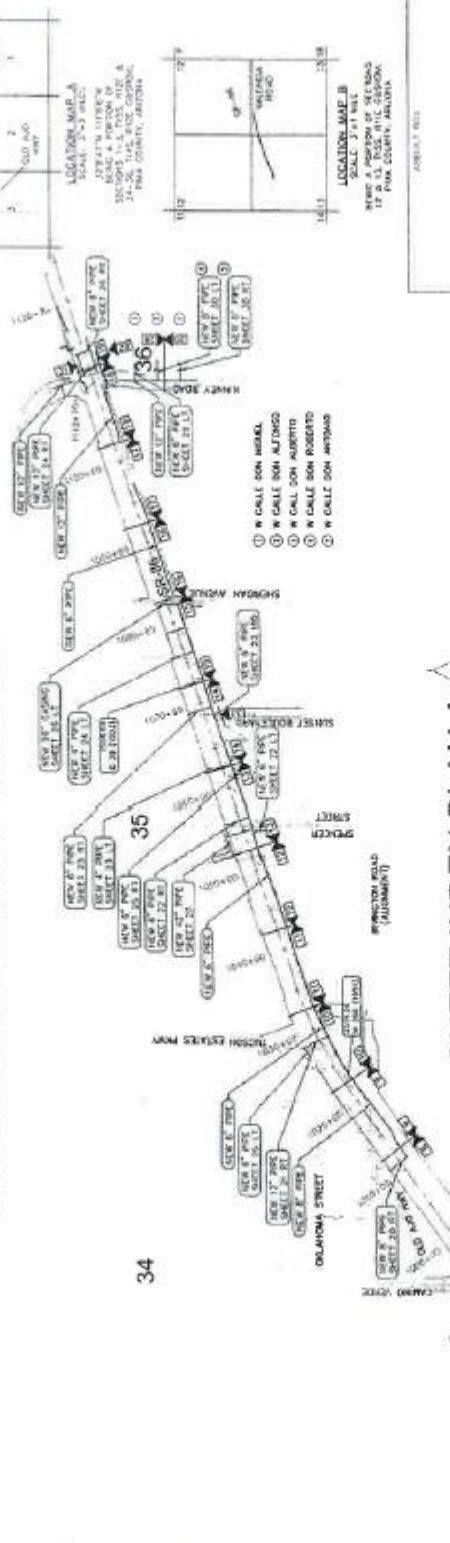
04/08/2019 10:00 AM





- Notes:
1. See Draw U-02 Series for Right-of-Way & Removal Plans.
 2. See Draw U-03 Series for Sewer Installation & Removal Plans.
 3. For Limits of Adjoining Utilities to be Removed by Contractor See Section Provisions.
 4. All Adjoining Utilities are to be Protected in Place.

STATE HIGHWAY - STATE ROUTE 86 VALENCIA ROAD TO KINNEY ROAD ADOT HIGHWAY WIDENING IMPROVEMENTS WATER SYSTEM MODIFICATIONS



- ① W CALL SON HOBEL
- ② W CALL SON ALONZO
- ③ W CALL SON ALBERTO
- ④ W CALL SON ROBERTO
- ⑤ W CALL SON ANTONIO

SHEET INDEX PLAN A

NO.	DATE	BY	FOR	REVISIONS
1	10/11/2016	ADOT	STATE ROUTE 86	ISSUE FOR BIDDING

JOB FILE NO. 6102009



LOCATION MAP A
SCALE: 3" = 1 MILE
SHEET 29 OF 34

LOCATION MAP B
SCALE: 3" = 1 MILE
SHEET 30 OF 34



FOR ADDITIONAL INFORMATION SEE THE WATER SYSTEM MODIFICATION WORKSHEETS AND NOTES

PROJECT ENGINEER
 STATE HIGHWAY IMPROVEMENTS

SEE SHEETS 12, 13, AND 14 FOR INFORMATION TO FEDERAL WATER FACILITY

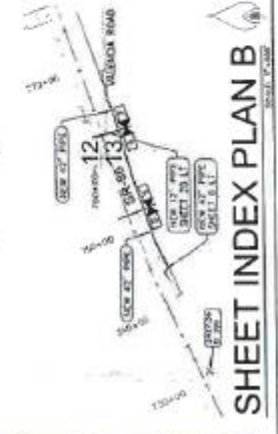
CONTENTS

NO.	DESCRIPTION	SHEET NO.
1	INDEX PLAN	1
2	PLAN	2
3	CROSS SECTION	3
4	PROFILES	4
5	MATERIAL	5
6	CUT AND FILL	6
7	VALVE ADJUSTMENT TABLE	7
8	WATER MEASUREMENT TABLE	8

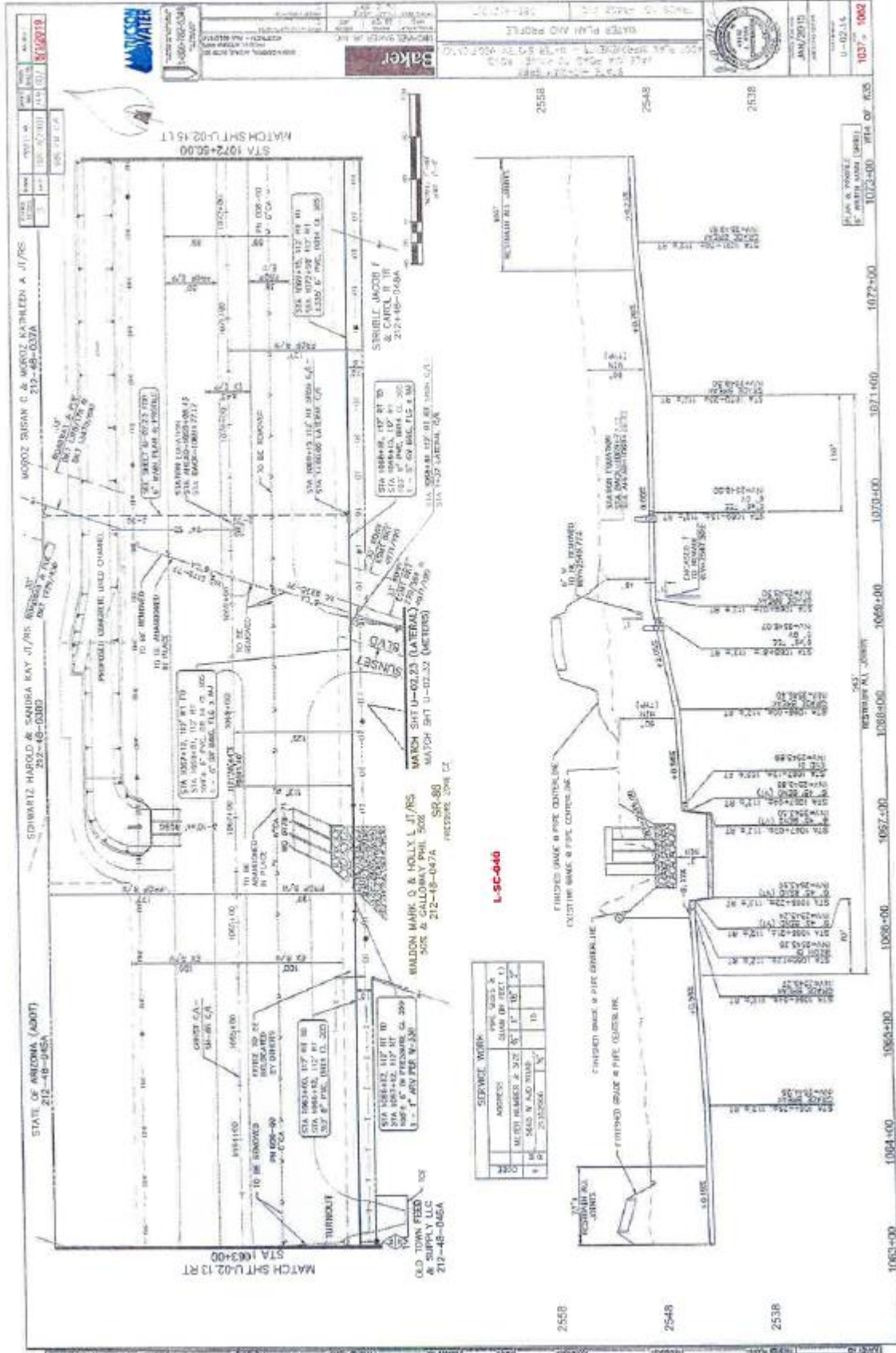
NO.	DATE	BY	FOR	REVISIONS
1	10/11/2016	ADOT	STATE ROUTE 86	ISSUE FOR BIDDING

JOB FILE NO. 6102009

STATE HIGHWAY IMPROVEMENTS
VALENCIA ROAD TO KINNEY ROAD
ADOT PLAN IMPROVEMENT

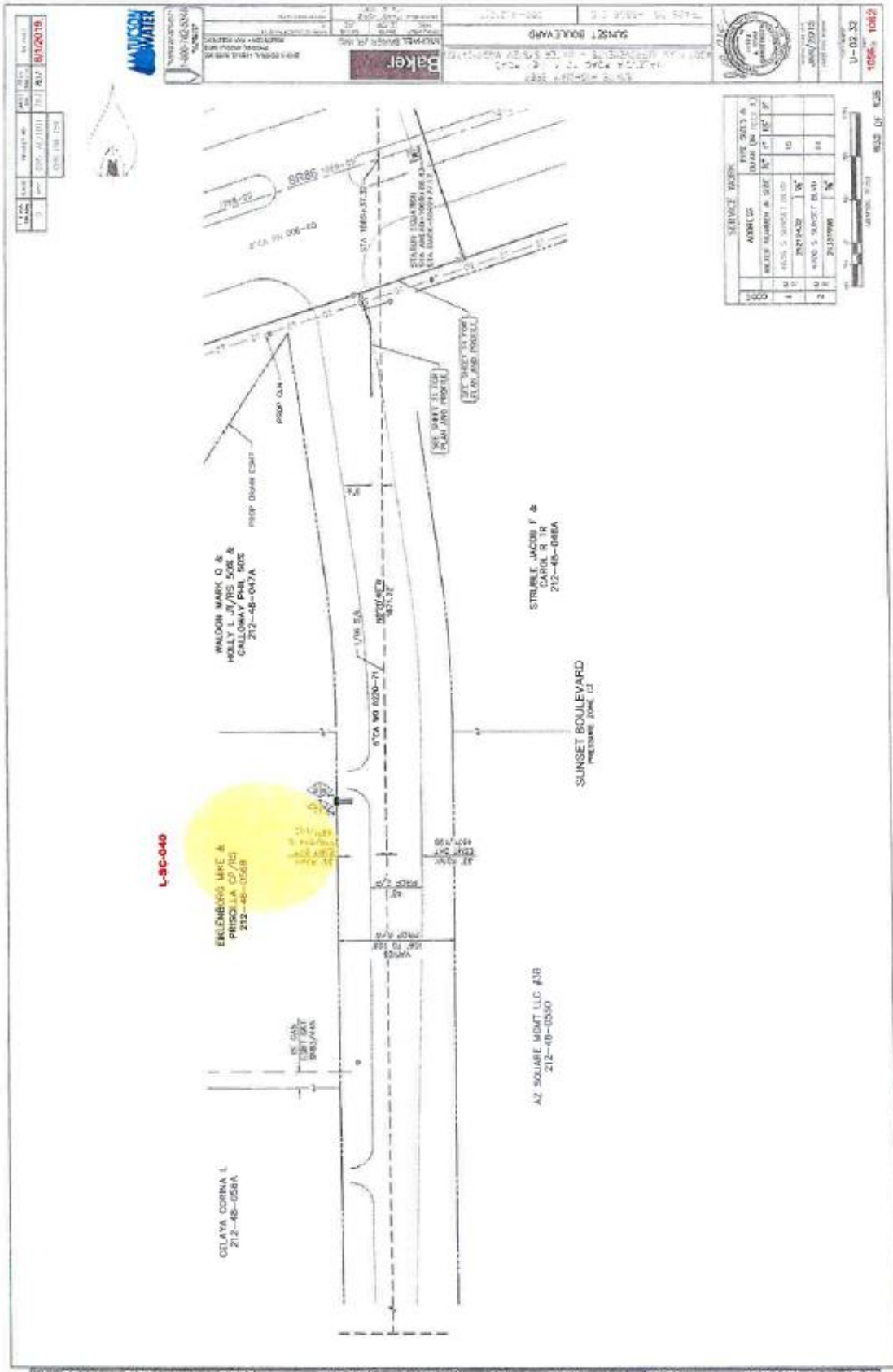


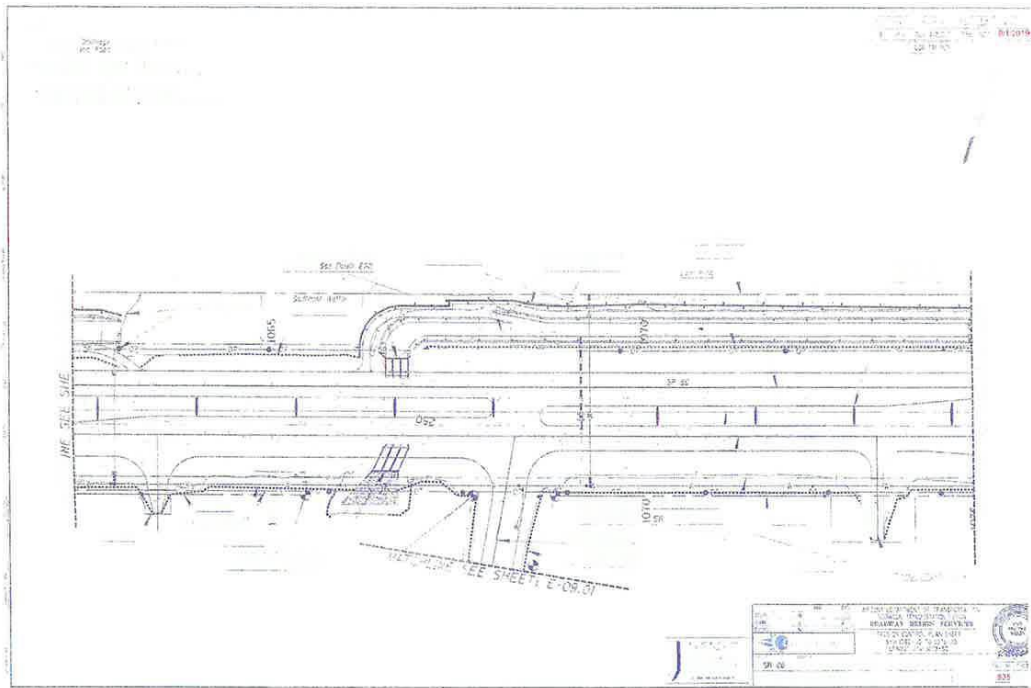
SHEET INDEX PLAN B



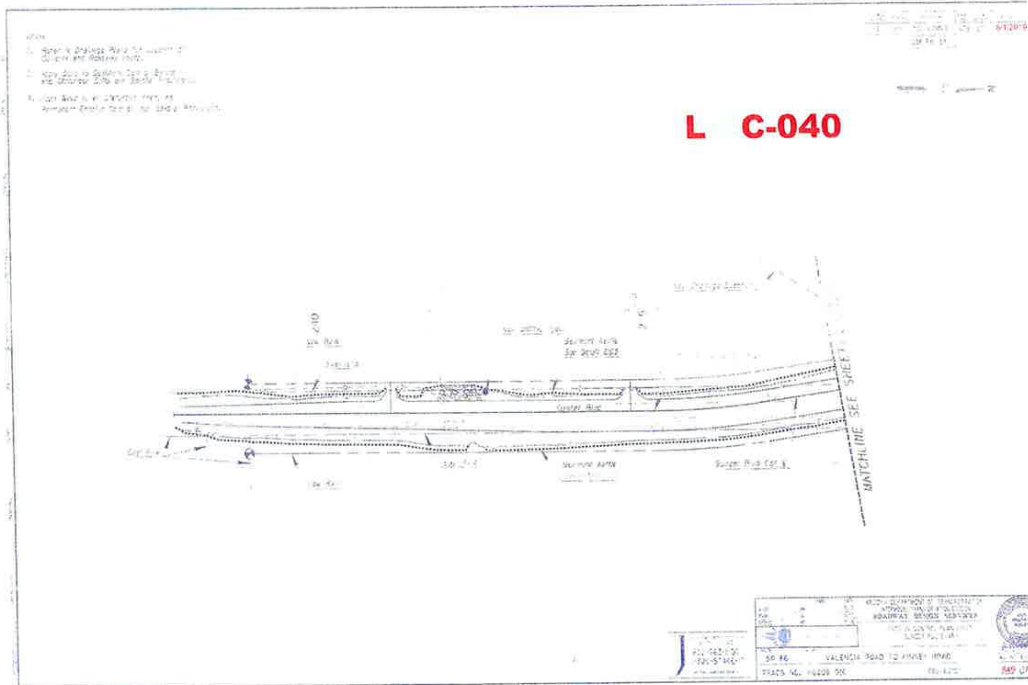
SERVICE WORK

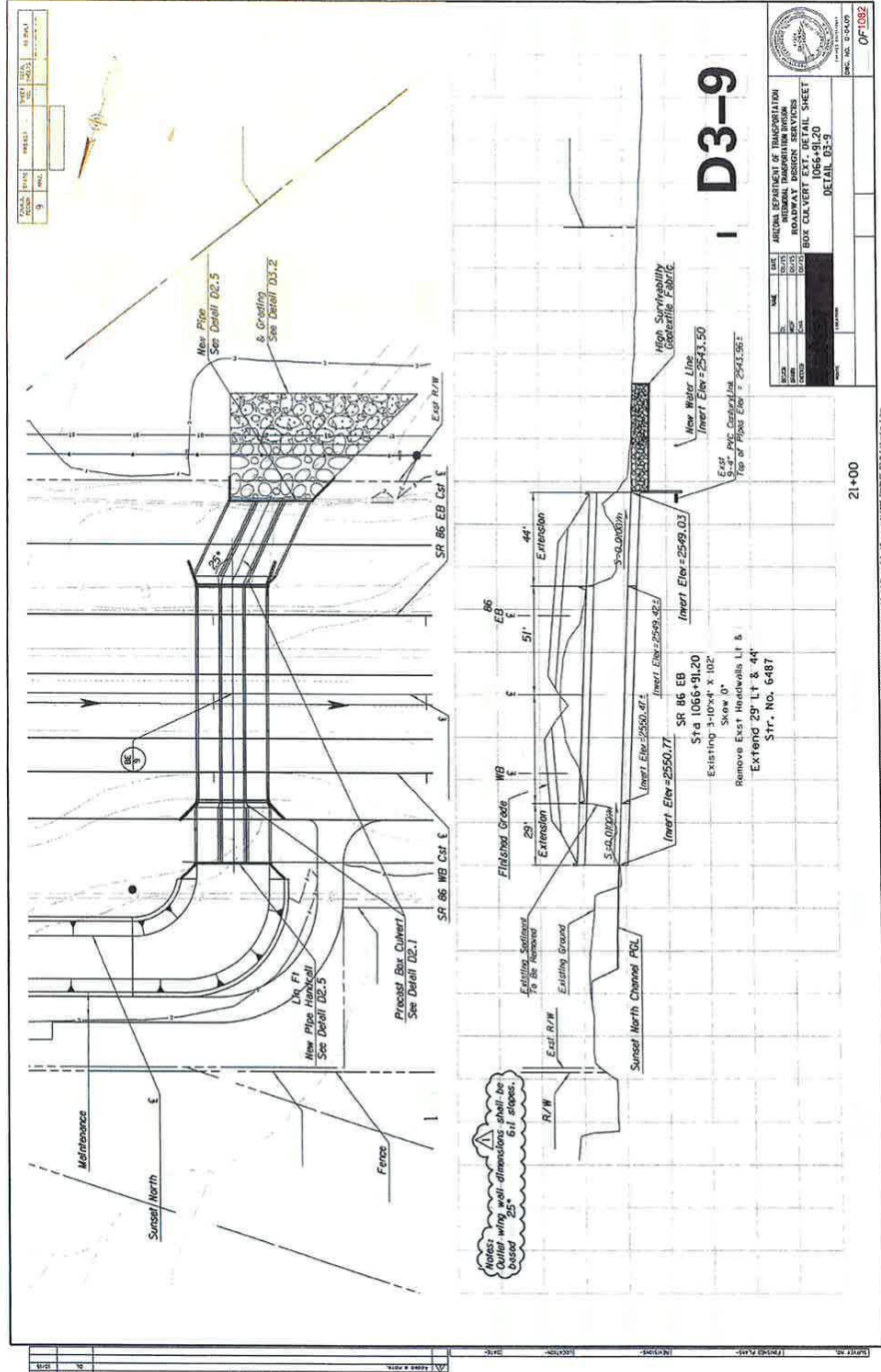
NO.	ADDRESS	DATE	BY	REMARKS
1	1064+00	1/11/10
2	1064+00	1/11/10
3	1064+00	1/11/10





L-SC-040





Notes:
 1. Outlet wing wall dimensions shall be as shown.

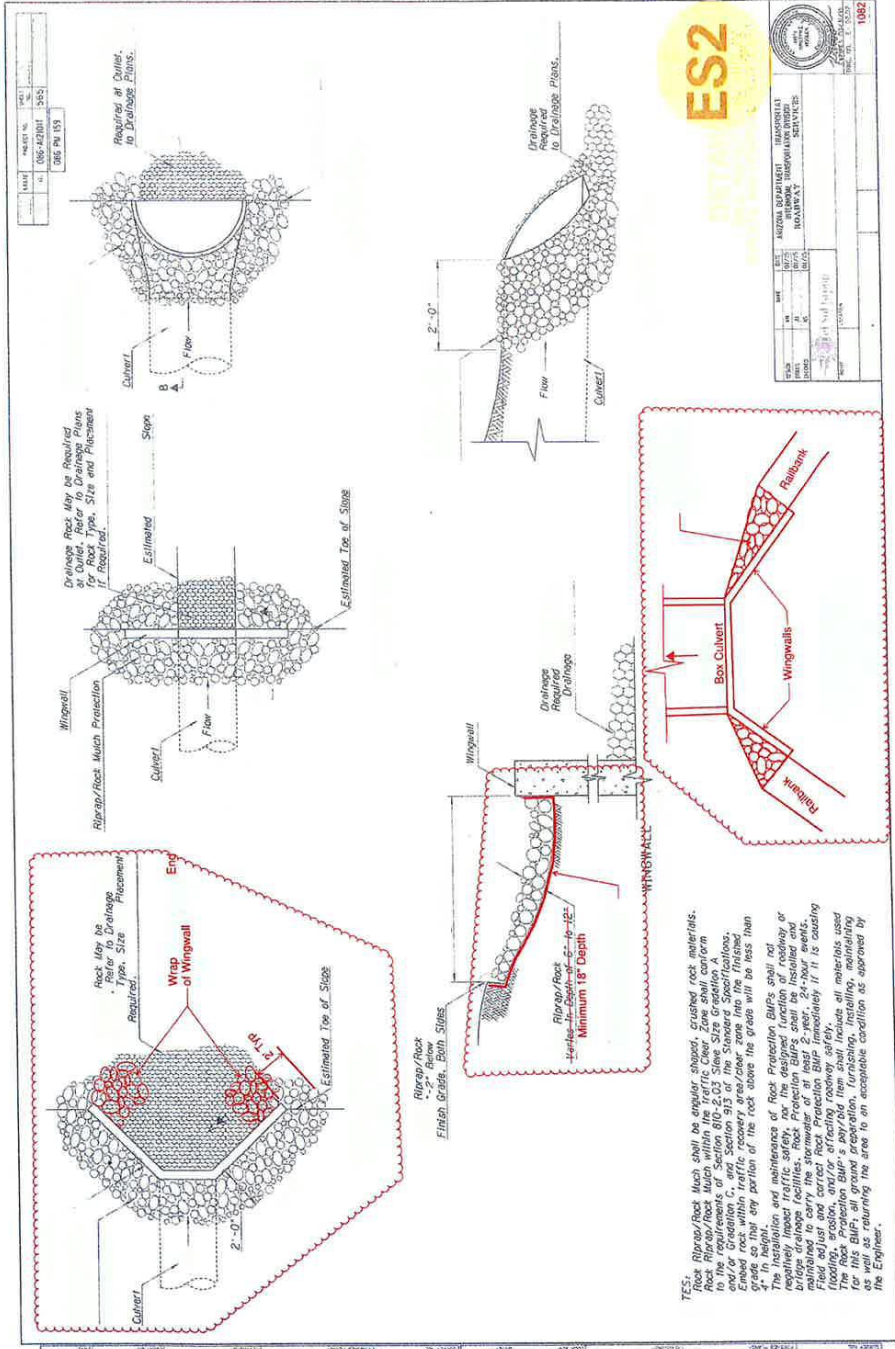
D3-9

DATE	DESCRIPTION
10/20/15	ISSUED FOR PERMIT
10/20/15	ISSUED FOR BIDDING
10/20/15	ISSUED FOR CONSTRUCTION
10/20/15	ISSUED FOR AS-BUILT

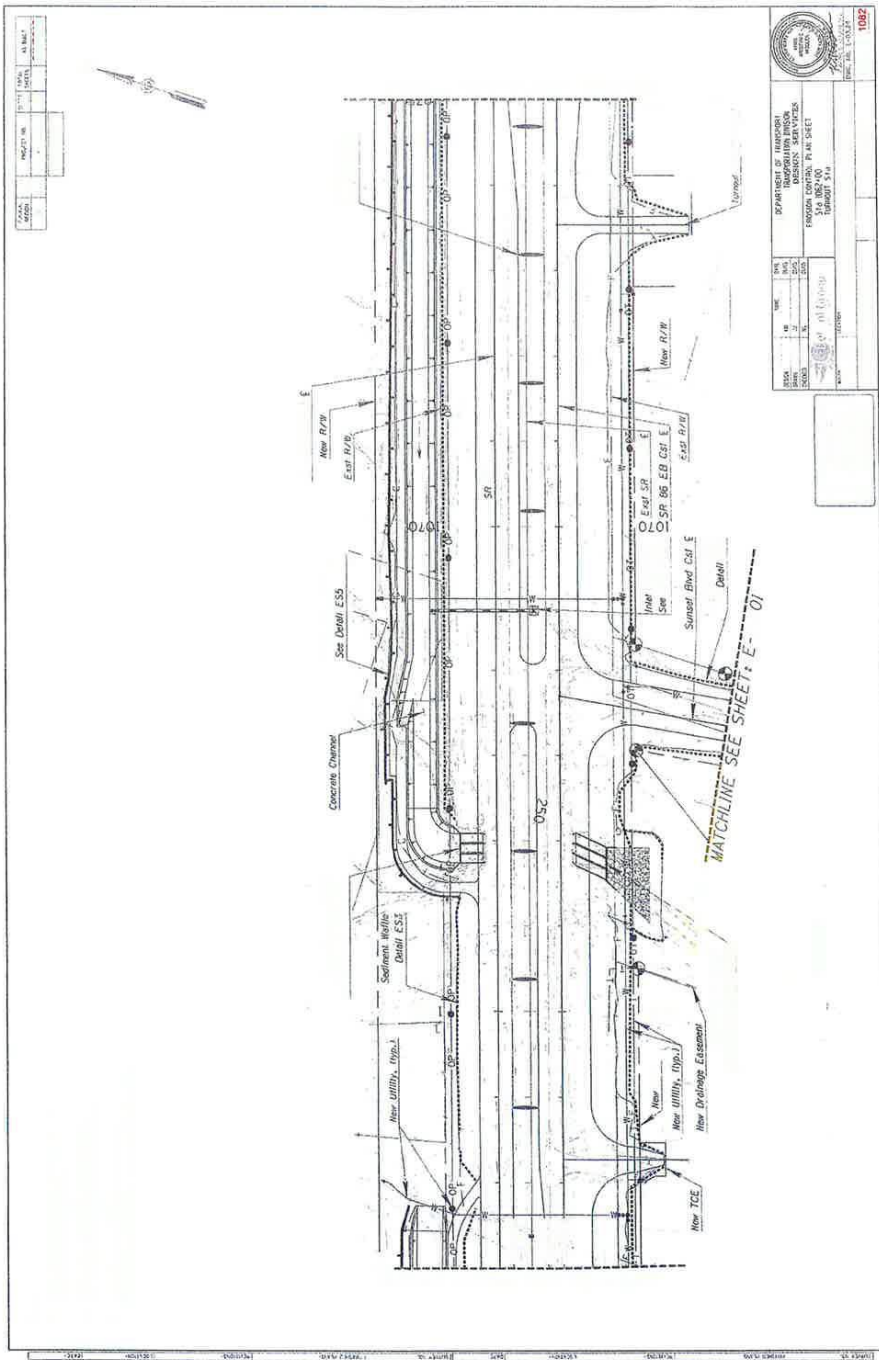
ARIZONA DEPARTMENT OF TRANSPORTATION
 ARIZONA HIGHWAY DESIGN SERVICES
 BOX CULVERT EST. DETAIL SHEET
 PROJECT NO. 100-30
 SHEET NO. 01 OF 03

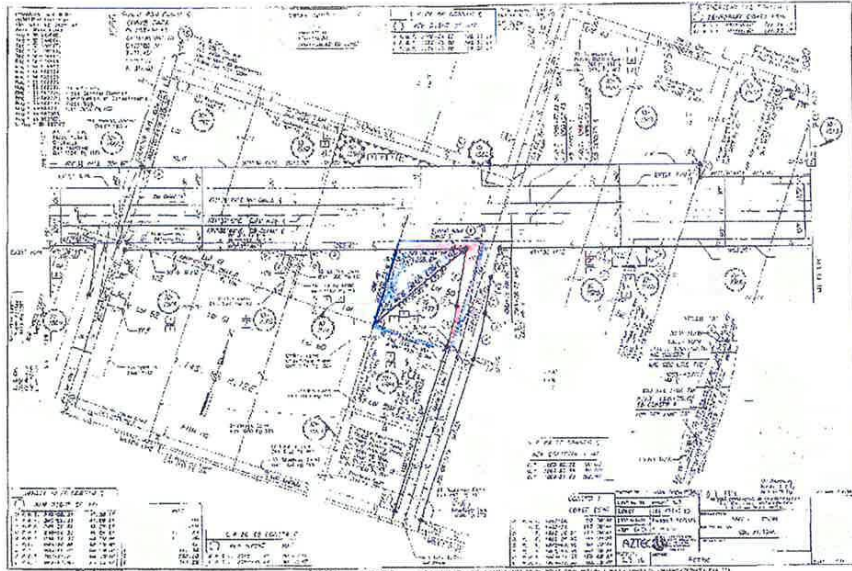
21+00

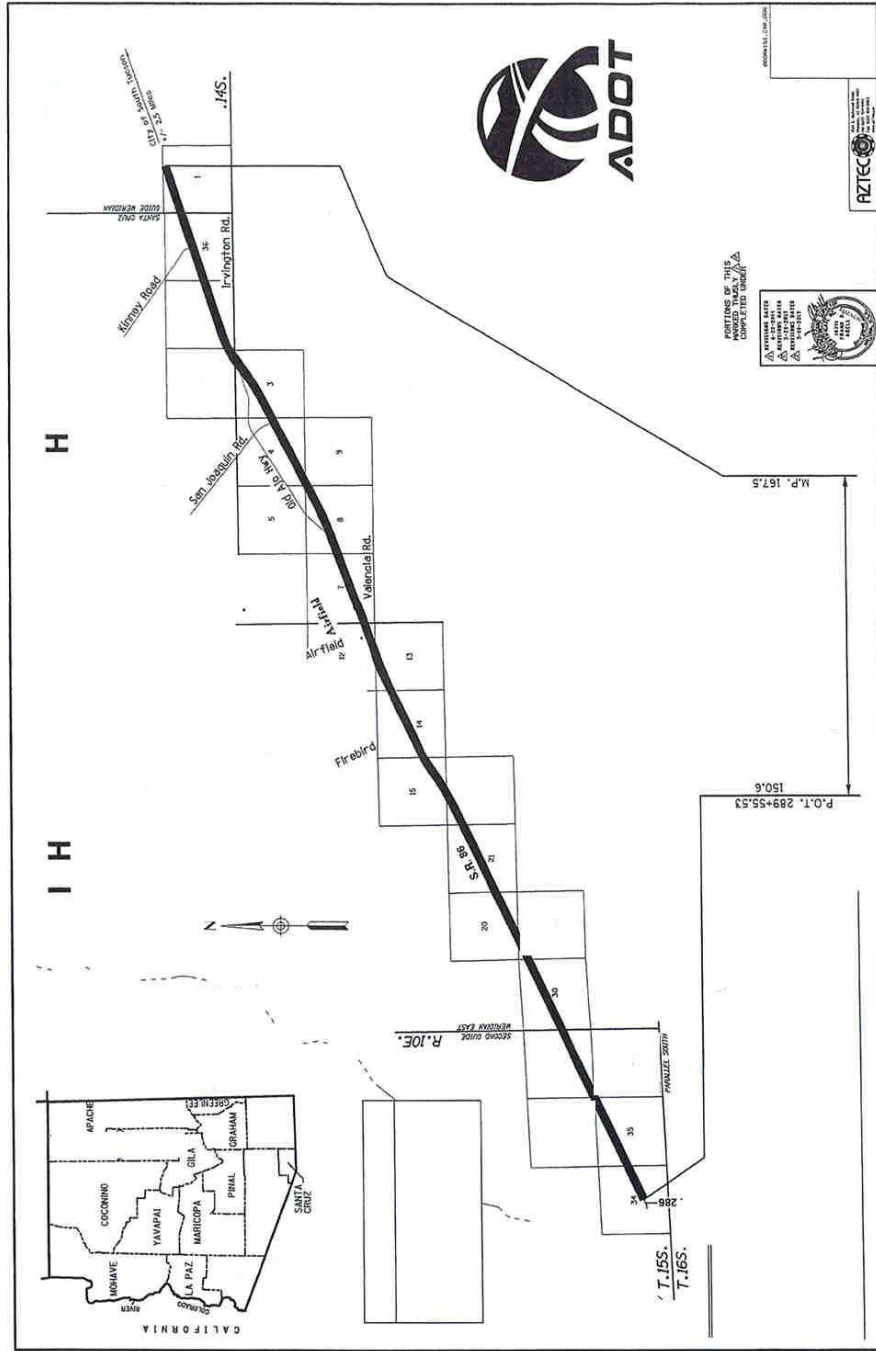
10/20/15 10/20/15 10/20/15 10/20/15

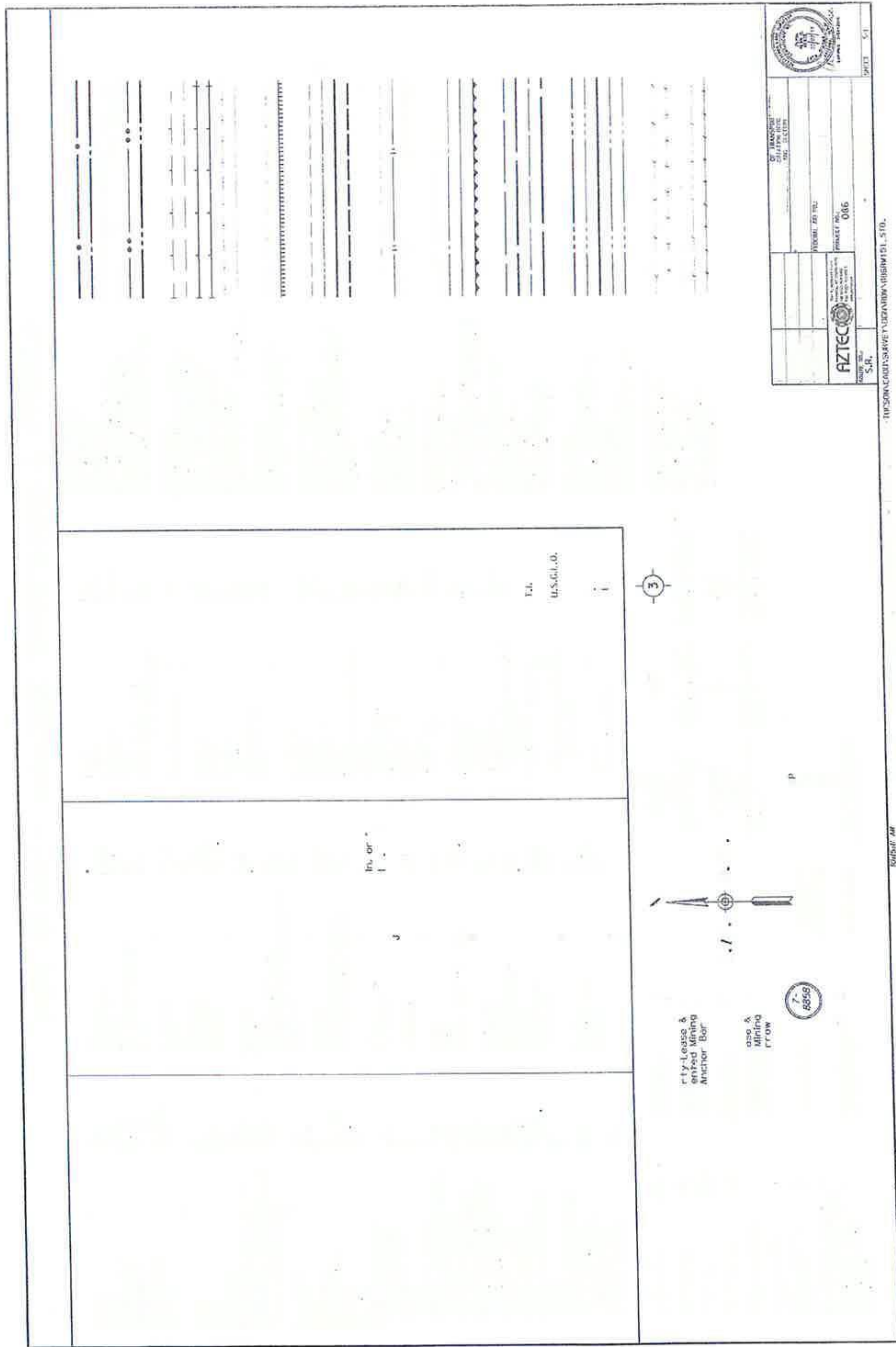


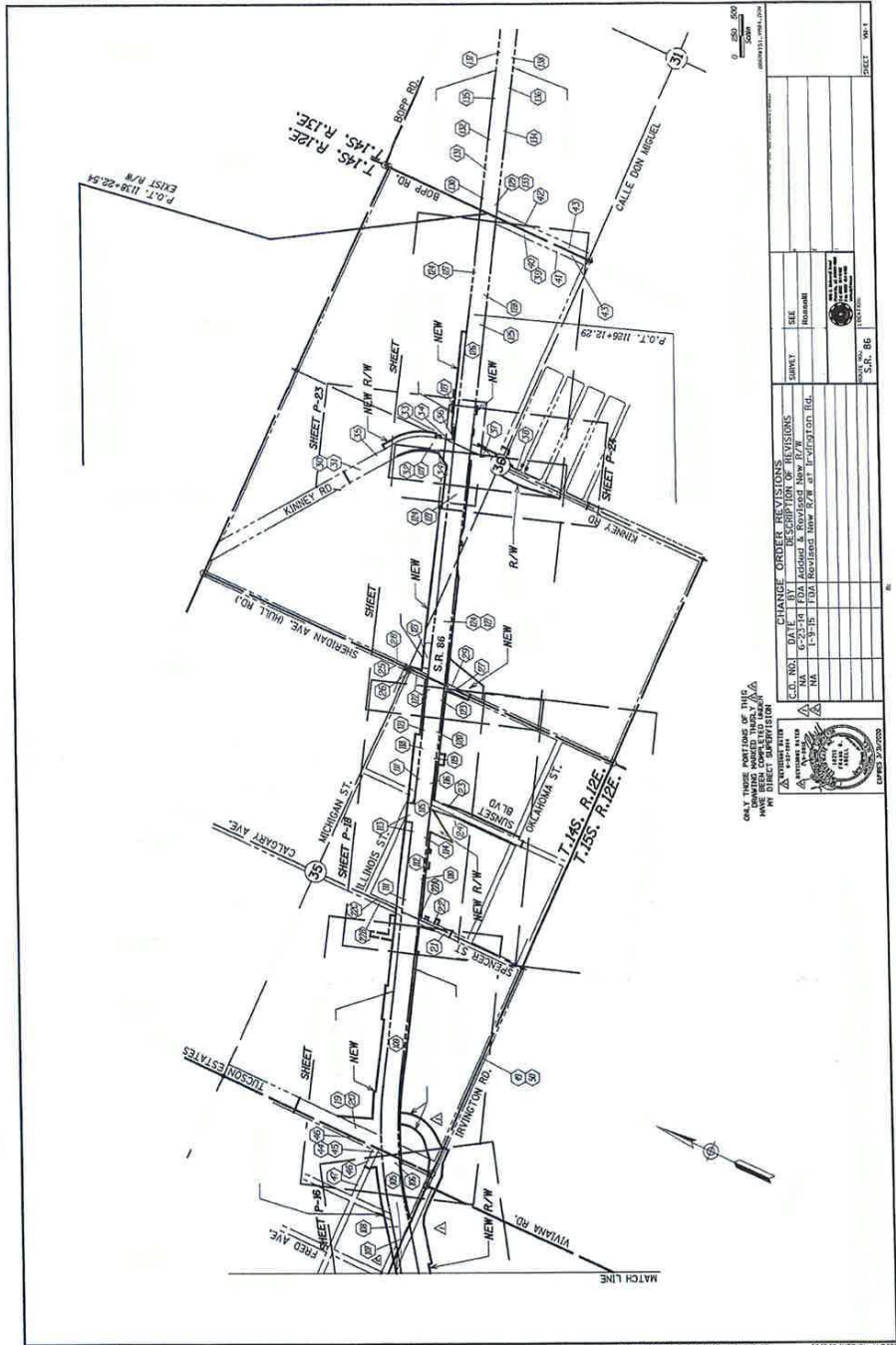
NOTE: Riprap/rock muck shall be angular shaped, crushed rock materials. Riprap/rock muck within the Traffic Calm Zone shall conform to the requirements of Section 515 of the Standard Specifications. Riprap/rock muck shall be placed in the Traffic Calm Zone to the depth of the stormwater recovery area/clear zone into the finished grade so that any portion of the rock above the grade will be less than 24 inches. The installation and maintenance of Rock Protection Bluffs shall not negatively impact traffic safety. For the design and construction of Rock Protection Bluffs, the Engineer shall refer to the Standard Specifications for Road and Transportation Structures, Section 515.10. The Bluffs shall be installed and maintained to carry the stormwater of at least 2-year, 24-hour events. The Bluffs shall be installed and maintained immediately if it is causing flooding, erosion, or other adverse effects. The Bluffs shall be installed and maintained for this Bluff, all ground preparation, furnishing, installing, maintaining as well as returning the area to an acceptable condition as approved by the Engineer.











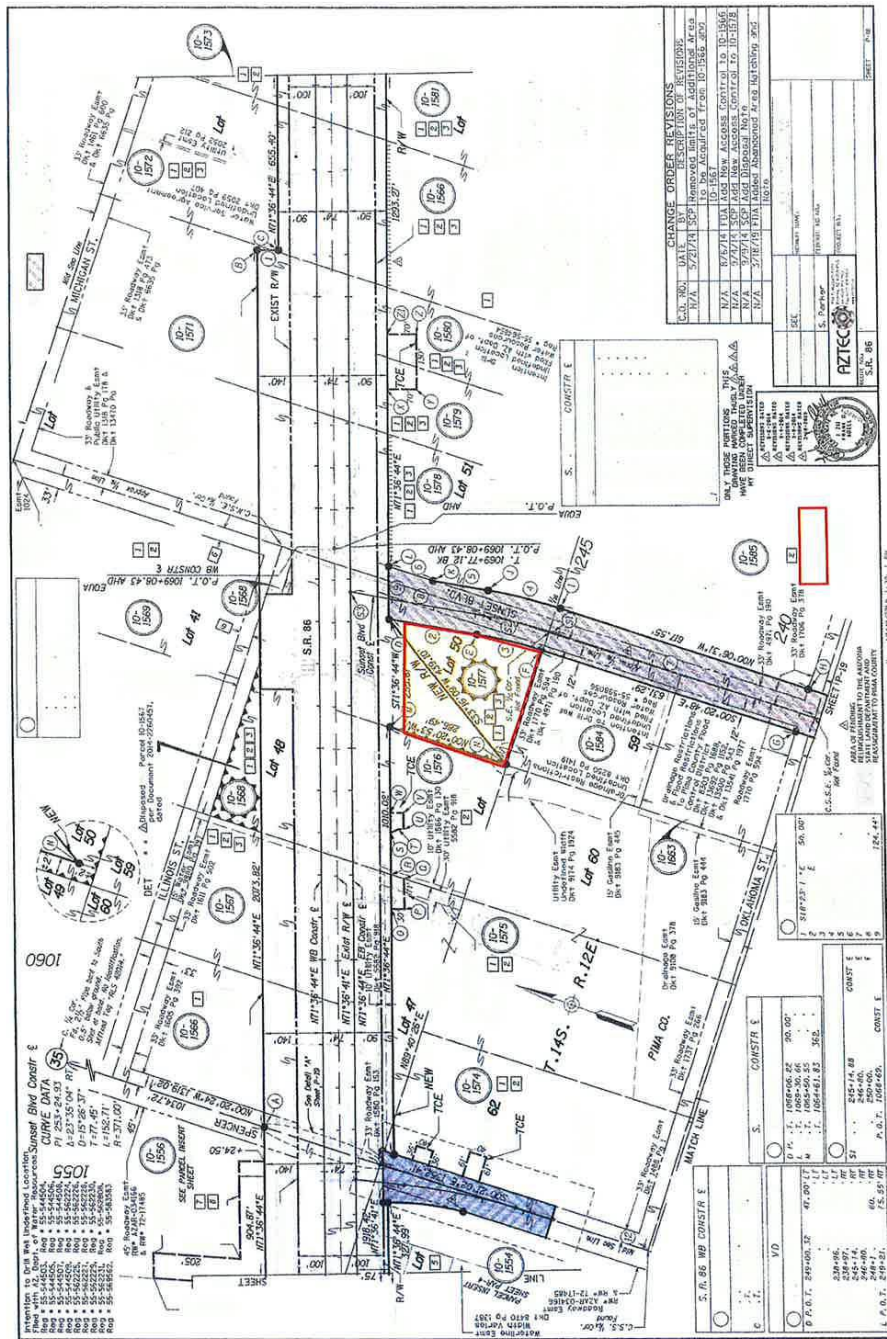
ALL LINES SHOWN ARE THE PROPERTY OF THE STATE OF TEXAS. THE STATE OF TEXAS HAS NO LIABILITY FOR ANY ERRORS OR OMISSIONS.

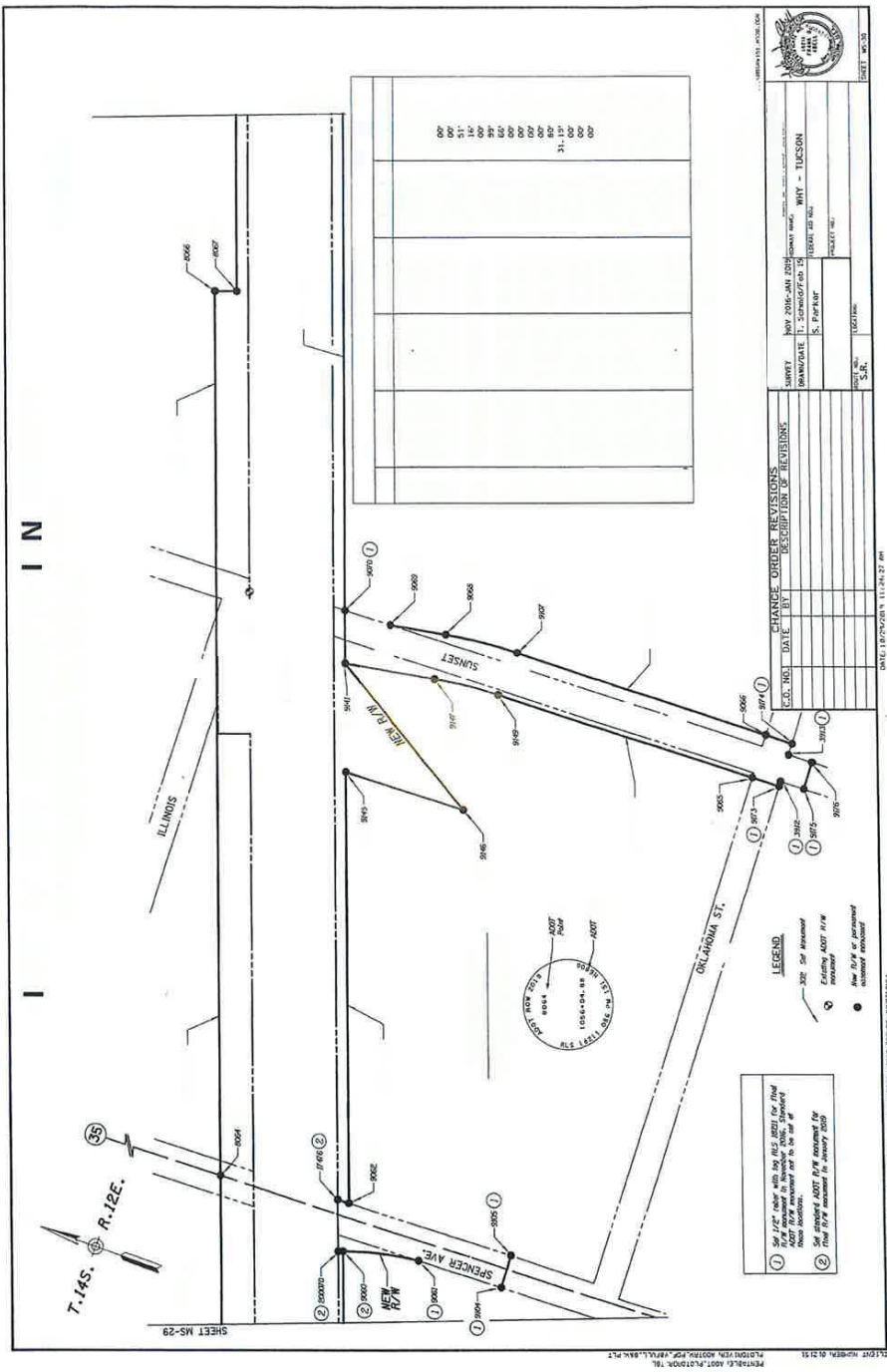


CHARGE ORDER REVISIONS
 C.O. NO. 023-14 FEA ADJUST & REVISOR NEW R/W
 DATE 1-9-15 FEA REVISOR NEW R/W at T-17/17/150.14

NO.	DATE	DESCRIPTION	BY	CHKD.
1	12/31/23	ISSUED FOR RECORD	SEE	RECORDED

DATE OF ISSUE: 12/31/23
 SHEET NO. 26





RIPRAP LENGTH 258 FEET

The screenshot displays the Pima County PimaMaps web application interface. The browser address bar shows the URL: pimamaps.pima.gov/HtmlPubViewer/index.html?configBase=https://pimamaps.pima.gov/Geoconf/Essentials/Public/PM/REST/sites/main/site/viewers/mainmap/virtualdirectory/Resources/Config/Default. The application title is "PimaMaps - Main".

The interface includes a top navigation bar with tabs for "Map Navigation", "Printing and Sharing", "Query Data", "Reporting and External Data", "Measurement", "Drawing", and "Help and Custom Tools". The "Measurement" tab is active, showing a toolbar with options for "Distance", "Area", "Erase", "Clear", "Line", "Feet (ft)", "Feet (m)", "Enable Snapping", and "Select Snapping Layers".

A yellow banner at the top of the map area contains the instruction: "Click or tap to draw a measurement line. Double-click/tap to finish." Below this, an aerial map shows a measurement line drawn along a riprap area. A tooltip box displays the measurement results: "Current: 2.618 ft" and "Total: 258.05 ft".

On the left side, there is a "Layers" panel with a "Filter Layers..." search box. The layers list includes: Economic Development, Environmental Justice, Image Reference, Landfills, Places, Public Services Boundaries, Recreation, Regulatory, Sanitary Sewer, Santa Cruz Valley National Heritage Area, Schools, Washes, Water, Zoning - Pima County Overlay Zones, and Terrain. The "Zoning - Pima County Overlay Zones" layer is currently selected.

The bottom of the screenshot shows the Windows taskbar with the date and time: 4:27 PM, 11/20/2023. The system tray shows the weather as 80°F Sunny.