

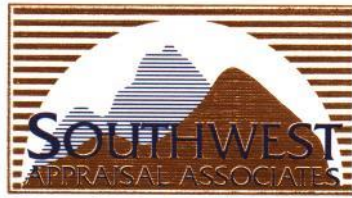
APPRAISAL COVER SHEET

TYPE OF REPORT:	Appraisal for market value
PARCEL:	L-SC-031
LOCATION:	3,359-square feet of vacant land located south of State Route 189 (Mariposa Road) and west of N. Industrial Park Drive, in the City of Nogales, Santa Cruz County, Arizona.
HIGHWAY:	Nogales Primary Connection Highway
SECTION:	Nogales P.O.E. – SR 19B (Grand Ave.)
DATE OF APPRAISAL REPORT:	January 3, 2024
EFFECTIVE DATE OF VALUE:	November 27, 2023
APPRAISER:	Steven R. Cole, MAI, SRA, AI-GRS Certified General Real Estate Appraiser #30130

SUBJECT AERIAL IMAGE



Red Parcel Boundary is approximate.



P.O. Box 16156
TUCSON, ARIZONA 85732
(520) 327-0000
FAX (520) 327-3974

LETTER OF TRANSMITTAL

January 3, 2024

Mr. Jim Walcutt
R/W Project Management Section
Arizona Department of Transportation
1801 W. Jefferson St. #120, MD 102M
Phoenix, Arizona 85007

RE: **ADOT Parcel L-SC-031**: 3,359-square feet of vacant land located south of State Route 189 (Mariposa Road) and west of N. Industrial Park Drive, in the City of Nogales, Santa Cruz County, Arizona. The subject is abutting Santa Cruz County Assessor's Parcel Number 102-04-040G.

Appraiser's File No.: **23-169-L**

Dear Mr. Walcutt:

At your request, I have provided my fair market value opinion for the subject property referenced above. According to you, the subject consists of 3,359 square feet in size. I have been informed by ADOT that this land is not required by ADOT. Thus, the excess land can be repurchased by the original owner or sold to a third party.

Because the subject property consists of a small site with a narrow shape that can not be developed as a standalone property, I have employed the "**Across-the-Fence,**" (ATF) methodology to estimate the market value of the property. The ATF methodology is a land valuation method which is typically, but non-exclusively, used in the appraisal of corridors. This methodology is appropriate for small or narrow properties which can only be developed through assemblage with a larger piece of land. The Across-the-Fence method is used to develop a market value opinion based on the valuation of *abutting land*.

Therefore, the subject's small site is valued based on the market value of the parcel which it abuts. The abutting parcel used in this appraisal consists of approximately $\pm 127,005$ gross square feet, (2.92 acres) and is located to the south of the subject. This parcel is identified by the Santa Cruz County Assessor as Parcel #102-04-040G.

The purpose of this appraisal is to provide my fair market value opinion for the subject property, as of November 27, 2023, pursuant to Arizona Revised Statute 28-7091:

"... '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 and the Federal Highway Administration. No other use or users are intended, and any unintended use may be misleading.

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 2020-2021 extended through 2022 and 2023* (USPAP), promulgated by the Appraisal Standards Board of the Appraisal Foundation. The Sales Comparison Approach is utilized to support our market value opinion.

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 author, as set forth within the General Assumptions and Limiting Conditions contained in this report.

**“AS-IS” MARKET VALUE OPINION FOR THE
SUBJECT 3,359 SQ. FT. AS OF NOVEMBER 27, 2023, \$25,000
OR ~ \$7.44 PER SQUARE FOOT.**

This opinion is based on general assumptions and limiting conditions which are located in the back of this report. This opinion is also subject to any extraordinary assumptions and hypothetical conditions contained on the following pages.

Special Note:

This appraisal employs the “Across-the-Fence” technique in order to provide the market value opinion for the subject. Hence, the parcel adjacent to the subject is identified as the Abutting Parcel. This is described further in the Appraisal Process section.

Extraordinary Assumption:

In accordance with 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 appraiser. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the subject site.*
- 2) *No geological survey was provided to the client. It is an extraordinary assumption of this appraisal that there is no known geological significance on the subject site.*
- 3) *The site was inspected by the appraiser. No evidence of environmental risks or hazardous conditions was observed. It is an extraordinary assumption of this appraisal that there are no known environmental risks or hazardous conditions on the subject site.*
- 4) *ADOT provided an acquisition log that reports an original taking of 3,359 square feet for the subject property. ADOT has informed me that the full taking is not required and is to be valued and resold. Therefore, this is the site size used for the subject property. It is an extraordinary assumption of this appraisal that the site area reported by ADOT is correct.*

Hypothetical Conditions:

A 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

This appraisal report is based on the following hypothetical conditions:


- 1) *The abutting parcel is appraised as though it is vacant land with no site improvements.*

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

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,

Southwest Appraisal Associates, Inc.

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

¹ *Uniform Standards of Professional Appraisal Practice, 2018-2019 Ed., Appraisal Foundation*

TABLE OF CONTENTS

LETTER OF TRANSMITTAL 3

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS 7

EXECUTIVE SUMMARY 12

THE APPRAISAL PROCESS 14

PROPERTY IDENTIFICATION 15

ABUTTING PARCEL MAP..... 15

PURPOSE OF THE APPRAISAL 17

DEFINITIONS..... 17

DEFINITION OF MARKET VALUE: 17

INTEREST TO BE APPRAISED: 17

ACROSS-THE-FENCE (ATF) METHOD..... 18

INTEREST TO BE APPRAISED..... 18

OWNERSHIP HISTORY AND FIVE-YEAR CHAIN OF TITLE 18

SCOPE OF WORK..... 19

REGIONAL ANALYSIS 21

NEIGHBORHOOD ANALYSIS..... 26

MARKET ANALYSIS 32

ASSESSED VALUATION & REAL ESTATE TAXES..... 39

FEMA FLOOD MAP..... 42

ZONING 43

ZONING MAP..... 43

SUBDIVISION MAP 44

SUBJECT PHOTOGRAPHS..... 45

HIGHEST AND BEST USE..... 50

LAND VALUATION 52

LAND VALUE ANALYSIS..... 59

EXPOSURE AND MARKETING TIME 68

CERTIFICATION..... 71

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS 73

QUALIFICATIONS OF STEVEN R. COLE, MAI, SRA 76

ADDENDA – ADOT EXHIBITS..... 78

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

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

This report is being prepared for my client. 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 than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser 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 Appraiser. 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 Appraiser has 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 Appraiser 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 appraiser has relied upon building measurements provided by the client, owner, or agents of these parties. In their absence, the appraiser has relied upon his own measurements of the subject improvements. However, there are some factors that may limit our 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 Appraiser has 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 appraiser 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 Appraiser 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 Appraiser is 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 Appraiser 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 Appraiser assumes 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 Appraiser assumes, and the client warrants, that no such materials adversely affect the utility, usability or development potential of the property to the best of their knowledge. The Appraiser is 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 client is 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 me. I have not performed a compliance survey to determine if it is in conformance with the A.D.A (Americans with Disabilities Act). The Appraiser assumes, and the client warrants, that no such barriers adversely affect the utility, usability, or development potential of the property to the best of their knowledge. The Appraiser is 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 client is urged to retain an expert in this field, if desired.

Information, estimates and opinions furnished to the Appraiser 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 Appraiser can be attributed to the Appraiser.

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

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 appraiser 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 appraiser 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 appraiser is 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 appraiser 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 client 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. We claim no expertise in areas such as, legal description survey, structural, or environmental, engineering mechanical or electrical systems and the like. We 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 client or any other party constitutes acceptance of all the above limiting conditions.

Extraordinary Assumption:

In accordance with 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 appraiser. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the subject site.*
- 2) No geological survey was provided to the client. It is an extraordinary assumption of this appraisal that there is no known geological significance on the subject site.*
- 3) The site was inspected by the appraiser. No evidence of environmental risks or hazardous conditions was observed. It is an extraordinary assumption of this appraisal that there are no known environmental risks or hazardous conditions on the subject site.*
- 4) ADOT provided an acquisition log that reports an original taking of 3,359 square feet for the subject property. ADOT has informed me that the full taking is going*

to be resold. Therefore, this is the site size used for the subject property. It is an extraordinary assumption of this appraisal that the site area reported by ADOT is correct.

Hypothetical Conditions:

A 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:

- 1) The abutting parcel is appraised as though it is vacant land with no site improvements.*

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

² *Uniform Standards of Professional Appraisal Practice, 2018-2019 Ed., Appraisal Foundation*

EXECUTIVE SUMMARY

General Location:	South of State Route 189 (Mariposa Road) and west of N. Industrial Park Drive, in the City of Nogales, Santa Cruz County, Arizona.
Section, Township & Range:	SE 1/4 of Section 6 & the NE ¼ of Section 7, T24S. R14E
Assessor's Parcel Number:	Part of 102-04-040G.
Parcel Size (subject):	±3,359 gross square feet, (0.08 acres).
Parcel Size (abutting parcel):	±127,005 gross square feet, (2.91 acres) according to a site size provided by ADOT plus an assembled parcel from 2022. No survey was provided, and this appraisal assumes the size is accurate, as provided.
Legal/Physical Access:	The subject and the abutting parcel have legal and physical access from a shared driveway on the northwest side of the property. This entry is from a one-way only section of Mariposa Road. The abutting parcel has separate access from Bell Road to the south and Industrial Park Drive to the east.
Effective Date of Value:	November 27, 2023
Interest Appraised:	Fee Simple Estate
Intended Use of the Appraisal:	The intended user of the appraisal includes the officials and agents of the Arizona Department of Transportation. No other use or users are intended, and any unintended use may be misleading.
Intended Use of the Appraisal:	The intended use of the appraisal is to utilize the market value estimate to assist in the disposition of the subject.
Flood Insurance Zone:	The abutting parcel is located mostly in Zone X, outside the 100-year flood hazard area, according to FIRM Map Panel No. 04023C0627C, effective December 2, 2011. The FIRM map panel is provided below. The southern strip of the property that borders Bell Road is designated as being impacted by the X (shaded) and AE floodplain zone. According to a Letter of Map Revision by FEMA, most of this area was adequately filled above the floodplain lines and removed from the 1% annual chance of flood designation. An image from this document can be found in the Addenda of this appraisal report.
Zoning/General Plan:	The subject property is located in the General Commercial (GC). The GC District was established to provide for a wide variety of commercial activities of varying scales that are designed to be served by major thoroughfares and other similar high-volume rights-of-way. According to the current

Development Services Director, Hector Tapia, this is a flexible zoning district that allows for many uses.

Highest and Best Use:

The highest and best use of the *subject* is assemblage. The appraisers believe that the *abutting parcel* is most suitable for industrial or secondary commercial development.

Market Value Opinions:

ADOT PARCEL L-SC-031.....\$25,000

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 and Neighborhood Analysis, Site Analysis, and Highest and Best Use. The highest and best use of the subject disposal parcels 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 of the fee simple interest in the subject disposal parcels. The fee simple interest is the unencumbered interest in a property. The three traditional approaches to value are considered. However, since the subject disposal parcels represent vacant land, the only applicable approach to value is the Sales Comparison Approach.

In the Sales Comparison Approach, recent sales of similar parcels of land, known as "comparables," are analyzed and adjusted to the subject parcels. 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 subjects determines the reliability of this approach.

As discussed in the Letter of Transmittal, this appraisal applies the use of the Across-the-Fence (ATF) methodology. The across-the-fence method is used to develop a value opinion based on comparison to abutting land. Thus, the subject's small and narrow site is valued based on the valuation of the larger assemblage parcel to which it abuts to the south. After the valuation of the abutting parcel is complete, the subject parcel will be valued on a proportional basis, per square foot.

The Income Approach is excluded because properties like the subject are not frequently leased or valued based on their potential rental income. The Cost Approach is excluded because the site does not have any value contributing improvements.

PROPERTY IDENTIFICATION



Boundary lines are approximate.

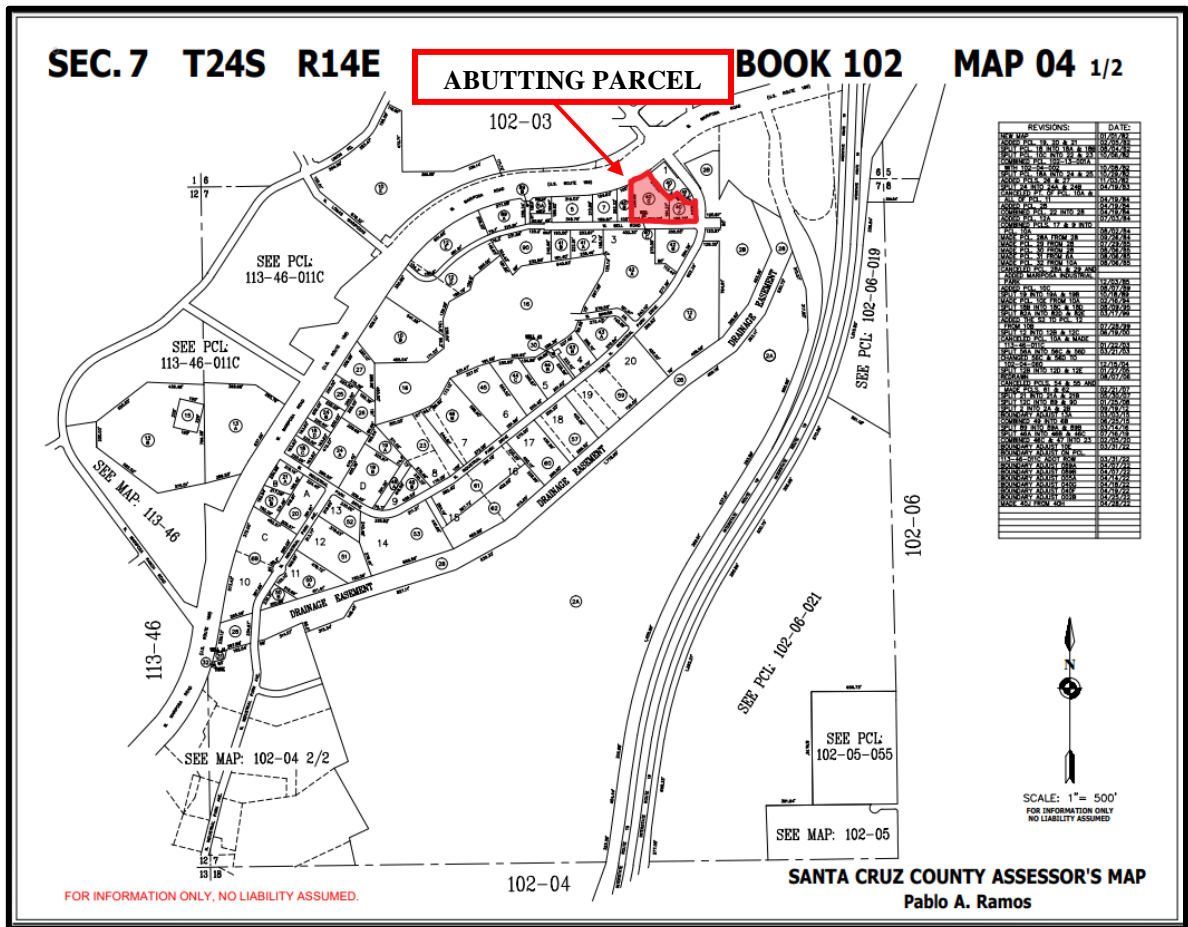
The subject property is located south of State Route 189 (Mariposa Road) and west of N. Industrial Park Drive, in the City of Nogales, Santa Cruz County, Arizona. The subject is below the SR-189 flyover bridge which connects Interstate-19 to the Mariposa Port of Entry into Mexico. The subject is abutting Santa Cruz County Assessor's Parcel Number 102-04-040G. Additionally, the vacant land which is the subject of this report is identified as ADOT Parcel L-SC-031. A map of the whole abutting parcel is shown below.

ABUTTING PARCEL MAP



A full legal description for the subject property can be found in the Addenda of this report. The legal description is part of an exhibit package provided by the client, the Arizona Department of Transportation.

ASSESSOR'S PLAT MAP



PURPOSE OF THE APPRAISAL

- Purpose of the Appraisal:*** The purpose of this appraisal is to estimate the market value of the fee simple estate.
- Intended User of the Appraisal:*** The intended users of the appraisal include the officials and agents of the Arizona Department of Transportation and the Federal Highway Administration. No other use or users are intended, and any unintended use may be misleading.
- Intended Use of the Appraisal:*** The intended use of the appraisal is to utilize the market value estimate to assist in the disposition of the subject.
- Date of Value Opinion:*** The effective date of the value opinion is November 27, 2023.
- Date of the Appraisal Report:*** The date of the appraisal report is January 3, 2024.

DEFINITIONS

Abutting Parcel:

The subject of this appraisal is based on the valuation of an abutting parcel. The definition of abutting is recognized as:

“Abutting or adjacent. “Abutting” or “Adjacent” means the land, lot, or property adjoining the property in question along a lot line or separated only by an alley, easement, or street.”³

Definition of Market Value:

Pursuant to Arizona Revised Statute 28-7091:

“...‘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.”

Interest To Be Appraised:

The interest to be appraised for the subject is the fee simple estate interest, defined as follows:

³ CR225-464-620540.v8 – Definitions Section 505

*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.*⁴

Across-the-Fence (ATF) Method.

*A land valuation method used in the appraisal of corridors. The across-the-fence method is used to develop a value opinion based on comparison to abutting land.*⁵

INTEREST TO BE APPRAISED

Fee Simple Estate:

The interest to be appraised is that interest arising from fee simple estate ownership. *The Dictionary of Real Estate Appraisal, 6th Edition*, by The Appraisal Institute defines the fee simple estate as:

“Absolute ownership, unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

OWNERSHIP HISTORY AND FIVE-YEAR CHAIN OF TITLE

Abutting Parcel

According to the Santa Cruz County Assessor’s records, the title to the abutting parcel property is vested in UNS Electric Inc. This parcel is centrally assessed which means that the Santa Cruz County Assessor does not store property data or transaction history for this parcel.

To the best of my determination, there have been no other sales, title transfers, listings or offers to purchase the subject property for the five years prior to this appraisal. However, a portion of the abutting parcel was acquired by the Arizona Department of Transportation in 2019 as part of a right of way project. To the best of my knowledge, the abutting parcel property is not listed for sale or under any sale contract as of the date of value.

Subject Parcel

To the best of my knowledge, the title to the subject parcel belongs to the Arizona Department of Transportation. A Right of Way exhibit package was provided to me upon

⁴ *The Dictionary of Real Estate, 7th Ed.*, Appraisal Institute, 2022, p. 73.

⁵ *The Dictionary of Real Estate, 7th Ed.*, Appraisal Institute, 2022, p. 3.

acceptance of this appraisal project. These documents can be found in the addenda at the back of this report.

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 opinion. Since the subject is vacant land, the Sales Comparison Approach is applicable to the valuation. The Cost and Income Approaches are appropriately omitted.

In accordance with *Uniform Standards of Professional Appraisal Practice 2020-2021 extended through 2022 and 2023 (USPAP)*, 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, inspection and confirmation of comparable market data; and
- Consideration of the three approaches to value which include the Cost, Sales Comparison and Income Approaches to support my market value opinion for the subject property; and
- Consideration for severance damages, if any, and special benefits if present.

Research for comparable vacant land sales included a thorough search of sale data from June 2021, through the effective date of value. The search criteria included vacant land sales for industrial or commercial that were leveled sites mostly ready for development within the Nogales area of Santa Cruz County in the State of Arizona. An attempt was made to find properties that were between 1 and 5 acres. The date range for which the sales search was extended because of the low volume of sales in Nogales. Data sources included the Tucson Association of Realtors' Multiple Listing Service, Santa Cruz County and Pima County Assessor's records, CoStar Group, local real estate brokers, and market participants.

An attempt was made to find properties that were similar in size to the abutting parcel and had generally similar highest and best use. However, there have been very few similar sales in recent years. Our research revealed an adequate number of sales of land properties in the subject's immediate area. The data analyzed herein is considered to be the best available and provide a credible indication of value.

REGIONAL MAP



REGIONAL ANALYSIS

Geographic Location:

The value of any property is not solely determined by the physical characteristics of the site. The environmental, social, economic and governmental forces in the immediate area must also be analyzed as they can have direct and indirect effects on value.

The subject property is located in the south portion of Santa Cruz County, in the City of Nogales, which lies right along the international border with Nogales, Sonora, Mexico. This is a major trade corridor surrounded by rural areas, with the town of Rio Rico, Tubac, Amado, Green Valley, and Sahuarita, located north of Nogales along Interstate 19 in this corridor. Tucson, the main population and economic center of southern Arizona, is located 60 miles to the north of Nogales.

SANTA CRUZ COUNTY MAP



SANTA CRUZ COUNTY

Communities:

The primary communities within Santa Cruz County include Amado, Nogales, Patagonia, Rio Rico, Sonoita, Elgin, and Tubac. The 2020 population for Santa Cruz County was estimated by the U.S. Census Bureau to be 47,669 which is nominally higher than the 2010 population of 47,420. The municipalities within Santa Cruz County surveyed by the U.S. Census Bureau are outlined in the following chart.

POPULATION GROWTH TRENDS

MUNICIPALITY	2010 CENSUS	2020 CENSUS	TOTAL CHANGE	% CHANGE
Nogales	20,837	19,770	-1,067	-5.12%
Rio Rico	18,962	20,549	1,587	8.37%
Tubac	8,611	8,072	-539	-6.26%

Nogales:

Nogales is both the economic capital and the county seat of Santa Cruz County. Nogales, Arizona and its twin city, Nogales, Sonora, Mexico, are on the international border separating the United States and Mexico. The city is mountainous and at an elevation of 3,865 feet. Interstate 19 connects Nogales to Tucson which is just over sixty miles north. The Interstate is one of the major gateways between the U.S. and Mexico and has grown in importance since the implementation of the North American Free Trade Agreement.

International commerce is an important part of the Nogales economy and includes activities such as cooperative manufacturing plants (maquiladoras) along the U.S./Mexico border. Nogales is the largest port of entry for winter fruit and vegetables in the U.S. During the growing season, the estimated wholesale value of produce imported daily is \$20 to \$25 million. Tourism is another large industry with up to 50,000 shoppers daily.

The City of Nogales has a wide range of community facilities including nine parks, a museum, an art gallery, four recreation centers, four swimming pools, and a library. There are four public elementary schools, two middle schools, and one public high school. Pima College has an extension campus in Nogales and private schooling is available. Medical services are available at an 80-bed hospital. Nogales has an international airport.

Rio Rico:

Rio Rico is a planned community located just north of Nogales and 57 miles south of Tucson. The community's 39,000 acres roll gently down from the Santa Rita Mountains through the San Cayetano Foothills westward to the Santa Cruz River. The area around and including Rio Rico was once part of the Baca Float, a tract of approximately 100,000 acres granted by the U.S. Congress to the heirs of Luis Maria Baca as the result of an early, unclear grant from the Spanish Government. The community had its beginnings in 1969 and had continued to grow at a steady pace with the influx of tenants to Rio Rico South Industrial Park.

Rio Rico's South Industrial Park has 256 acres, with 100 acres serving produce and distribution warehouses and manufacturing firms. The Rio Rico commercial area is 544 acres, which includes Rio Rico Resort and a commercial center containing a supermarket, restaurants and specialty shops. Rio Rico's location along Interstate 19 and its proximity Mexico has made it a destination for tourism and business.

Other Communities:

The town of **Patagonia** is located approximately 15 miles northeast of Nogales, Arizona. This is a small residential community with tourist-oriented retail, and other facilities, but goods and services are limited. Access to Patagonia is via Highway 82 which passes through the center of town. Patagonia is less than 20 miles north of the border of Mexico and lies in a narrow valley surrounded by the Santa Rita Mountains to the north and the Patagonia Mountains to the south.

The town of Patagonia offers many community facilities including several art galleries, a library, a swimming pool, and three parks. Other Patagonia services include restaurants, food stores, a Post Office, and one service station. Medical services are available at a health clinic in Patagonia or at numerous locations in Nogales. The closest hospital is Carondelet Holy Cross Hospital about 17 miles southwest in Nogales. The Sierra Vista Regional Health Center is 36 miles east. The majority of employment in Patagonia is retail trade and services. The area also has some of the finest ranches in the Southwest, with specially bred cattle and quarter horses. Patagonia also is the location of the Union High School District which provides high school education for the surrounding communities which include Sonoita and Elgin.

Proximate to Patagonia is the Patagonia-Sonoita Creek Preserve. With the support of the Tucson Audubon Society, the Nature Conservancy purchased the Patagonia-Sonoita Creek Preserve in 1966. More than 1,350 acres along the Sonoita Creek is protected. It is best known for the 300 bird species observed.

Sonoita is a rural community, located approximately 13 miles northeast of Patagonia that is greatly influenced by its proximity to Tucson. It attracts residents with business ties to Tucson who wish to reside in a rural atmosphere. Travel time from Tucson to Sonoita is approximately one hour. Sonoita is located at the intersection of Arizona State Highways 82 and 83. Highway 83 runs south from Interstate 10 to Sonoita. Highway 82 extends southwest from Sonoita to Nogales through Patagonia, and east to Huachuca City and Fort Huachuca.

The town of Sonoita has several stores, a service station, a post office, restaurants, several real estate offices, and a small self-storage warehouse. The commercial area is located at the

intersection of State Highways 82 and 83, "The Four Corners," is the central business area of Sonoita. This business center provides ancillary shopping and customer services. There are several vineyards, wineries and ranches located in the Sonoita and Elgin area. The Elgin Elementary School which consists of kindergarten through eighth grade is located in Sonoita.

Elgin is a small hamlet with a population of only 168 residents. It is located approximately seven and one-half miles west of Sonoita along Highway 83. Elgin and Sonoita share many of the same rural characteristics.

Tubac was founded in 1752 when the Spaniards built a presidio or fort. Tubac was an early outpost for exploration and evolved to silver and gold mining and ranching in the 1800's. Recognized as Arizona's first European settlement, it was here that The Weekly Arizonan, the first newspaper of what was to become the territory of Arizona, was published. It also is home to Arizona's first state park, Tubac Presidio State Historic Park. Since the late 1940s, Tubac has become known as an artisan community, with more than 120 shops, studios and galleries along with neighboring Amado and Tumacácori.

Tubac is 23 miles north of the international boarder at Nogales and 50 miles south of Tucson. It lies in the Santa Cruz River Valley and is bordered by the Santa Rita, Tumacácori and San Cayetano Mountains. The elevation is 3,200 feet.

Art, tourism and retirees are important to Tubac's economy. This internationally known artist colony and historic site hosts a variety of special events annually including: Festival of the Art (February); Art Walk (March); Anza Days (October); Tubac-An Art Experience (November); and Las Fiesta de Tumacácori and Luminária/Fiesta Navidad (December). The Tubac Festival of the Arts is the oldest art fair in the state and hosts artists and craft people from all over the country during the nine-day event. There are over 80 buildings in downtown Tubac that house crafts and exhibits for these events.

Tubac's major private employers are Arando Territory Ranch, Tubac Golf Resort, and Rio Rico Resort and the myriad of small businesses in Tubac. The major public employers in Tubac are the Tubac Post Office, Tubac School District 35, Tubac Library, and Tumacácori State Park.

Current Economic Events:

The Santa Cruz County and Arizona economy overall, depends heavily on trade with Mexico. The Nogales economy has been negatively affected by stricter border policies and travel restrictions resulting from the COVID-19 pandemic. The United States Government awarded \$750,000 to the Nogales Community Development organization to help stimulate new business

development near the border. The Nogales City Council also receives millions of dollars in federal aid to help the local economy. In recent years, Mariposa Road has hosted most of the economic growth in Nogales. There are several refrigerated warehouses that serve as wholesale fresh fruit storing facilities. A recent large flyover project has connected Interstate-19 with Mariposa Road, SR-189, allowing for more efficient travel from the port of entry to the rest of Arizona. This is a benefit to the national fruit-trade, as well as a seamless safety improvement to the prior layout.

According to current currency rates as of November 29, 2023, the Mexican Peso is currently trading at 17.20 Pesos to the American Dollar. Therefore, the Peso is up 21% from July 2023 when the Peso was 20.82 to the American Dollar. In April 2020, the Peso was almost 25 to the dollar.

Impact on Value of Regional Analysis:

Access to Santa Cruz County is good via Interstate 19, which extends south from Interstate 10 to Nogales and the ports of entry to Mexico. Interstate 19 is a four lane, asphalt paved arterial roadway in good condition. There are 13 exits along Interstate 19 in Santa Cruz County, ranging from Exit 1 at the Nogales port of entry to Exit 48 at Arivaca Road which forms the boundary with Pima County adjacent north. Three of these exists serve the Rio Rico area, and adjacent south, five additional exits serve the Nogales area.

The region contains both commercial and residential properties. Some residents choose to live in this region due to cross-border commerce and relations with extended families on both sides of the international border. Overall, the region offers employment, shopping, and services. Economically, the area is highly dependent on trade with Mexico. As population growth remains stagnant, development is expected to remain limited in the near term.

NEIGHBORHOOD ANALYSIS

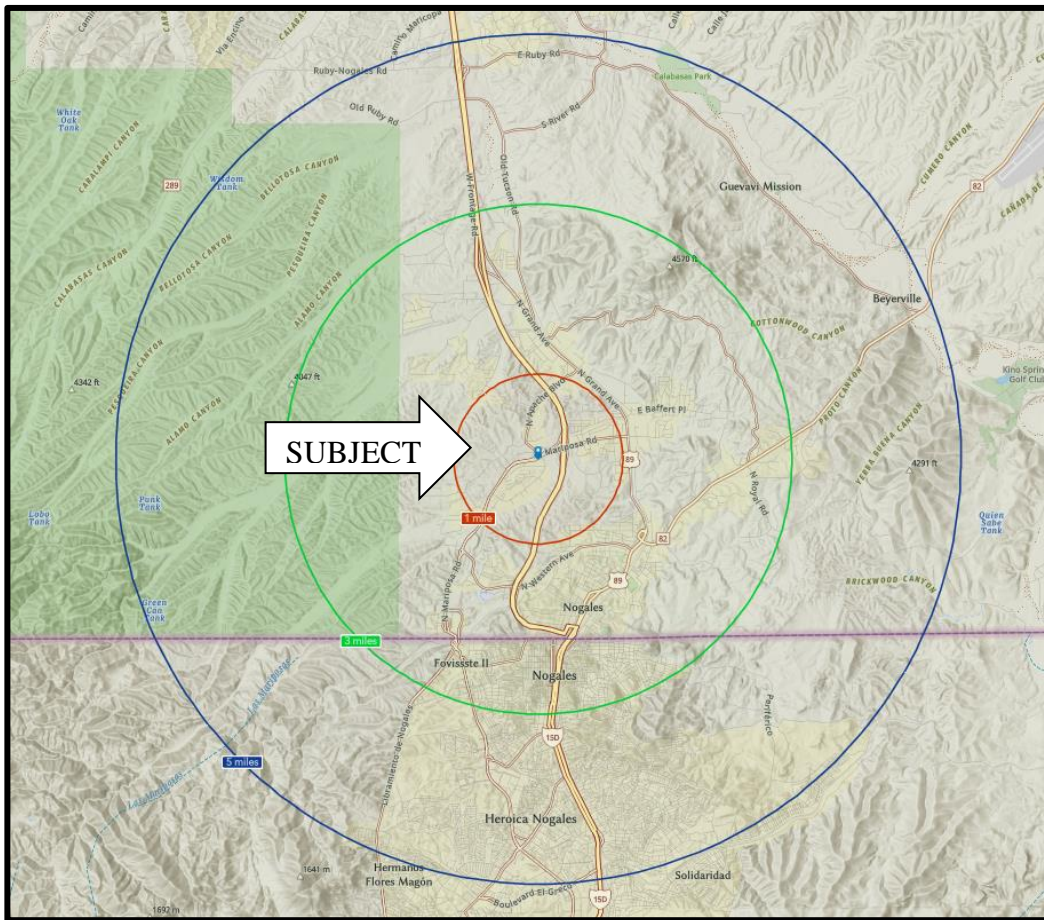
The value of any property is not solely determined by the physical characteristics of the site. The environmental, social, economic, and governmental forces in the immediate area must also be analyzed as they can have direct and indirect effects on value.

Boundaries and General Location:

The boundaries of the neighborhood are delineated by the City of Nogales, as follows:

- North:* The community of Rio Rico
- South:* International border with Mexico
- East:* Kino Springs Drive
- West:* Coronado National Forest boundary

Nogales is located in the Santa Cruz River Valley, flanked by the Patagonia Mountains to the east, and the Atascosa Mountains to the west. A map showing the subject property in relation to its location in Nogales follows.



Nogales is a city in Santa Cruz County, Arizona. The population was 20,837 according to the 2010 census and estimated at 19,770 in 2020. The city is the county seat of Santa Cruz County. Nogales borders the city of Nogales, Sonora, Mexico and is Arizona's largest international border town. The southern terminus of Interstate 19 is located in Nogales at the U.S.-Mexico border; the highway continues south into Mexico as Mexico Federal Highway 15. These highways comprise a critical portion in the Canamex Highway, connecting Canada, the United States, and Mexico. Nogales also is the beginning of the Sun Corridor, an economically important trade region stretching from Nogales to Prescott, AZ, including the Tucson and Phoenix metropolitan areas. Nogales is home to 4 International Ports of Entry, including the Morley Pedestrian Port or Entry, the Dennis DeConcini Pedestrian and Passenger Vehicle Port of Entry, the Nogales International Airport, and the Mariposa Port of Entry.

The subject property is located about 2.5 miles northeast of the Mariposa Port of Entry which is a primary truck or cargo port of entry. Border crossing figures of the Mariposa Port are typically combined with the DeConcini and Morley Ports, located two blocks east of the terminus of Interstate 19 at the US/Mexico border. The DeConcini Port is the main vehicle, pedestrian and railroad port of entry from Nogales, Sonora, Mexico to Nogales, Arizona. The Morley Port of Entry is much smaller and only handles pedestrian traffic from 10:00 AM to 6:00 PM daily. Both of these ports are surrounded by established retail stores on both sides of the border and represent a primary retail district in the region.

Together, these three ports comprise one of the primary international border crossings in the United States. Nogales is the busiest port of entry for produce. Nearly 60% of the winter produce consumed in the entire United States comes through this port, making it a critical component of the Nogales, Arizona economy and that of the US overall. In 2021, approximately \$3.4 billion in fresh produce entered the United States through the Mariposa Port of Entry.

The Mariposa Port of Entry is one of the busiest ports in the U.S. It serves as the largest port of entry for fresh produce entering the U.S. from Mexico, and a primary produce distribution point on the southern border.

As one of the GSA's largest American Recovery and Reinvestment Act projects, expansion and modernization of the Mariposa Port of Entry enables the Department of Homeland Security and U.S. Customs and Border Protection to inspect imports more effectively into the USA. The Mariposa

Port of Entry originally created in 1973 was expanded in 2014 and is now approximately 216,000 gross square feet. The total construction cost for this expansion was \$184 million.

Due to its location on the border and its major ports of entry, Nogales funnels \$26 billion dollars of international trade into Arizona and the United States per year, in the form of fresh produce and manufactured goods from Mexico. World imports pass through the deep seaport in Guaymas, Sonora, Mexico. This trade helps to support thousands of jobs in Nogales and throughout the American State of Arizona and the Mexican State of Sonora.

Economic Demographics:

Demographic information for a 0-1, 1-3, and 3-5-mile radius around the subject property has been derived from the *Site to Do Business*. The subject neighborhood is best represented by zip code 85621. The following tabulation shows a comparison of pertinent demographic statistics for the subject area:

	0-1 MILE	1-3 MILES	3-5 MILES
2023 Summary			
Population	3,153	20,421	22,048
Households	1,055	7,206	7,738
Families	819	5,533	5,987
Average Household Size	2.91	2.81	2.83
Owner Occupied Housing Units	468	3,722	4,147
Renter Occupied Housing Units	587	3,484	3,591
Median Age	31.7	35.0	34.9
Median Household Income	\$34,842	\$36,552	\$37,627
Average Household Income	\$46,747	\$53,501	\$54,986

Source: Site To Do Business, demographic & income profile

Within a 1-mile radius, on the Arizona side, the neighborhood median annual household income was \$34,842. This is well below the median income figure of \$73,450 for the State of Arizona. This indicates below average buying power for the neighborhood residents. However, the subject’s immediate area is more commercial and industrial in nature.

Economy:

International commerce is an important part of the Nogales economy and includes activities such as cooperative manufacturing plants (maquiladoras) in Nogales, Sonora, Mexico. There are approximately 105+ maquiladora plants in Nogales, Sonora, that employ more than 35,000 workers.

Nogales is the largest port of entry for winter fruit and vegetables in the U.S. During the growing season, the estimated wholesale value of produce imported daily is \$26 million. Cold storage warehouse and distribution of produce is a major industry in both Nogales and Rio Rico.

The Nogales Port of Entry is the most active of the three major ports of entry in Arizona. Annual Border crossing statistics from 2017 to 2022 are presented in the following table. 2023 is not available as of the writing of this report.

Border Crossings - Nogales District	2017	2018	2019	2020	2021	2022
Pedestrians	7,005,728	7,110,476	6,995,036	3,870,568	4,314,757	5,466,508
% Chg from Year Ago	0.4%	1.5%	-1.6%	-44.7%	11.5%	26.7%
Personal Vehicle Passengers	18,146,485	17,781,150	16,313,888	9,457,254	12,428,960	16,978,897
% Chg from Year Ago	7.6%	-2.0%	-8.3%	-42.0%	31.4%	36.6%
Personal Vehicles	9,487,133	9,334,650	8,532,784	5,803,455	7,333,424	9,404,110
% Chg from Year Ago	7.3%	-1.6%	-8.6%	-32.0%	26.4%	28.2%
Trains	649	737	695	612	679	810
% Chg from Year Ago	-12.5%	13.6%	-5.7%	-11.9%	10.9%	19.3%
Trucks	400,160	396,489	416,604	423,173	461,707	452,848
% Chg from Year Ago	-0.3%	-0.9%	5.1%	1.6%	9.1%	-1.9%

Source: Research and Innovative Technology Administration, Bureau of Transportation Statistics, U.S. Dept. of Transportation

Published by Economic and Business Research Center. Powered by dataZoo

Source: U.S. Department of Transportation, Research and Innovative Technology Administration.

The preceding data indicates that from 2017 to 2022 the total crossings of all types have not remained stable. From 2019 to 2020 there was a 42% drop in personal vehicle border crossings. This is due to the previously mentioned COVID-19 related travel restrictions. In 2021, there was a recovery, but the 2021 figure was still far below what it was prior to the pandemic. As of 2022, personal vehicle passenger numbers have recovered and surpassed 2019 numbers. Truck crossings increased during the pandemic. Continental trade between Mexico, Canada, and America has continued to improve as more Americans begin to view non-continental trade as a more volatile endeavor. Trade with Asia was severely stunted during the pandemic, and it is likely that Mexican imports will stay strong as a more proximal and reliable market.

Manufacturing is another important contributor to the Nogales economy. Assembly plants located in the USA known as Maquiladoras are generally located close to the Mexican border in the Mariposa Road area. Maquiladoras are manufacturing plants that operate under a special customs regime which allows the facility to export into Mexico on a duty-free basis for various components that are used for assembly of finished goods. Those goods are subsequently exported to countries including the United States. Thus, these facilities create a demand for some additional manufacturing, warehousing, and distribution into the USA.

Manufacturing: Manufacturing comprises 9% of the employment of the Nogales area while trade constitutes 40%. Services contribute about 15%, with government at 23%. The largest employers in Nogales and Rio Rico, which employ between 100 to 499 employees, include Canchola Foods Company (retail foods), Carondelet Holy Cross Hospital, Nogales Unified Schools, US Customs and Border Protection, US Citizen and Immigration Services, and Wal-Mart Discount Stores.

Shopping: 60-70% of the sales tax revenue for the City of Nogales is from Mexican shoppers crossing the border. The population of Nogales, Sonora, Mexico was 261,137 persons in 2020, well over 10 times the size of Nogales, Arizona. Many goods can be purchased cheaper in the United States than in Mexico. Thus, many Mexicans shop in Nogales accounting for the large percentage of Nogales sales revenue gained from Mexican visitors. However, travel restrictions and reductions in pedestrian border crossings have hurt the Nogales retail economy. The Mayor of Nogales, Arturo Garino, considered this situation a crisis for small retail business in Nogales. There has been some recovery as the severity of the pandemic has diminished. However, more than half of the businesses on Morley were abandoned during the pandemic.

Employment:

Limited economic and demographic information is available for this border community. According to the Site to do Business, the 2023 labor force data is shown below:

2023 Labor Force						
Age Group	Population	Employed	Unemployed	Unemployment Rate	Labor Force Participation Rate	Employment-Population Ratio
16+	16,737	7,793	1,281	14.1%	54.2%	46.6%
16-24	3,089	1,251	338	21.3%	51.4%	40.5%
25-54	7,103	4,571	557	10.9%	72.2%	64.4%
55-64	2,558	1,395	360	20.5%	68.6%	54.5%
65+	3,987	576	26	4.3%	15.1%	14.4%
Male Age 16+	7,687	4,581	772	14.4%	69.6%	59.6%
Female Age 16+	9,051	3,212	509	13.7%	41.1%	35.5%

The previous chart is for a 5-mile radius from the subject property. Historical labor data was unobtainable from this source. The unemployment rate of 14.1% is high compared to the national

rate of 3.9% in November 2023. The unemployment rate for Santa Cruz County is reported by the county to be 9.4%. Production, transportation, and wholesale trade industries make up over 20% of the workforce figures.

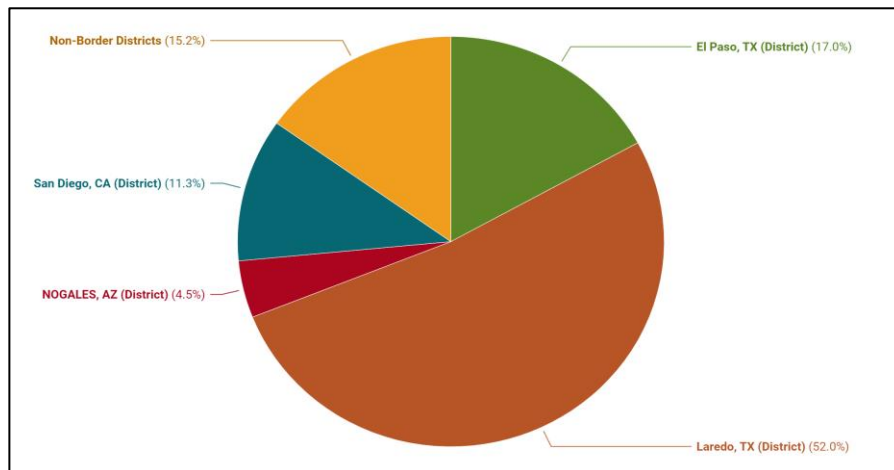
Other Market Elements:

Nogales’ close proximity to the Mexico border has had a positive impact from the extension of the border “free zone” that initially occurred in the fall of 1999. The free zone allows Mexican citizens to shop in an area close to the border without having to pay a special fee or obtain a visa. The free zone was revised from 25 miles to 75 miles north of the border and allows shoppers to stay no more than 72 hours without additional permits or fees, thereby attracting more tourist dollars from Mexican citizens for the shops and services in Nogales, Arizona.

In conclusion, the neighborhood is an established industrial and commercial district with access to regional transportation, schools, employment centers, and residential goods and services. In the last five to ten years, the area has seen the new growth. Local produce warehouse and shipping companies, manufacturing plants, and shopping continue to serve the economic base of the Nogales community.

Conclusion:

The above data, although limited, indicates that the Nogales economy is stable. However, there is concern for the competitiveness of the region regarding imports from Mexico which have recently shown a loss in market share to Texas. This is in part due to Texas being the closest port, geographically, to the eastern United States. The following chart is from the Eller College of Management, Arizona-Mexico Economic Indicators website. This chart shows the overall share of traded goods for the different port districts.



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.”⁶ The primary use for land parcels along Mariposa Road has been for industrial development for larger parcels and commercial use for smaller parcels. At present, no large commercial or retail developments have occurred along Mariposa Road west of Interstate 19. Most of the retail activity occurs east of Interstate 19 to Grand Avenue.

No formal market studies of industrial or commercial properties were discovered for Santa Cruz County or the Nogales area. As a result, I have relied on national level data, interviews with market participants, online research sources such as Eller College of Management articles, and limited CoStar sales analytics for Nogales.

Subject Attributes:

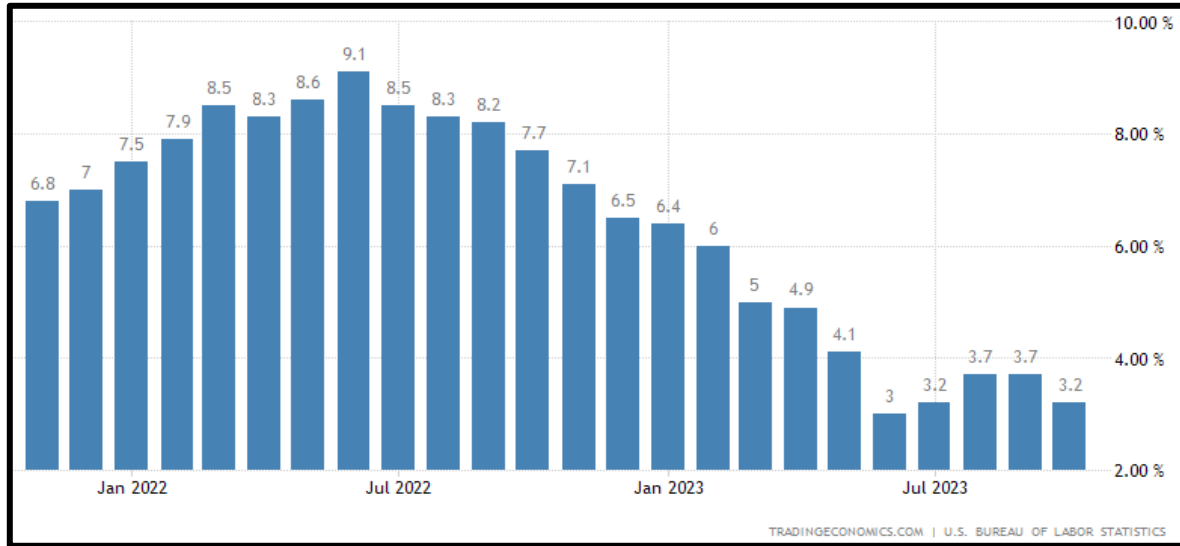
The abutting parcel is zoned for general commercial use and consists of approximately 2.92 acres. The SR 189 flyover project has negatively impacted the visibility and access to the abutting parcel. The only access from Mariposa Road is one-way, eastbound traffic. This section of Mariposa Road is below, and east of, the flyover from Interstate-19 to the Nogales Port of Entry. Therefore, primary retail users will not be interested. Access is also available from Bell Road to the south. However, Bell Road is a secondary thoroughfare. Additionally, the subject is within an industrial subdivision called the Mariposa Industrial Park. A map of this subdivision boundary can be found in the Zoning section of this appraisal report.

National Economy:

Coming out of the Covid-19 pandemic, the national economy benefited from 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 bill. The total cost of these two programs of over \$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 2023, the economy now

⁶ *The Appraisal of Real Estate, 14th Edition*, Appraisal Institute, P 299

suffers from higher interest rates and inflation, undoubtedly a result of this enormous increase in federal spending. 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.



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:

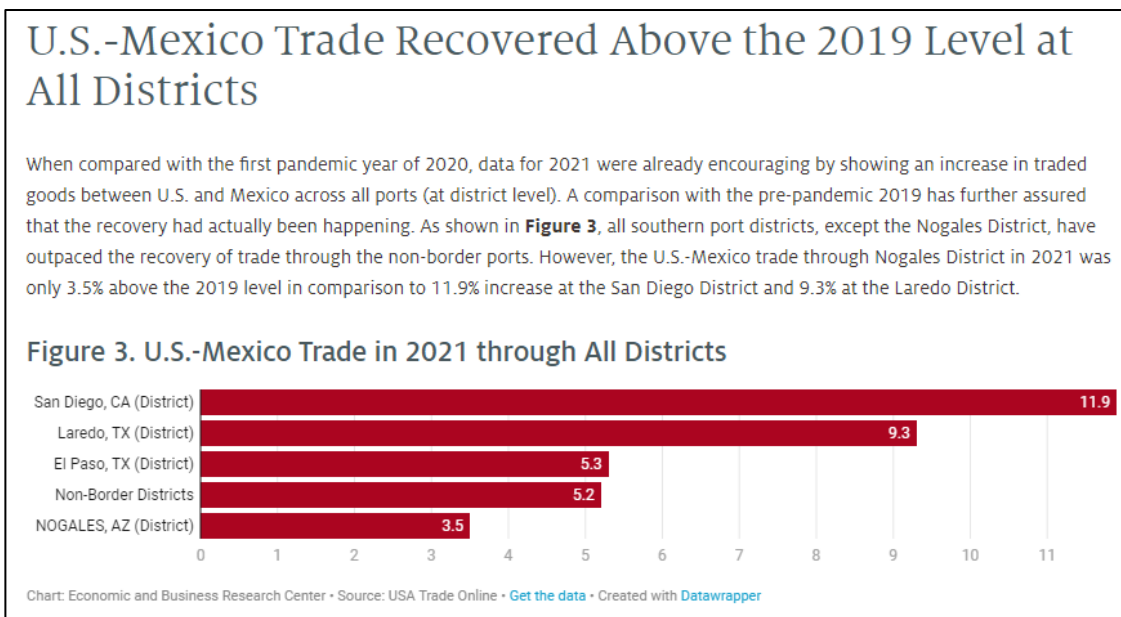
Due to the rise in inflation, construction costs have increased at a record pace over the last 3-year period. This increase has slowed over the last 6-month period with the recent decline in overall inflation. A chart representing the previous 10-year period of construction costs according to the St.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



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

Post-Covid Recovery:

As briefly mentioned in the Neighborhood Analysis, the effect of the COVID-19 pandemic was detrimental to business in Nogales. Since then, data from a 2022 article by the University of Arizona, Eller, Economic and Business Research Center suggests that a recovery has already taken place. The following table shows the 2019 to 2021 percent change in traded goods throughout the different U.S.-Mexico districts. Nogales has had the lowest and slowest recovery. However, this was an improvement over the 2019 values.



According to another article from the Eller College of Management: “The expansion of the automotive industry in Mexico, together with a rise in green-house agriculture, favored the central and northeast regions of Mexico. This contributed to the exponential growth in trade through Texas’ ports, most notably of Laredo and Hidalgo. More recently, two new “competitors” have emerged in the western portion of the U.S.-Mexico border; the Santa Teresa port in New Mexico and Calexico East in California.”

Mariposa Road Market Activity:

As previously noted, there is no study available for industrial or warehouse buildings in the Nogales market. The following individuals were interviewed by phone:

Hector Tapia
Community Development Director – City of Nogales
Phone: 520-287-6571

Lucette Garcia Mimiaga - Broker
Agave Premier Properties
520-841-0927

Samuel Paz
Former Development Services Director
City of Nogales

Jose Dabdoub - Broker
Cushman & Wakefield, Picor
Phone: 520-546-2739

The comments from the various real estate participants interviewed regarding the Nogales industrial and warehouse market were consistent in their view of a low vacancy rate for industrial and warehouse buildings. The Mariposa Road area west of Interstate-19 is generally viewed as an industrial and manufacturing area although warehousing is also evident. Mariposa Road to the east of Interstate-19 hosts most of the retail and commercial activity. Being situated close to the border enables manufacturing facilities in Mexico to have a closer, more efficient interaction with their US counterparts.

Meanwhile, the Rio Rico area is popular with fruit and vegetable storage and shipping facilities. Strong demand exists on the USA side to repackage partial loads of differing commodities

into a single truck. Thus, close proximity to other produce companies is a benefit. These refrigerated facilities sometimes cluster so that different companies can cooperate in both receiving and shipping produce.

Lucette Mimiaga is a designated broker with Agave Premier Properties in Nogales, Arizona. I initially called Ms. Mimiaga to confirm the details of an active land listing across the street from the subject property, 865 W. Mariposa Road. She indicated that the SR-189 flyover has negatively impacted her seller's property because of restricted visibility and reduced access. This is a similar situation to the subject property. Ms. Mimiaga mentioned that since the flyover was built, her sellers have had significantly less interest from potential buyers. However, she did believe it was priced too high. When asked about market conditions for vacant land in Nogales, she reported that it has been very stable with no discernible price trends in the last couple of years. I have done multiple appraisals in Nogales in the last two years, and this is a consistent indication I have received from numerous sources.

Mr. Hector Tapia is the Development Services Director for the City of Nogales. He mentioned that near the subject property, there are several ongoing projects. Most of the current projects in the area are for large warehouses and office/industrial mixes. One notable project underway he mentioned was Collectron's 86,000 square-foot manufacturing warehouse on Mariposa Road. Regarding sales activity, Mr. Tapia reported that there are very few land sales in Nogales because many of the property owners build for themselves or make development agreements. These agreements usually involve the landowner investing their land for interest in a project in which the developer covers the cost of developing improvements. Then, the property owner and developer lease the product to end-users.

Mr. Samuel Paz, former Development Services Director for Santa Cruz County, was interviewed earlier in 2023 regarding market activity around the Mariposa corridor. He indicated that since the ADOT flyover has been completed, slightly increased traffic has been noticed along Mariposa Road between I-19 and the Port of Entry. When asked if the increased traffic has initiated any new development, Mr. Paz reported that interest in the area has been increased. He also reported that there is an industrial subdivision development underway, presumably La Loma Grande, a 215-acre industrial park development. As a side note, Mr. Paz reported that there is a very small number of individuals that own a majority of the industrial land along Mariposa Road, and that the prices vary depending on physical and locational characteristics.

Mr. Jose Dabdoub is a broker with Cushman & Wakefield-Picor. He was interviewed in the second quarter of 2023 regarding industrial market trends. Mr. Dabdoub specializes in industrial properties and is very involved in the Nogales industrial market. During our conversation, he mentioned that there are little to no industrial vacancies in Nogales. He also mentioned that there is minimal industrial land for sale and that it is usually priced in the \$7.50 to \$8.00 per square foot range. For leasing, he mentioned that users have been unwilling to pay the rates that the properties command in build-to-suit deals. He said that users have been mostly unwilling to negotiate anything above \$7.50 per square foot, per year. This is causing a standstill between developers and users. He informed me of some recent activity in the nearby town of Rio Rico. Unisource electric company purchased Lot #4 for \$1.3 million. The Picor Completed Sales log reports this to be a 5.2-acre parcel which would indicate a unit price of \$250,000 per acre of land.

CoStar Analytics – Industrial Vacancy Rate



The chart above is further support for the opinions of local market participants. For the entire 5-year period shown, the industrial vacancy rate never rose above 4%. Overall, it appears that there is strong demand for new industrial and warehouse buildings in the Nogales area as inferable from the lack of vacancies. However, there appears to be an imbalance between developers and users that is resulting in reduced activity.

Conclusion - Industrial Market:

The above analysis indicates strong demand for industrial property. Anecdotal reports and commentary from Nogales industrial market participants indicate virtually no vacancy for existing warehouse and industrial buildings. The Nogales industrial and warehouse market relies on international trade with Mexico, which increases the risk of development. The relatively small size of Nogales, when compared to Tucson or Phoenix also contributes to a higher risk for industrial development in Nogales. However, the industrial market is proven in the Mariposa Road area west of Interstate 19 and this use is considered more likely to continue in that area at this time.

Nogales Area Retail Centers:

All of the shopping centers in the Mariposa Road area are located east of Interstate 19. The Mariposa Shopping Center is located on the north side of Mariposa Road, one block east of the Interstate 19 interchange, in Nogales, Arizona. The average daily traffic count along this stretch of Mariposa Road is 18,938 vehicles in 2019, the most recent figures available from ADOT, with Mariposa Road being one of the main arterials through Nogales and the city's newer shopping district. The Mariposa Shopping Center consists of 300,684 square feet, with more than 25 tenants. It is anchored by Ross, J. C. Penny, Marshall's, Hobby Lobby, and Boot Barn. Mariposa Shopping Center is considered an upscale shopping destination.

On the south side of Mariposa Road, opposite the Mariposa Shopping Center, is the Loma Linda Shopping Center. This center consists of 171,302 square feet with 14 tenants and is comprised of four buildings. It is anchored by Safeway, Big 5 Sporting Goods, and dd's Discount store. Loma Linda Shopping Center caters to discount and grocery shopping.

Local retail businesses are also located near the US/Mexico Border in the Downtown Nogales Retail Market area. This downtown retail district on Grand Avenue today is older and consists of smaller local retailers. It is quite different from the malls and larger shopping centers on Mariposa Road. In downtown Nogales, one can walk into stores housed in historic buildings and find affordable clothing, gifts, hardware, or food within walking distance of each other. This area is especially popular with shoppers from Nogales, Sonora.

Conclusion - Commercial Market:

The Nogales commercial market appears to be somewhat less stable than Tucson due to its reliance on international trade with Mexico. External forces such as virus outbreaks, trade restrictions, and border tightening are all factors that play into the volatility of commercial or retail

markets. The relatively small size of Nogales, when compared to Nogales, Sonora, Tucson, or Phoenix, indicates it would be less able to absorb changes in the retail market quickly. These factors contribute to a higher overall risk to commercial activity in Nogales, compared to other parts of Arizona or the United States.

ASSESSED VALUATION & REAL ESTATE TAXES

The assessed value and real estate tax data for the appraised property is not available from the Santa Cruz County Assessor. According to an administrator with the county, Unisource's property is "centrally assessed". Therefore, there are no tax logs published for the abutting parcel. Additionally, the subject parcel L-SC-031 is owned by the Arizona Department of Transportation, a non-taxpaying entity.

SITE ANALYSIS

The subject is only 3,359 square feet in size according to ADOT. There are no buildings or site improvements on the land aside from deteriorated asphalt paving. It is my opinion that this leftover paving adds no value to the site. The subject's shape is rectangular and narrow with level topography. The subject is landlocked between a section of ADOT Right of Way and Unisource's property line. Physical access exists from a shared driveway west of the subject. This driveway is shared between Unisource and Parcel #102-04-040G. Since this appraisal employs the use of the Across the Fence methodology, the abutting parcel's site is analyzed in more detail below.

The image below shows the I-19 on/offramp which hosts the main flow of international traffic from the Nogales Port of Entry to Interstate-19 in *red*. The blue highlighted corridor is the one-way strip of Mariposa Road which supplies access to the subject property.



SITE ANALYSIS – ABUTTING PARCEL

The abutting parcel is located south of State Route 189 (Mariposa Road), north of Bell Road, and west of N. Industrial Park Drive, in the City of Nogales, Santa Cruz County, Arizona.

Site Area:

The abutting parcel is approximately $\pm 127,005$ gross square feet, (2.91 acres), according to a site size provided by ADOT plus an assembled 0.89-acre parcel assemblage from 2022. No survey was provided, and this appraisal assumes accurate sizing as provided.

Topography/Shape:

The subject abutting parcel is irregular in shape and is approximately at street grade with Mariposa Road to the north. The Federal Emergency Management Agency (FEMA) reports that the subject's southern section of land is impacted by an AE flood designation. However, I have seen a Letter of Map Revision (LOMR) which describes that the building area is pulled out of the floodplain. Therefore, this designation is not considered to negatively impact the value of the site as if hypothetically vacant.

Access and Visibility:

The abutting parcel has direct access from Mariposa Road which is restricted to one-way northbound traffic. Additionally, there is direct access to the abutting parcel from Industrial Park Drive to the east, and Bell Road to the south.

Visibility is considered below average due to the SR-189 flyover ramp. The average two-way weekday traffic count along Mariposa Road near Target Range Road is 9,680 vehicles per day. This number represents traffic that is likely to and from the port of entry. However, the subject has been bypassed with the Interstate-19/Mariposa Road connection overpass. There are no available traffic counts in this newly restricted strip of Mariposa Road. However, I believe that traffic in front of the subject would be substantially less than the main route of Mariposa Road.

Utilities:

All utilities are available to the property. The service providers are as follows:

Water:	City of Nogales.
Sewer:	Nogales Sewer.
Electric:	Unisource Energy Services
Telephone:	Fiber / Multiple services available

Surrounding Uses:

North:	Mariposa Road with retail across the highway.
East:	International House of Pancakes Restaurant.
South:	Medical and Dental Office Strip
West:	Distribution / Light Industrial

Police & Fire Protection:

Police and fire protection are provided by the City of Nogales.

Soil & Subsoil Conditions:

A soils engineering report was not provided to the appraisers and the soil and sub-soil conditions are not known. However, there is no visual evidence of adverse soil conditions on the site.

Environmental Conditions:

No environmental reports were provided to the appraisers. No adverse conditions were observed. Lacking an environmental report, *this appraisal assumes that there are no environmental conditions on or around the subject property that adversely impact its market value.*

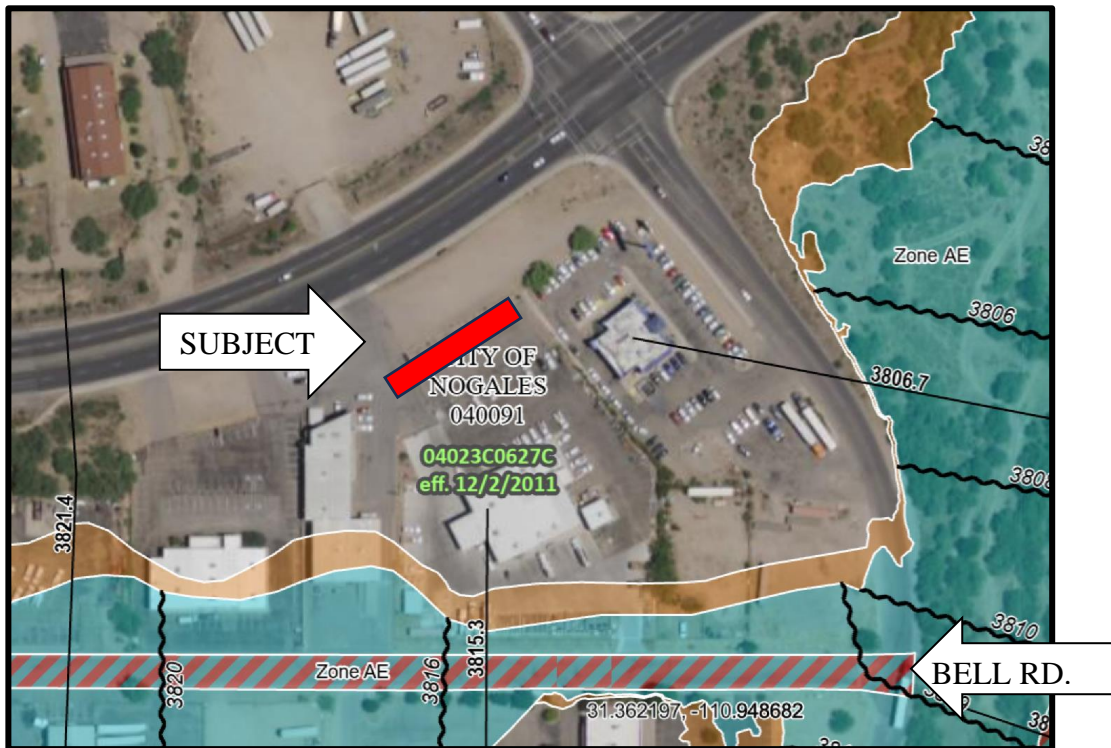
Restrictions & Easements:

Documents such as the Right of Way Disposal Report, Vesting Report, and survey results are included in the Addenda of this appraisal report.

Flood Zone:

The abutting parcel is located mostly in Zone X, outside the 100-year flood hazard area, according to FIRM Map Panel No. 04023C0627C, effective December 2, 2011. The FIRM map panel is provided below. The southern strip of the property that borders Bell Road is designated as being impacted by the X (shaded) and AE floodplain zone. According to a Letter of Map Revision by FEMA, most of this area was adequately filled above the floodplain lines and removed from the 1% annual chance of flood designation. An image from this document can be found in the Addenda of this appraisal report.

FEMA FLOOD MAP



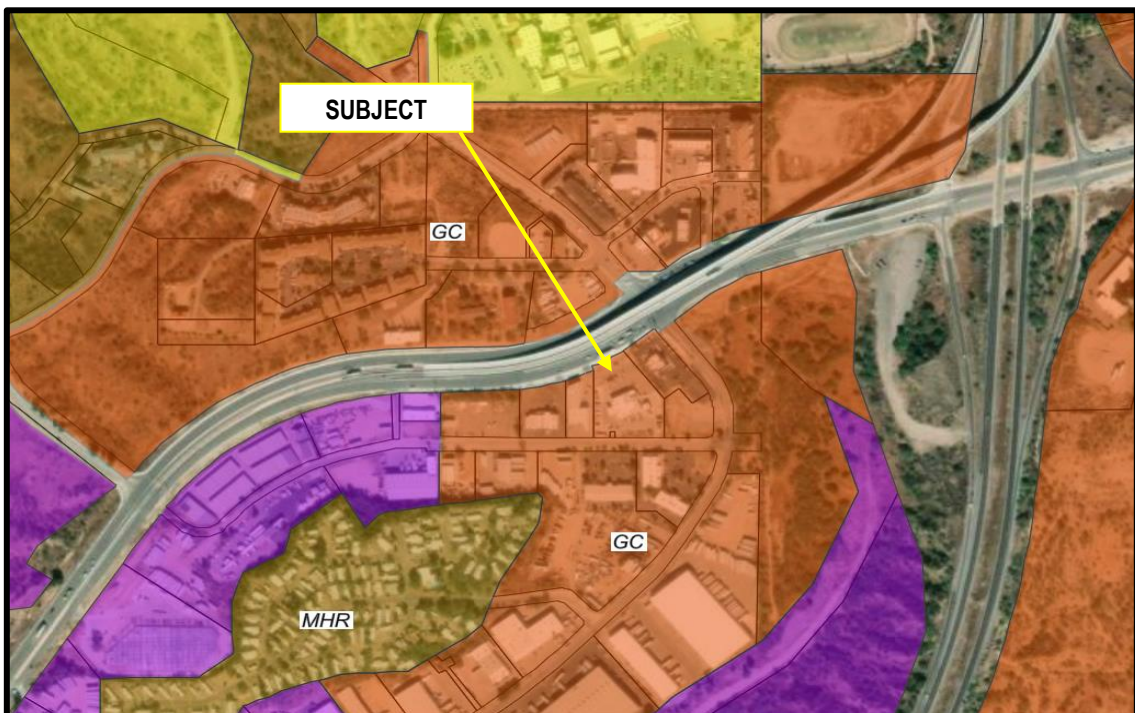
ZONING

The subject property is located in the General Commercial (GC). The GC District was established to provide for a wide variety of commercial activities of varying scales that are designed to be served by major thoroughfares and other similar high-volume rights-of-way. It is the intent of this district to provide sufficient size and depth of property to meet business needs yet maintain safe traffic flows. Businesses in this district should be sited convenient to automotive traffic. The minimum site size must be sufficient for the intended purpose.

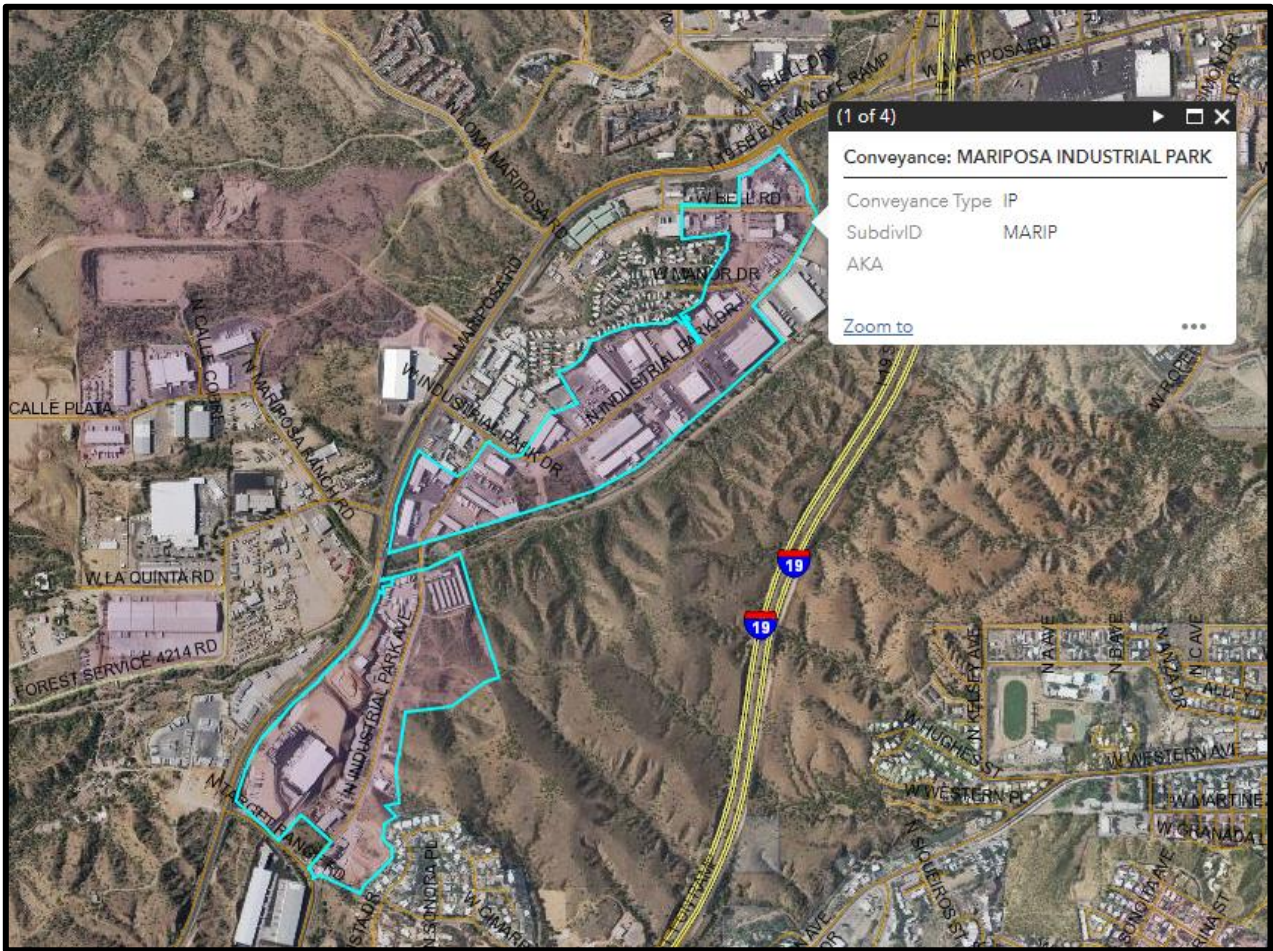
The subject property is adjacent to an IHOP restaurant franchise to the east, and a light industrial distribution company to the west. The retail businesses in the subject's immediate area were all built prior to the SR 189 flyover. I believe that future retail developments in the areas underneath the flyover may be less prominent. The flow of traffic from Mexico to Interstate-19 used to benefit the subject and surrounding properties. This is no longer relevant as they cannot be seen without tall monument signage. These signs are not explicitly permitted and often include a difficult permitting process and high cost.

According to the current Development Services Director, Mr. Hector Tapia, the General Commercial (GC) is very flexible and allows some light industrial uses and multi-family uses due to a zoning amendment years ago.

ZONING MAP



SUBDIVISION MAP



The image above shows the boundaries of the Mariposa Industrial Park Subdivision as delineated by the Santa Cruz County GIS system. Much of this subdivision is zoned for industrial use, however, the area near the subject property is zoned for general commercial. This subdivision overlay further supports a best use as industrial for the abutting parcel.

SUBJECT PHOTOGRAPHS

Photo 1: Zoomed Aerial of Subject L-SC-031 (approximate outline).



Photo 2: View of subject facing east towards IHOP restaurant. (Note: SR 189 flyover on the left side of image).



Photo 3: View of subject facing east. (Note: one-way sign on highway wall.)



Photo 4: View of subject from shared driveway using ADOT Right of Way markets as red boundary.



Photo 5: View of shared driveway between abutting parcel and adjacent distributor.



Photo 6: View of Unisource (abutting parcel) employee parking lot.



Photo 7: View of abutting parcel's controlled access gate from shared driveway.



Photo 8: Southwest corner of abutting parcel.



Photo 9: Southern access to abutting parcel from Bell Road.



Photo 10: Southeast corner of abutting parcel (Note: building pad under construction).



HIGHEST AND BEST USE

According to *The Appraisal of Real Estate, 14th Edition*, published by the Appraisal Institute, highest and best use is defined as:

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

The highest and best use of the land as vacant 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.

The subject property is unimproved land; therefore, the abutting parcel is valued as if it were hypothetically vacant land as specified by a hypothetical condition of this appraisal report. An “as-is” or “as-improved” analysis is not necessary for the abutting parcel.

AS IS – SUBJECT PARCEL

As is, the highest and best use of the subject property is assemblage with the parcel to which it abuts. I believe that the small size and narrow shape of the subject has no standalone use that is legal, physically possible, or financially feasible. I have considered the possibility of a food-truck site, parcel for off-site signage, and parking lot. However, the demand for such a stand-alone use in this specific location is not believed to be abundant.

AS VACANT – ABUTTING PARCEL

Legally Permissible: As if vacant, the legally permissible use of the subject property is any of the uses that are permitted in the GC, General Commercial, zoning district, City of Nogales. Permitted uses include professional business, retail sales, and services. During my discussion with the City of Nogales’ Development Services Director, Hector Tapia, I learned that this is a flexible zoning designation which may also allow light industrial uses. In

addition to the GC zoning, the subject is within the boundaries of the Mariposa Industrial Park Subdivision.

Physically Possible: The subject site is an off-corner location on Mariposa Road, just east of the SR-189 flyover. The site is large enough for a variety of commercial and light industrial uses.

Currently, most trucks used for international commerce connect directly via the flyover with Mariposa Road and Interstate 19 . This is a seamless interchange for international travel. However, the subject has no access along this thoroughfare. Instead, it is adjacent to the older Mariposa Road. This access does not prohibit any uses, but it negatively impacts the site for retail use. Many retailers and end users need to be along the main part of Mariposa Road to the southeast beyond the interchange ramp. Therefore, retail use is unlikely.

The Mariposa Road corridor in the vicinity of the subject is improved with transit and cold storage businesses, service businesses, retail and convenience stores, auto service and general industrial uses. Therefore, based on the zoning, location, physical characteristics and surrounding improved uses, the physically possible use, as if vacant, of the abutting parcel is for light industrial or secondary commercial use that does not require a high volume of passing traffic.

Financially Feasible and Maximally Productive:

The recession negatively impacted demand for new development in Nogales between 2007 and 2011, with only limited development having occurred since. This is evident from the limited number of sales that were discovered for vacant commercial land suitable for development.

Local retail businesses are clustered near the US/Mexico Border in the Downtown Retail Market area of Nogales, along Grand Avenue, and along the eastern portion of Mariposa Road. The downtown retail district today consists of local merchants in older buildings. The Grand Avenue corridor supports a variety of less expensive retail goods and services. The Mariposa Road corridor, east of the Interstate 19 interchange to Grand Avenue has several shopping centers and travel-oriented services such as hotels, restaurants, and service stations. Most of the more modern buildings and national retail outlets are located here.

There were 6,445,372 northbound car crossings passenger vehicle border crossings officially recorded from Nogales in 2022, according to the Bureau of Transportation Statistics (BTS). This averages 17,658 vehicles per day. The Mariposa Port of Entry on Mariposa Road is the primary truck port of entry. This traffic connects with Interstate 19 via an at-grade interchange with Mariposa Road.

Based on the amount of commercial and industrial development near the subject property, demand for warehousing and distribution properties, and restricted visibility from the primary truck route, an end user is likely to be one that is a destination which relies less on passing traffic visibility.

Maximally Productive: The maximally productive and highest and best use for the abutting parcel, as if vacant, is for light industrial or commercial use that does not command a high volume of passing traffic.

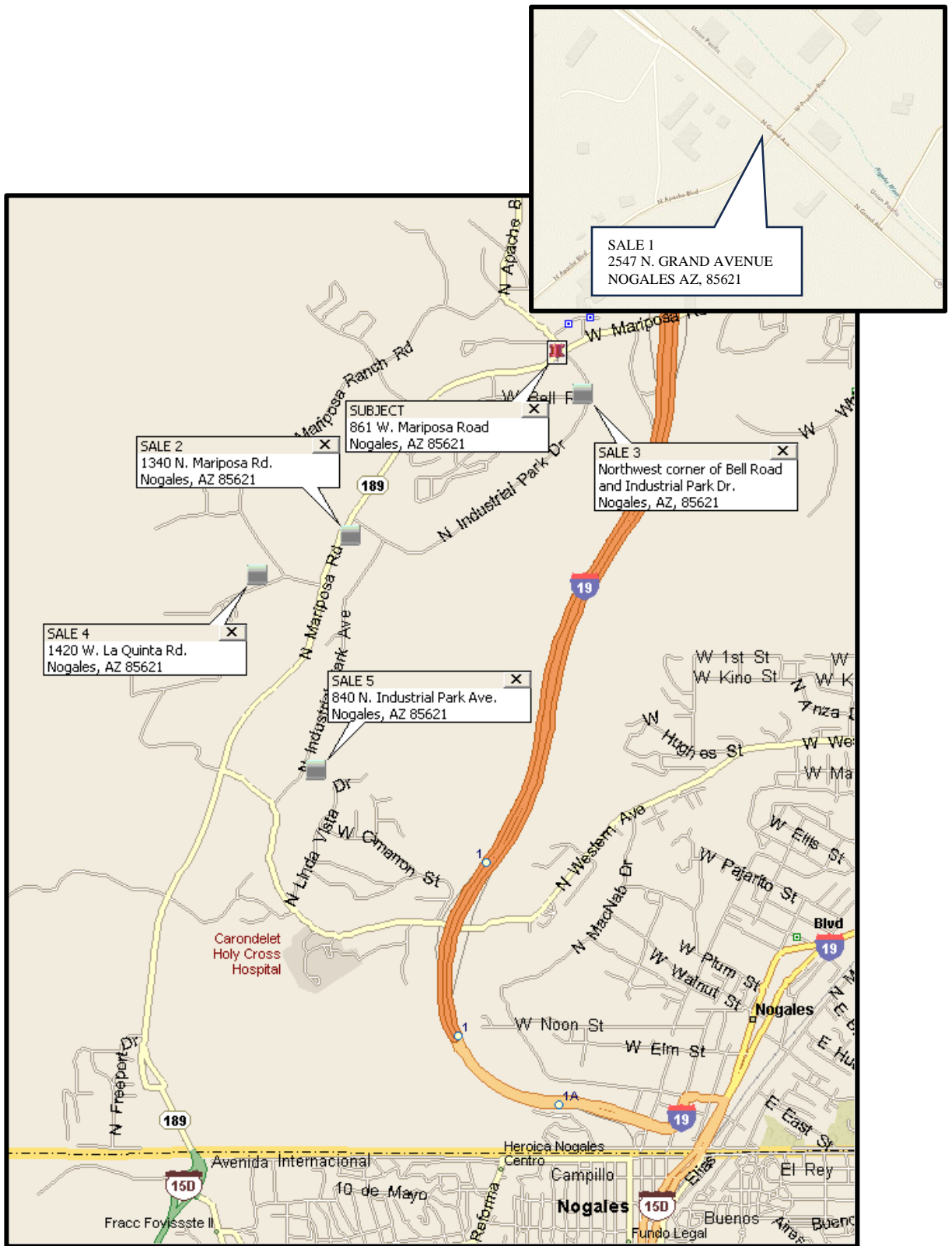
LAND VALUATION

The Sales Comparison Approach is used to provide a market value opinion for the subject 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. As described on Page 14, the Cost Approach and Income Approach are excluded because the property appraised is land.

Price adjustments are applied to the comparable sales based on the following elements of comparison: property rights conveyed, financing terms, conditions of sale, market conditions or date of sale, location, physical characteristics, and zoning/intended use. The sale price per square foot is the unit of comparison utilized for the analyses due to the size of the property appraised. This is derived by dividing the sale price by the total site area of the parcel.

As previously discussed, limited land sale data was discovered for this analysis. Nogales has had less than 10 commercial or industrial land sales in the last 2-3 years that were recorded on the MLS or CoStar. 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 comparable sales relative to the subject and individual sale data sheets with photographs of the sales and parcel maps are presented on the following pages. The adjustment matrix follows the land value analysis.



MAP OF COMPARABLE LAND SALES

COMPARABLE LAND SALE



COMPARABLE:	LAND SALE 1
LOCATION:	2547 N Grand Avenue, Nogales, Arizona
TAX CODE NUMBER(S):	105-28-008
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	June 10, 2021
Affidavit of Fee No:	2021-05272RP and 2021-05286RP
SELLER:	ONO Family Limited Partnership
BUYER:	Videl Properties
SALE PRICE:	\$730,000
INTEREST CONVEYED:	Fee Simple
TERMS:	SCB - Market Rate
CONDITIONS OF SALE:	Motivated Buyer
SITE AREA IN SQ. FT. (SCC Assessor)	72,745
SALE PRICE PER SQ. FT.:	\$10.04
PHYSICAL DESCRIPTION	
Location:	Average, Nogales
Access/Visibility:	Good / Average
Topography/Shape:	Level / Irregular
Utilities:	All to Site
Floodplain:	Zone AE
Improvements:	Concrete driveway and pads
ZONING	LI, City of Nogales
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	Not Listed
CONFIRMED WITH:	Amado Manriquez - Agent - 520-313-2813
DATE CONFIRMED:	1/25/2023
COMMENTS:	

According to Amado Manriquez with Century 21 Realty, the seller was only willing to do seller carryback financing with Videl Properties, the buyer. This was because of their preexisting relationship as neighbors. He mentioned that all other buyers would have to pay in cash or cash equivalency. Viviana Delgadillo (Videl Properties LLC) and other members of her family own the three parcels to the northwest of this sale. Mr. Manriquez confirmed the total sale price of \$730,000. \$130,000 of this price was for the section on the southwest corner of the same intersection. This was recorded on a separate affidavit. Since this purchase expanded the buyer's property to a hard corner, it is believed that atypical buyer motivation was present. The buyer intends to build on the northwest corner and has been leasing the southwest corner to a food truck business. The site size is according to the Assessor, and it includes both sections of parcel 105-28-008. A 6% commission was paid to Century 21, and the property was never listed.

COMPARABLE LAND SALE



COMPARABLE:	LAND SALE 2
LOCATION:	1340 N Mariposa Rd, Nogales, Arizona
TAX CODE NUMBER(S):	102-04-021B
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	September 22, 2021
Affidavit of Fee No:	2021-08495RP
SELLER:	Araujo Vasquez Co. LLC
BUYER:	Hispania Estates LLC
SALE PRICE:	\$500,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller (\$90,000 down)
CONDITIONS OF SALE:	Arms-Length
SITE AREA IN SQ. FT. (From Listing and Agent)	35,768
SALE PRICE PER SQ. FT.:	\$13.98
PHYSICAL DESCRIPTION	
Location:	Good, Nogales
Access/Visibility:	Average / Good
Topography/Shape:	Level / Irregular
Utilities:	All to Site
Floodplain:	Zone X
Improvements:	Fencing, asphalt, concrete and 2 mobile offices
ZONING	LI, City of Nogales
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	9 months
CONFIRMED WITH:	Mirna Valdez, Listing Agent - 520-313-1916
DATE CONFIRMED:	1/17/2023
COMMENTS:	

This sale represents .82 acres of industrial zoned land along North Mariposa Road. Mirna Valdez, the listing agent, reported that two small mobile offices were included in the sale price. Ms. Valdez also informed me that at the time of the sale, the sewer was connected to the property. This property is adjacent south of a service station. This property is only accessible through a recorded easement through the service station's lot.

COMPARABLE LAND SALE



COMPARABLE:	LAND SALE 3
LOCATION:	Portion of 861 W. Mariposa Blvd. Nogales, Arizona, 85621
TAX CODE NUMBER(S):	102-04-040G
RECORDS:	
Instrument:	Record exempt entity
Date of Sale:	April 22, 2022
Document Number:	N/A
SELLER:	Mariposa Land Management LLC
BUYER:	UNS Electric Inc.
SALE PRICE:	\$349,300
INTEREST CONVEYED:	Fee Simple
TERMS:	All Cash
CONDITIONS OF SALE:	Adjacent Buyer
SITE AREA IN SQ. FT. (ADOT)	38,768
SALE PRICE PER SQ. FT.:	\$9.01
PHYSICAL DESCRIPTION	
Location:	Good, Nogales
Access/Visibility:	Average / Below Average
Topography/Shape:	Level / Irregular
Utilities:	All to Site
Floodplain:	Zone X and Partial AE (LOMR - Filled)
Improvements:	None
ZONING	GC, City of Nogales
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	1 year+ marketed and expired, sold direct
CONFIRMED WITH:	Jim Barr - Seller - Barrjnb@hotmail.com
DATE CONFIRMED:	11/30/2023
COMMENTS:	

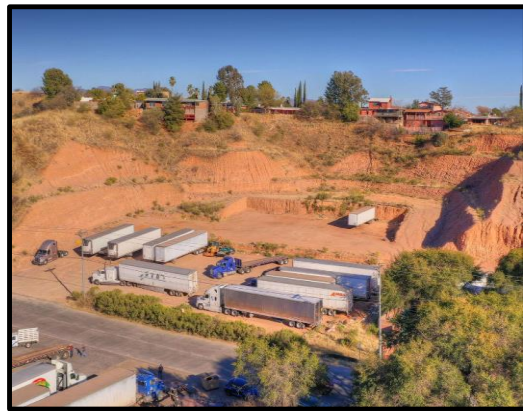
This sale represents 0.89 acres of land at the northwest of the intersection of Industrial Park Drive and Bell Road. This sale occurred in April 2022 and was for unimproved land. Mr. Barr indicated that this land was listed with Denisse Angulo with Picor for one year, but this sale occurred after the listing expired. It is my opinion that the listing was above market value. It did not sell after a year of exposure to the market. All utilities including sewer were available to the lot line. Unisource is exempt from providing an affidavit of property value. However, Mr. Barr confirmed a sale price of \$349,300, paid in all cash.

COMPARABLE LAND SALE



COMPARABLE:	LAND SALE 4
LOCATION:	1420 W. La Quinta Rd. Nogales, Arizona
TAX CODE NUMBER(S):	113-46-028C and 113-46-021A
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	July 1, 2022
Affidavit of Fee No:	20213510973
SELLER:	Desert Coastal Investments, LLC
BUYER:	Express IM & Logistics, LLC
SALE PRICE:	\$1,020,000
INTEREST CONVEYED:	Fee Simple
TERMS:	All Cash
CONDITIONS OF SALE:	Arm's-Length
SITE AREA IN SQ. FT. (SCC Assessor)	189,486
SALE PRICE PER SQ. FT.:	\$5.38
PHYSICAL DESCRIPTION	
Location:	Average, Nogales
Access/Visibility:	Average / Below Average
Topography/Shape:	Level / Irregular and Narrow
Utilities:	All to Site
Floodplain:	Zone X
Improvements:	Concrete Paved entry, Older Mobile Office
ZONING	LI, City of Nogales
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	290 DOM
CONFIRMED WITH:	Sworn Affidavit of Value and Jose Dabdoub (520)-546-2739
DATE CONFIRMED:	1/17/2023
COMMENTS:	
This sale represents 4.35 acres of industrial land in the La Quinta Industrial area of Nogales which is just west of S.R. 189, Mariposa Road. This sale was for two separate but contiguous parcels. The connection area between these two properties is narrow as shown by the aerial. The marketing brochure by Cushman & Wakefield, Picor, reports that all utilities are available to the lot line. Mr. Jose Dabdoub, the listing broker, reported that at the time of the sale, sewer was not connected to the small mobile office, but available at the street. Upon a physical inspection of this property, it appears that this property is currently used by a freight company.	

COMPARABLE LAND SALE



COMPARABLE:	LAND SALE 5
LOCATION:	840 N. Industrial Park Avenue, Nogales, Arizona 85621
TAX CODE NUMBER(S):	102-04-081
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	May 9, 2023
Affidavit of Fee No:	2023-02744RP
SELLER:	Michelle Valenzuela
BUYER:	Lulo Park LLC
SALE PRICE:	\$630,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Conventional
CONDITIONS OF SALE:	Arms-Length
SITE AREA IN SQ. FT. (SCC Assessor)	147,166
SALE PRICE PER SQ. FT:	\$4.28
PHYSICAL DESCRIPTION	
Location:	Average, Nogales
Access/Visibility:	Average / Below Average
Topography/Shape:	Incomplete grading / Irregular
Utilities:	All to Site
Floodplain:	Zone X
Improvements:	None
ZONING	LI, City of Nogales
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	348 DOM
CONFIRMED WITH:	Stacy Bell - Long Realty - (810)-333-0767
DATE CONFIRMED:	12/4/2023
COMMENTS:	

This sale represents 3.38 acres of industrial zoned land on North Industrial Park Avenue. Ms. Stacy Bell with Long Realty was the co-agent and confirmation source for this sale. She reported that the buyers lease to a nearby industrial user for truck parking and storage. No plans for immediate development were noted. Ms. Bell also indicated that this was an arms-length transaction with one unusual condition. The land grading is only partially complete. A cost estimate was provided by a contractor to be \$100,000 excluding overhead and profit.

LAND VALUE ANALYSIS

Sale price adjustments are considered to each comparable sale price for differences between the subject property and the comparable sales for the following elements of comparison: property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, and zoning. Quantitative adjustments have been considered for elements of comparison including property rights conveyed, financing terms, conditions of sale, and date of sale. There is poor support for quantitative adjustments for elements of comparison involving location and physical differences. Therefore, I have based these price adjustments on my professional opinion, lacking paired sales analysis and other methods of support.

Here follows the analysis of the sales by each element of comparison. An adjustment matrix summarizing the adjustments as they apply to the comparable sales is presented after the conclusion of this analysis.

Property Rights Conveyed:

No adjustments are made for property rights conveyed. The fee simple interest was transferred for each of the comparable sales.

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.

All of the transactions for the comparable sales, except for one, involved financing terms in which the seller received cash or cash equivalence. Sale One involved a seller carryback where the buyer obtained financing from the seller. However, since this was at market terms, no price adjustments were made to any sales for this element of comparison.

Conditions of Sale:

An adjustment for conditions of sale is made if the transaction was influenced by outside factors such as financial duress, lack of a sales commission, or a related-party transaction.

Sales One and Three were transactions in which an adjacent property owner purchased abutting land. Sometimes an adjacent purchaser will get a discount due to a neighborly relationship with the seller. Alternatively, sometimes an adjacent purchaser will have to overpay because the property is more valuable to them for their own expansion.

Based on my conversations with the parties involved, I believe that a premium was paid by the purchaser in both sales. To account for this premium, downward price adjustments were warranted to Sales One and Three.

Sale One does not meet the criteria for an arms-length transaction. The reason for this sale not being removed from the comparison analysis is because there have been very few light industrial land sales in Nogales that are less than 2 acres in size. The property was never listed on the open market, and the seller was only willing to carry the loan for the current owner specifically because of their preexisting relationship as neighboring property owners. The brokerage commission for this transaction was 6%. Additionally, this purchase expands the adjacent family's parcel to a hard corner with a streetlight. Because of this, a downward price adjustment is made for atypical buyer motivation.

Sales Two, Four, and Five were arms-length transactions with adequate market exposure and no unusual conditions reported. No price adjustments were necessary for these sales.

Market Conditions:

An adjustment for market conditions considers any changes that occur in the marketplace over time. These changes include fluctuations in supply and demand, inflation, or deflation. Since the subject property is appraised as of a specific date, the sales must be analyzed to determine the direction of change, if any, during the period between the sale date and the date of valuation.

The transaction dates for the closed sales are from June 10, 2021 to May 9, 2023. The effective date of value for this appraisal is November 27, 2023. None of the sales included in this analysis provide sale and re-sale data within this period to derive a paired-sale analysis.

The factors that affect commercial and industrial land values in the Nogales market area are discussed in the Market Analysis and Highest and Best Use Analysis. The real estate experts I interviewed had similar comments that there has been limited sales activity in the Nogales market. Even with the high demand for improved industrial buildings, very few new spaces are being constructed. Additionally, research articles from the University of Arizona "Arizona-Mexico Economic Indicators" show the effect and rebound of the COVID-19 pandemic on commercial and industrial activity in border towns. An inference can be made

from the research that the border restrictions, and reduction in traded goods, put some of Nogales' potential growth on hold during the last few years.

Based on the limited availability of sales statistics, and lack of published data, I have given more consideration to the broader information sources mentioned previously. Therefore, I believe that land prices in the subject's market remained mostly stable from 2021 despite the strong demand for improved industrial buildings. An adjustment for market conditions to any of the sales would not be credible, and no adjustments to the prices of the comparable sales were made for this element of comparison.

Location/Visibility/Access:

As mentioned throughout this report, the abutting parcel is located on a section of Mariposa Road which has been recently bypassed to the international flow of truck traffic from the Nogales Port of Entry. This section of Mariposa Road is only accessible to eastbound traffic going towards Grand Avenue. The following image shows the connection ramp at left which hosts the flow of traffic for trucks leaving Nogales. The subject can be seen on the right.



Sale One is located on the northwest corner, and southwest corner, of Grand Avenue and Frank Reed Road. The southwest corner is a narrow strip of land that has no standalone development potential. However, it is currently used for food-truck parking. This property is located in an older section of Nogales and access is more circuitous for international

trucking. This property seems to be more suitable for retail or automotive uses given the hard corner location and surrounding property uses. The northwest corner has good access. Overall, access and visibility are similar to the subject property. However, this older section of Nogales hosts much less recent development activity. I consider the two inverse comparisons to be a wash, therefore, no price adjustment is applied for Sale One.

Sale Two is located at 1340 North Mariposa Road. This property is near the subject with frontage on Mariposa Road. This section of Mariposa Road was not negatively impacted by the SR-189 flyover. It had direct visibility and access from Mariposa Road. Legal access is via a recorded easement through the adjacent property. Overall, Sale Two's location is superior. A downward price adjustment is warranted.

As of April 2022, the land that comprises Sale Three is now a part of the subject's abutting parcel. Unisource purchased this adjacent land and legally combined the parcel into one. However, a location adjustment is appropriate because Sale Three had inferior standalone visibility before it was combined with the abutting parcel. At the time of the sale, Sale Three had no visibility to Mariposa Road. An upward price adjustment is appropriate to account for this.

Sale Four is along La Quinta Road, a secondary thoroughfare which hosts several industrial developments. La Quinta This is inferior to the subject's abutting parcel due to limited visibility. No traffic count data is available for this road. However, it is believed to be much less volume than the subject receives. Overall, Sale Four's location is believed to be inferior to the subject abutting parcel. An upward price adjustment is warranted.

Sale Five is located on the east side of Industrial Park Drive. Access is considered to be average, and visibility is below average. Industrial Park Drive does not receive any international truck traffic visibility. The subject's abutting parcel has better visibility due to passing traffic heading towards the retail district of Mariposa Road. Overall, Sale Five's location is believed to be inferior to the subject abutting parcel. An upward price adjustment is warranted.

Physical Characteristics:

Adjustments for physical characteristics include size, topography, shape, floodplain and availability of utilities.

Site Size:

Due to economies of scale, smaller parcels generally tend to sell at higher prices than larger ones, on a per-acre, or per-square-foot basis. The property being appraised consists of 2.92 acres, or 127,005 square feet. The comparable sales range from 35,768 square feet to 189,486 square feet. Sale Five was most similar in size to the subject and no price adjustment was warranted. Sales One, Two and Three are smaller than the subject and downward price adjustments are indicated. Sale Four was larger than the subject and an upward price adjustment is indicated. No paired sales were available with which to derive a reliable adjustment for size. However, support can be derived from the unadjusted sale prices. The three smallest sales sold for a higher unadjusted price per square foot compared to the two larger sales used.

Topography / Shape:

The abutting parcel has level topography and is irregularly shaped. Sales One through Three were similar in regard to topography and shape. No price adjustments are made to these three sales.

Sale Four included two contiguous parcels that were connected by a narrow section of land. This narrow section is undevelopable meaning that a warehousing project would be less likely. An upward adjustment is applied to this sale because of its inferior site utility.

Sale Five was irregular in shape and had significant topographic work needing completion at the time of the sale. This parcel was essentially cut from a large hillside. According to the listing broker, a contractor estimated a base cost of \$100,000 for finishing the site preparation. This does not include indirect costs or entrepreneurial incentives. Additionally, a buyer will usually expect to pay a substantial discount for a site that only has a fraction of the site work completed and abandoned. A substantial upward adjustment is applied to Sale Five to account for the remaining site costs and effort needed to be developable.

Floodplain:

The subject is mostly located within a Zone X designated area, outside the 100-year flood hazard area. On the main FEMA map, some of the subject abutting parcel appears to be in an AE designation. However, as described on Page 43 in the Flood Zone section of this report, a Letter of Map Revision (LOMR) pulls this section of land out of the AE flood zone. Sale three is included in this LOMR.

Sale One is zoned AE, a high-risk floodplain area. The cost of developing a building in this zone is usually increased due to having to raise the site of the building out of the flood depths. Many properties along Grand Avenue are in the AE flood zone, and it has caused many of them to be restricted in their future developments or improvements. The buyer's agent for Sale One mentioned that the buyer may be able to bypass this with less cost by adding on to his adjacent building into the new site. However, a typical buyer would see this floodplain zoning as a deterrent. An upward adjustment is made for this sale's inferior floodplain designation.

The remaining sales are located outside the flood hazard area. No price adjustments for floodplain are necessary.

Utilities (offsites):

The abutting parcel has all utilities available to the lot line. All of the sales used in this analysis have utilities available, including municipal sewer service to the sites or streets. No price adjustments were applied for this element of comparison.

Site Improvements:

The abutting parcel is appraised as hypothetically vacant to derive an unimproved land value indication as a basis for the subject property. Therefore, this section assumed no site improvements either. Some of the comparable sales were sold with significant site improvements which require price adjustments.

Sale One included a concrete driveway and a paved concrete area which is used for food-truck parking. A downward price adjustment is applied to this sale because the subject does not include such improvements.

Sale Two included chain link fencing, asphalt and concrete paving, and two mobile office structures in the sale price. This requires a downward price adjustment.

Sale Four included a concrete paved entrance and a small mobile office. However, this mobile office was reported to contribute insignificant value to the overall price even though it appears to be used by the buyer. A small downward price adjustment is warranted as the subject has no such improvements.

Sales Three and Five were sold unimproved. Therefore, no price adjustments are warranted.

Zoning:

The subject property is located in the General Commercial (GC). The GC District was established to provide for a wide variety of commercial activities of varying scales that are designed to be served by major thoroughfares and other similar high-volume rights-of-way. According to the current Development Services Director, Mr. Hector Tapia, the General Commercial (GC) is very flexible and allows some light industrial uses and multi-family uses due to a zoning amendment years ago. There is limited data regarding price differences between the two zoning designations. Additionally, the flexibility reported by development services alludes to a large amount of overlap. I do not believe that a price adjustment for zoning differences between Light Industrial and General Commercial would be credible. Therefore, no price adjustments were applied for zoning. Here follows an Adjustment Matrix summarizing the adjustments as they apply to the sales.

Active Listing nearby not used for direct comparison:

The commercial land located at 865 W. Mariposa Road is currently listed on the MLS and CoStar for \$1,142,925. This land is 1.25 acres in size which equals \$21 per square foot. This listing is directly across the highway from the subject property. During the SR-189 flyover project, ADOT condemned some of this property's south and east boundary which restricted access from Mariposa Road. Additionally, the site no longer has visibility to the high traffic volume coming to and from the port-of-entry.

The current sellers priced the property based on interest they had before the flyover was built. The listing agent reported that she believes that the property is priced too high now that its access is restricted, and visibility is worse. In the 8 months this listing has been on the market, she has received a couple of curious phone calls, but no legitimate interest at the current price level. I have chosen to exclude this sale as a direct indication of value in the area because I believe it to be priced well above market value.

Here follows an Adjustment Matrix summarizing the adjustments as they apply to the sales.

LAND COMPARABLE ADJUSTMENT MATRIX

	SUBJECT (ABUTTING PARCEL)	LAND SALE 1		LAND SALE 2		LAND SALE 3		LAND SALE 4		LAND SALE 5	
ELEMENTS OF COMPARISON	861 W. Mariposa Road. Nogales, Arizona, 85621	2547 N Grand Avenue, Nogales, Arizona	Price / sq ft Adjustment s	1340 N Mariposa Rd, Nogales, Arizona	Price / sq ft Adjustment s	Portion of 861 W. Mariposa Blvd. Nogales, Arizona, 85621	Price / sq ft Adjustment s	1420 W. La Quinta Rd. Nogales, Arizona	Price / sq ft Adjustment s	840 N. Industrial Park Avenue, Nogales, Arizona 85621	Price / sq ft Adjustment s
SALE PRICE / PER SQUARE FOOT	N/A	\$730,000	\$10.04	\$500,000	\$13.98	\$349,300	\$9.01	\$1,020,000	\$5.38	\$630,000	\$4.28
PROPERTY RIGHTS CONVEYED <i>Adjustment</i>	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 <i>Adjustment</i>	Assume cash to seller	SCB - Market Rate 0%	\$10.04	Cash to Seller (\$90,000 down) 0%	\$13.98	All Cash 0%	\$9.01	All Cash 0%	\$5.38	Conventional 0%	\$4.28
CONDITIONS OF SALE <i>Adjustment</i>	Assume Arm's -Length	Motivated Buyer -20%	\$0.00	Arms-Length 0%	\$0.00	Adjacent Buyer -10%	\$0.00	Arm's-Length 0%	\$0.00	Arms-Length 0%	\$0.00
MARKET CONDITIONS (TIME) <i>Adjustment</i>	November 27, 2023 Date of Value	June 10, 2021 0%	\$8.03	September 22, 2021 0%	\$13.98	April 22, 2022 0%	\$8.11	July 1, 2022 0%	\$5.38	May 9, 2023 0%	\$4.28
ADJUSTED SALE PRICE PER SF			\$8.03		\$13.98		\$8.11		\$5.38		\$4.28
LOCATION General Access/Visibility <i>Adjustment</i>	Good, Nogales Average / Average	Average, Nogales Good / Average 0%	\$0.00	Good, Nogales Average / Good -10%	(\$1.40)	Good, Nogales Average / Below Average 10%	\$0.81	Average, Nogales Average / Below Average 15%	\$0.81	Average, Nogales Average / Below Average 15%	\$0.64
PHYSICAL CHARACTERISTICS Site Size in SF Site Size in Acres <i>Adjustment</i>	127,005 2.92	72,745 1.67 -5%	(\$0.40)	35,768 0.82 -10%	(\$1.40)	38,768 0.89 -10%	(\$0.81)	189,486 4.35 5%	\$0.27	147,166 3.38 0%	\$0.00
Topography / Shape <i>Adjustment</i>	Level / Irregular	Level / Irregular 0%	\$0.00	Level / Irregular 0%	\$0.00	Level / Irregular 0%	\$0.00	Level / Irregular and Narrow 20%	\$1.08	Incomplete grading / Irregular +	\$1.90
Utilities <i>Adjustment</i>	All to Site	All to Site \$0	\$0.00	All to Site \$0	\$0.00	All to Site 0%	\$0.00	All to Site \$0	\$0.00	All to Site \$0	\$0.00
Improvements <i>Adjustment</i>	Assumed None	Concrete driveway and pads -5%	(\$0.40)	Fencing, asphalt, concrete and 2 mobile offices -25%	(\$3.49)	None 0%	\$0.00	Concrete Paved entry, Small Mobile Office -2.5%	(\$0.13)	None 0%	\$0.00
Floodplain <i>Adjustment</i>	Zone X and Partial AE (LOMR - Filled)	Zone AE 10%	\$0.80	Zone X 0%	\$0.00	Zone X and Partial AE (LOMR - Filled) 0%	\$0.00	Zone X 0%	\$0.00	Zone X 0%	\$0.00
Zoning <i>Adjustment</i>	GC, City of Nogales	LI, City of Nogales 0%	\$0.00	LI, City of Nogales 0%	\$0.00	GC, City of Nogales 0%	\$0.00	LI, City of Nogales 0%	\$0.00	LI, City of Nogales 0%	\$0.00
ADJUSTED SALE PRICE / SF			\$8.03		\$7.69		\$8.11		\$7.40		\$6.82

Summary:

After consideration of price adjustments, the sales are within a price range of \$6.82 to \$8.03 per square foot, with a mathematical average of \$7.61 and a median value of \$7.69 per square foot. Sale Three is given the most weight in this analysis because it is the recent sale of part of the property being appraised. The property being appraised is now combined with what was Sale Three. This makes it a strong indication of value for the subject property. This weighting increases the average to \$7.69 per square foot.

It is my opinion that the market value of the abutting parcel is \$7.70, which is slightly above the adjusted average. This is calculated with the site size as follows. The estimation is rounded to the nearest \$25,000.

$$\begin{aligned} \$7.70/\text{Sq. Ft.} * 127,005 \text{ Sq. Ft.} &= \$977,938.50 \\ &\text{Rounded to } \$975,000 \end{aligned}$$

ACROSS THE FENCE VALUATION TO THE SUBJECT SITE

The 7th edition of the Appraisal Dictionary defines the following:

Across-the-Fence (ATF) value.

*“In the valuation of real estate corridors, the value concluded based on a comparison with adjacent lands **before the consideration of any other adjustment factors.**”*

Across-the-Fence (ATF) method.

“A land valuation method used in the appraisal of corridors. The across-the-fence method is used to develop a value opinion based on comparison to abutting land.”

While this methodology is normally applied to corridors, I believe that this is the most appropriate valuation methodology for the subject property because of its unusually small size, lack of standalone development potential, and highest and best use of assemblage. This methodology assumes that a property has a value consistent with the value of the land which it abuts, as if vacant, and without adjustments for size, shape, topography, or access.

Based on the foregoing data and analysis, it is my opinion that the market value of the Abutting Parcel consisting of a 127,005 square foot site is approximately \$7.70 per square foot. **The same land value of \$7.70 per square foot is applied to the subject's site area of 3,359 square feet to estimate the land value of the subject property.** My estimation is rounded to the nearest \$5,000 increment to not mislead by implying a degree of precision.

*Estimated Land Value, subject: \$7.70/Sq.Ft. * 3,359 Sq.Ft. = \$25,864, rounded to \$25,000.*

**“AS-IS” MARKET VALUE OPINION FOR THE
SUBJECT 3,359 SQ. FT. AS OF NOVEMBER 27, 2023,\$25,000**

Auditing Breakdown:

The following is the Auditing Breakdown for ADOT Parcel I-SC-031.

Value of the Land to be Acquired	\$25,000
Site Improvements to be Acquired	\$0
Severance Damages	\$0
Special Benefits	\$0
Cost to Cure	<u>\$0</u>
Opinion of Market Value for the Subject	\$25,000

EXPOSURE AND MARKETING 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. The exposure time is estimated by analyzing the marketing times from the comparable sales and other market data. Four of the five sales were listed on the open for longer than 290 days. The estimated exposure time is 12 months or less, assuming the property is priced in accordance with the appraised value. Marketing time is also estimated at 12 months or less.

PARCEL: L-SC-031
HIGHWAY: Nogales Primary Connection Highway
SECTION: Nogales P.O.E. – SR 19B (Grand Ave.)

ADOT CERTIFICATION

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 27th day of November 2023, is \$25,000, based upon my independent appraisal and the exercise of my professional judgement.



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

Date: January 3, 2024,

Signature: _____



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

CERTIFICATION

I CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF:

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

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is 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 an appraiser regarding the property that is the subject of this report immediately preceding acceptance of 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 and any governmental authorities referenced within the appraisal report.

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

Dustin Perrin, AZ Trainee License # RTA-1044213, provided significant real property appraisal assistance to the person(s) signing this certification. Mr. Perrin assisted me in inspecting the property being appraised, gathering data for the appraisal, writing the analyses, and estimating the property's value. However, the final opinions and conclusions of value are my own.

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

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives and 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 the appraiser's Statement of Qualifications.

All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears 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 Appraiser, and the Appraiser 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*

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

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

This report is being prepared for my client. 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 than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser 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 Appraiser. 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 Appraiser has 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 Appraiser 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 appraiser has relied upon building measurements provided by the client, owner, or agents of these parties. In their absence, the appraiser has relied upon his own measurements of the subject improvements. However, there are some factors that may limit our 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 Appraiser has 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 appraiser 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 Appraiser 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 Appraiser is 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 Appraiser 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 Appraiser assumes 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 Appraiser assumes, and the client warrants, that no such materials adversely affect the utility, usability or development potential of the property to the best of their knowledge. The Appraiser is 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 client is 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 me. I have not performed a compliance survey to determine if it is in conformance with the A.D.A (Americans with Disabilities Act). The Appraiser assumes, and the client warrants, that no such barriers adversely affect the utility, usability, or development potential of the property to the best of their knowledge. The Appraiser is 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 client is urged to retain an expert in this field, if desired.

Information, estimates and opinions furnished to the Appraiser 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 Appraiser can be attributed to the Appraiser.

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

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 appraiser 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 appraiser 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 appraiser is 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 appraiser 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 client 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. We claim no expertise in areas such as, legal description survey, structural, or environmental, engineering mechanical or electrical systems and the like. We 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 client or any other party constitutes acceptance of all the above limiting conditions.

QUALIFICATIONS OF STEVEN R. COLE, MAI, SRA

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"

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, 2027.

Senior Residential Appraiser (SRA), of the Appraisal Institute.

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, leased fee 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.

Member, Tucson Airport Authority, 2007-2008.

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, 2024.

ADDENDA – ADOT EXHIBITS



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 22, 2023

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

RE: Appraisal Assignment No.: JW-23-037
PROJECT: M6975 01X
HIGHWAY: NOGALES PRIMARY CONNECTION HIGHWAY
SECTION: Nogales P.O.E. - SR 19B (Grand Ave.)
PARCEL: L-SC-031

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 the 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 Vanessa Nunez (VNunez@AZDOT.GOV); Jim Walcutt (JWalcutt@AZDOT.GOV); Robert Jeffery (RJeffery@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

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

Scope Notes:

This parcel is vacant excess land and Market Value is required.

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 25, 2023.

Sincerely,
Jim Walcutt
R/W Project Management Section

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



PURCHASE ORDER

PHOENIX, on 11/1/2023
CTR054974/ JW-23-037/ M697501X/ L-SC-031/ 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. P0000605861

(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

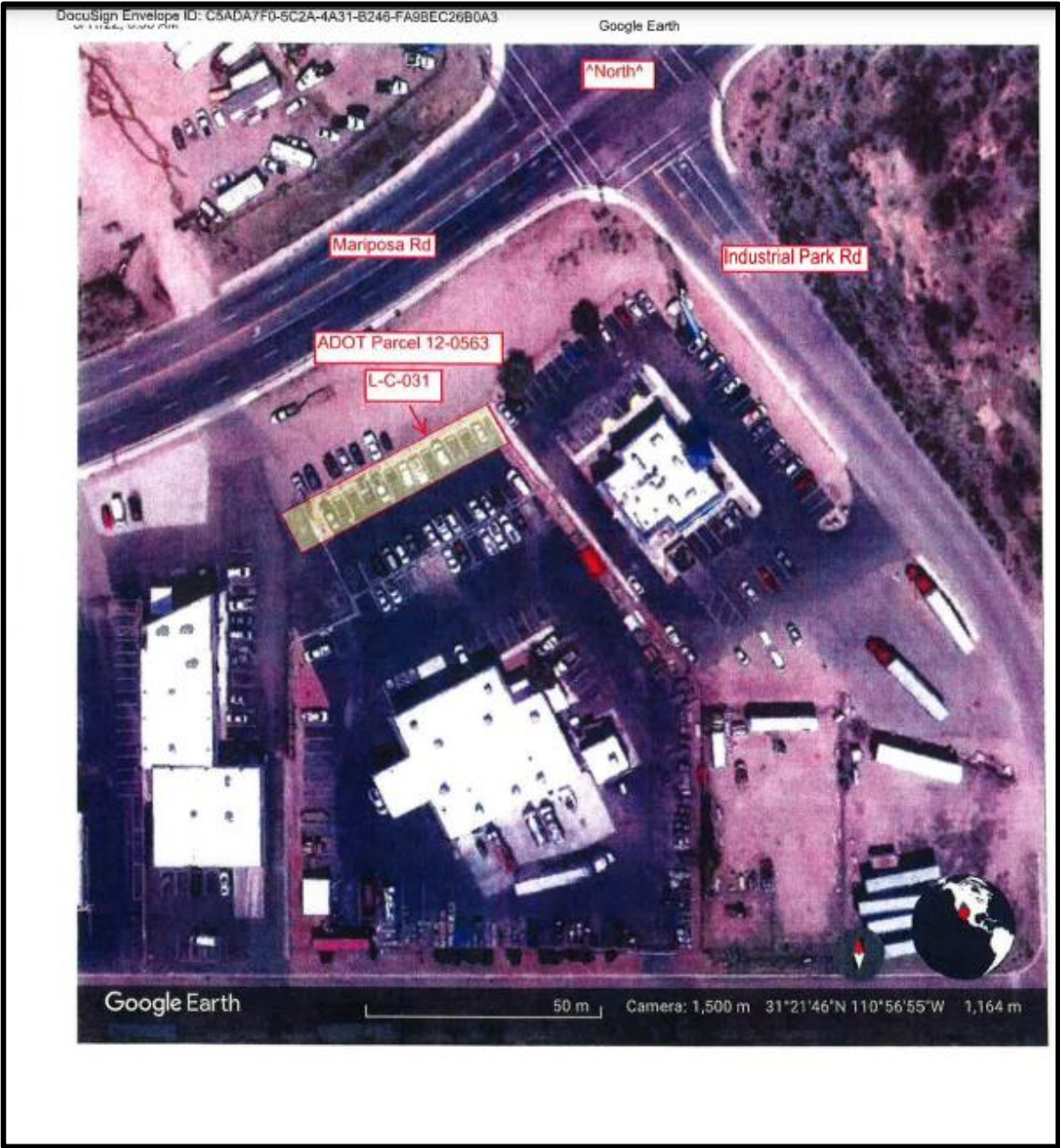
ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054974-2	716104-1	CTR054974/ JW-23-037/ M697501X/ L-SC-031/ Appraisal due 45 days from approval Commentaire : L-SC-031	1.0000	Total Cost		

Total before Tax ██████████ USD

Non-Taxable - 0 % 0.00 USD

Total after Tax ██████████ USD





**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: 5/11/2022

Examiner: Sherry L Kinsella

Reviewer:

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

County: Santa Cruz	Tax Arb: 102-04-N/A	Disposal: N/A
Tracs No.: 189SC000H8045	Highway: NOGALES PRIMARY CONNECTION HWY	Excess Land: L-SC-028
Fed. No.:	Section: Nogales P.O.E. - SR 19B (Grand Ave.)	Parcel No.: 12-0562

**SCHEDULE A-1
LEGAL DESCRIPTION**

A portion of ADOT Parcel 12-0562, as depicted on Exhibit "A" attached, Sheet P-4 of ADOT Drawing # D-12-T-363 the Right of Way Plans of NOGALES PRIMARY CONNECTION HWY - Nogales P.O.E. - SR 19B (Grand Ave.), Project No. 189 SC 000 H8045.

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 The Richard L. Zillman Family Trust created December 28, 1995, buy Order of the District Court, County of Bernalillo, State of New Mexico to the State of Arizona, by and through its Department of Transportation, dated November 25, 2019, recorded December 3, 2019 in Fee No. 2019-07714. [Project No. 189 SC 000 H8045, Parcel 12-0562]

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** apply due to property being acquired less than eight years after the date of recording of Warranty Deed from The Richard L. Zillman Family Trust created December 28, 1995, buy Order of the District Court, County of Bernalillo, State of New Mexico, see Item No. 1 of Right of Way/Vestings. [Project No. 189 SC 000 H8045/ Parcel 12-0562]

END OF REQUIREMENTS

SCHEDULE B

There are no new items for Schedule B

END OF SCHEDULE B

EXHIBIT "A"

That portion of the property that is described in the following PROPERTY DESCRIPTION located in the Southeast quarter (SE¼) of Section 6, and in the Northeast quarter (NE¼) of Section 7, Township 24 South, Range 14 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, which lies northwesterly of the following described LINE:

PROPERTY DESCRIPTION:

A portion of the property described in Docket 760, page 363 and a portion of Lot 1, MARIPOSA INDUSTRIAL PARK, according to Book 4 of Maps, Page 30, records of Santa Cruz County, Arizona, described as follows:

Commencing at the Northernmost corner of said Lot 1;

thence along the Southerly right of way line of State Route 189, South 51 degrees 10 minutes 11 seconds West 130.39 feet to a point of curvature of a non-tangent curve concave to the Northwest, a radial line of said curve through said point bearing South 32 degrees 48 minutes 50 seconds East;

thence Southwesterly along the said Southerly right of way line, on the arc of said curve, to the Right, having a radius of 1,054.93 feet and a central angle of 01 degrees 36 minutes 49 seconds for an arc length of 29.71 feet to the POINT OF BEGINNING;

thence South 38 degrees 44 minutes 44 seconds East 227.26 feet;

thence South 00 degrees 30 minutes 47 seconds East 191.27 feet to a point on the South boundary of said Lot 1;

thence along the South boundary of said Lot 1, South 89 degrees 29 minutes 13 seconds West 203.83 feet;

thence North 00 degrees 30 minutes 47 seconds West 26.33 feet;

thence South 89 degrees 29 minutes 13 seconds West 15.00 feet;

(continued)

EXHIBIT "A"

PAGE 1

PROJECT: 189 SC 000 H8045
189-A(201)A

LOCATION: Nogales P.O.E. - SR 19B
Disposal

PARCEL: L-SC-031
cg 06-21-2023

thence South 00 degrees 30 minutes 47 seconds East, a distance of 26.33 feet to a point on the South boundary of said Lot 1;

thence along the South boundary of said Lot 1, South 89 degrees 29 minutes 13 seconds West 72.15 feet;

thence North 00 degrees 30 minutes 47 seconds West 289.66 feet to Southernmost point of the Parcel described in Docket 760, page 363, records of Santa Cruz County, Arizona;

thence along the Southwesterly line described in said Docket 760 at page 363, North 23 degrees 56 minutes 15 seconds West 20.00 feet to the point of curvature of a non-tangent curve, on the Southerly right of way line of State Route 189, concave to the Northwest, a radial line of said curve through said point bearing South 23 degrees 56 minutes 15 seconds East;

thence along the said Southerly right of way line as described in said Docket 760, page 363, Northeasterly, on the arc of said curve, to the Left, having a radius 1,034.93 feet and a central angle of 09 degrees 09 minutes 19 seconds for an arc length of 165.37 feet;

thence South 38 degrees 44 minutes 44 seconds East 20.10 feet to the POINT OF BEGINNING.

LINE DESCRIPTION:

Commencing at a 3 inch aluminum cap on 5/8 inch rebar in pothole stamped "T24S R14E 6 5 7 8 LS 39229 2018" marking the Southeast corner of said Section 6, being North 89°42'21" East 2630.35 feet from a MAG nail with washer flush stamped "RLS 39229" marking the South quarter corner of said Section 6;

thence along the South line of said Section 6, South 89°42'21" West 1993.51 feet;

thence from a Local Tangent Bearing of South 64°44'09" West, along a curve to the Right, having a radius of 1054.93 feet, a length of 24.64 feet to the POINT OF BEGINNING on the existing southeasterly right of way line of State Route 189 (NOGALES PRIMARY CONNECTION);

thence from a Local Tangent Bearing of North 66°04'27" East, along a curve to the Left, having a radius of 1054.93 feet, a length of 200.26 feet;

(continued)

EXHIBIT "A"

PAGE 2

PROJECT: 189 SC 000 H8045 189-A(201)A	LOCATION: Nogales P.O.E. – SR 19B Disposal	PARCEL: L-SC-031 cg 06-21-2023
---	--	--

thence North 51°10'56" East 130.39 feet to the POINT OF ENDING on the existing southwesterly right of way line of W. Industrial Park Drive.

The above described property shall have no right or easement of access to said State Route 189.

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.

The parcel of land described above is landlocked, having no means of access to or from any public way. By acceptance of this deed, the Grantee acknowledges awareness of the landlocked condition of this parcel prior to purchase and further acknowledges that it is the Grantee's expressed intention to acquire a landlocked parcel of land. The Grantor makes no warranty, covenant or assurance, expressed or implied, concerning the suitability or usability of this parcel of land for any purpose.

EXHIBIT "A"

PAGE 3

PROJECT: 189 SC 000 H8045
189-A(201)A

LOCATION: Nogales P.O.E. – SR 19B
Disposal

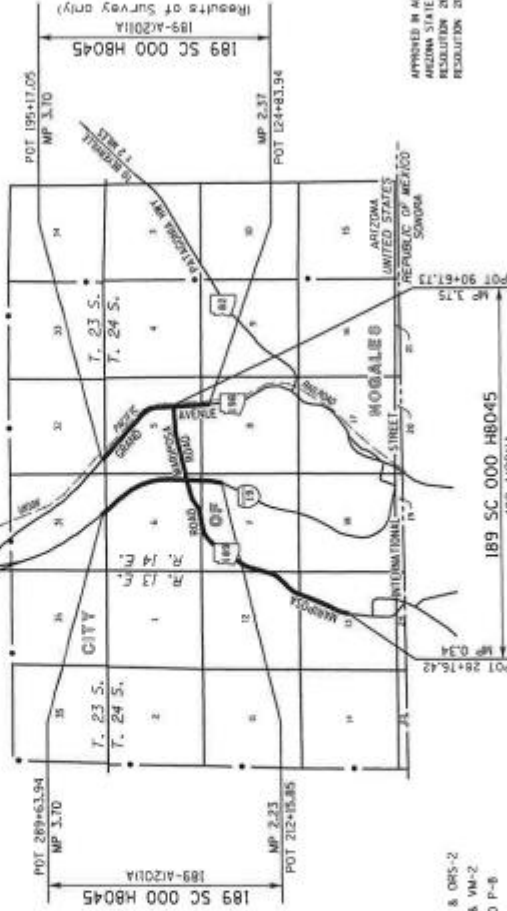
PARCEL: L-SC-031
cg 06-21-2023

RIGHT OF WAY PLANS OF THE
NOGALES PRIMARY CONNECTION HIGHWAY
NOGALES P.O.E. - SR 19B (GRAND AVE.)
189 SC 000 H8045
189-A(201A)

ARIZONA DEPARTMENT
 OF
 TRANSPORTATION
 INFRASTRUCTURE
 DELIVERY AND OPERATIONS
 DIVISION



★ PROJECT LOCATION
 COUNTY NAME: SANTA CRUZ
 LENGTH OF PROJECT: 3.48 MILES
 ADOT DISTRICT: SOUTHCENTRAL (SC)
 DRAWING NUMBER: D-12-T-363



- SHEET INDEX**
- COVER SHEET
 - STANDARD ABBREVIATIONS & SYMBOLS
 - OWNERSHIP RECORD SHEETS
 - VICINITY MAP SHEETS
 - PLAN SHEETS
 - PARCEL INSERT SHEET
 - RESULTS OF SURVEY
 - RIGHT OF WAY STARTING PLANS
 - TOTAL SHEETS
- 51

APPROVED AS ASSURANCE WITH
 PLAN AND RECORDATION BASED
 RESOLUTION: 2008-10-4 041 0413 02/24/2008
 RESOLUTION: 2007-12-4 048 04120 12/20/2007



2007-12-20 13:10:00 2008

NOTES	OWNERSHIP				RECORD				ACQUIRED	
	PARTIAL NUMBER	OWNER	DESCRIPTION OF AREA REQUIRED	TOTAL AREA (SQ. FT.)	AREA REQUIRED (SQ. FT.)	SEC. EASEMENTS	REMAINDER	SHEET NO.	TYPE	DOCUMENT
	12-0528	Clavo Investments, LLC	NE4 Sec 7, T24S, R14E	70,416	3,533 TCE	85,988	P-4	OP	2019-0788	
	12-0527	Aguirre Properties, LLC	N2 Sec 7, T24S, R14E	20,225	347	20,949	P-4	NO	2019-0842	
	12-0532	Tierney Investments, LLC	SE4 Sec 5, T24S, R14E	173,323	1,870 TCE	175,194	P-7	OP	2019-0720	
①	12-0540	Delta Properties, LLP	SW4 Sec 5, T24S, R14E	173,323	① 259	173,064	P-5, P-6	OP	2019-0720	
	12-0541	Delta Properties, LLP	SE4 Sec 5, T24S, R14E	173,323	3,445 TCE	176,768	P-7	OP	2019-0720	
②	12-0543	Marbona Shopping Center Investments, LLC	S2 Sec 5, T24S, R14E	1,400,098	② 25,474	1,425,572	P-6, P-7	OP	2019-0720	
	12-0544	Delta Properties, LLP	SW4 Sec 5, T24S, R14E	1,400,098	② 25,474	1,425,572	P-5, P-8	OP	2019-0720	
	12-0546	Luxa Linda Mkt, LLC	SW4 Sec 5, T24S, R14E	1,400,098	2,200 TCE	1,402,298	P-3, P-6	OP	2019-0720	
③	12-0550	Sonora Properties, LLC	SE4 Sec 6, T24S, R14E	③ 38,723	30,113	54,705	P-4	NO	2019-0712	
	12-0551	George Thomas Bond Revocable Living Trust, et al	S2 Sec 6, T24S, R14E	131,953	14,244	136,197	P-4	OP	2019-0715	
	12-0552	Korean Church of Noeues	SW4 Sec 6, T24S, R14E	87,027	7,570	94,597	P-4	NO	2019-0740	
	12-0553	Annette Suzi Mattek	SE4 Sec 6, T24S, R14E	385,290	30,079	415,369	P-4, P-5	OP	2019-0724	
	12-0554	David B. Fisher Family Trust	SE4 Sec 6, T24S, R14E	36,537	6,892	43,429	P-4	NO	2019-0774	
④	12-0555	Circle 4 Stores, Inc.	SE4 Sec 6, T24S, R14E	④ 55,419	④ 7,086	62,505	P-4	OP	2019-0722	
⑤	12-0556	Culmo Investments, LLC	SE4 Sec 6, T24S, R14E	⑤ 37,094	⑤ 3,645	40,739	P-4	OP	2019-0332	
⑥	12-0558	DJS Family Limited Partnership	SE4 Sec 6, T24S, R14E	⑥ 478,480	⑥ 46,400	524,880	P-4, P-5	OP	2019-0332	
⑦	12-0560	Delta Properties, LLP	SW4 Sec 8 & NW4 Sec 1, T24S, R14E	598,169	⑦ 26,712	624,881	P-3, P-4	OP	2019-0743	
	12-0562	Richard L. Zisman Family Trust	SE4 Sec 6, T24S, R14E	46,821	3,202	50,023	P-4	NO	2019-0714	
	12-0563	LMS Electric, Inc	SE4 Sec 8 & SE4 Sec 7, T24S, R14E	81,536	3,359	84,895	P-4	NO	2019-06615	
	12-0564	Atia Real Estate, LLC	Lot 40, Marbona Industrial Park, Lots 35 thru 47 & NE4 Sec 13, T24S, R14E	750,284	10,641	760,925	P-1, P-2	NO	2019-08149	
⑧	12-0565	1658 Property, LLC, et al	Lot 1 & NW4 Sec 7, T24S, R14E	⑧ 4,115,362	10,493	4,125,855	P-3	OP	2019-07450	
	12-0568	TODS Property, LLC, et al	NE4 Sec 13, T24S, R14E	3,550,370	14,176	3,564,546	P-1	OP	2019-07186	
	12-0569	The Harvey Family Limited Partnership, LLP	NE4 Sec 13, T24S, R14E	71,145	14,631	85,776	P-1	OP	2019-07429	

ALL AREAS ARE IN SQUARE FEET UNLESS OTHERWISE NOTED

- ① NET AREA INCLUDES 259 SF OF EXISTING DRAINAGE EASEMENT
- ② NET AREA INCLUDES 1,415 SF OF EXISTING DRAINAGE EASEMENT
- ③ TOTAL AREA INCLUDES 3,007 SF OF UNDERLYING FEE IN FRANK REED ROAD
- ④ TOTAL AREA AND REMAINDER AREA INCLUDES 7,807 SF OF UNDERLYING FEE IN SHELL ROAD
- ⑤ INCLUDES 29 SF OF NEW R/W IN AREA OF MATIUS BETWEEN ADOT PARCELS 12-0053 AND 12-0056
- ⑥ TOTAL AREA INCLUDES 14,098 SF OF TOTAL UNDERLYING FEE IN FRANK REED ROAD AND SHELL ROAD
- ⑦ REMAINDER AREA INCLUDES 5,078 SF OF REMAINING UNDERLYING FEE IN SHELL ROAD
- ⑧ TOTAL AREA AND REMAINDER AREA INCLUDES 12,735 SF OF UNDERLYING FEE IN INDUSTRIAL PARK DR
- ⑨ NET AREA INCLUDES 2,865 SF OF EXISTING DRAINAGE EASEMENT
- ⑩ NET AREA INCLUDES 1,631 SF OF EXISTING DRAINAGE EASEMENT

CHANGE ORDER REVISIONS

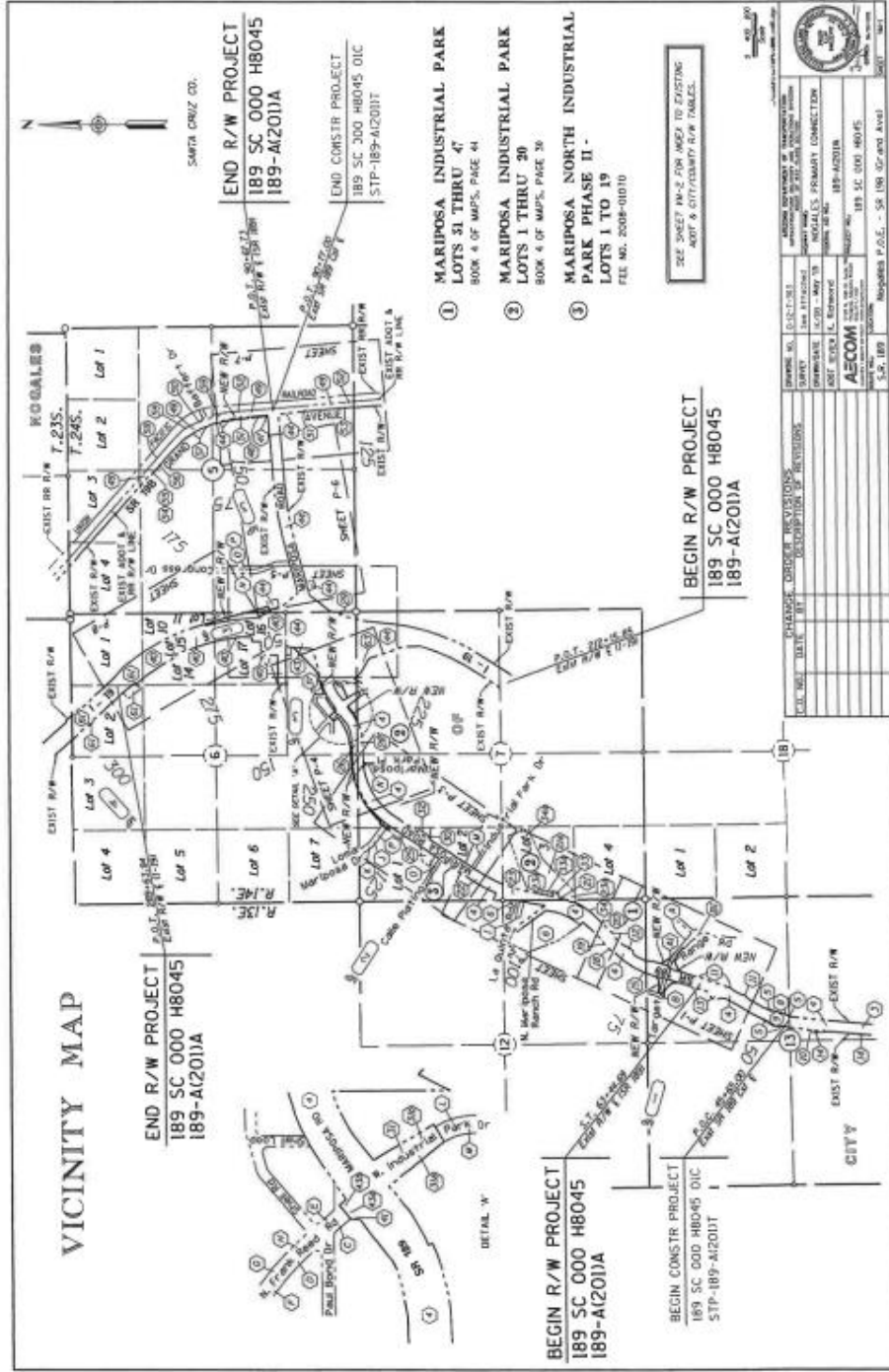
DATE	NO.	DESCRIPTION
08/20/2019	01	ISSUED FOR EXISTING

PROJECT: 19-11-383
 SHEET: 1 OF 1
 DATE: 08/20/2019
 DRAWN BY: J. P. HARRIS
 CHECKED BY: J. P. HARRIS
 PROJECT NO.: 19-11-383
 SHEET NO.: 1 OF 1
 SCALE: AS SHOWN
 TITLE: SHEET 1 OF 1

APPROVED BY: [Signature]

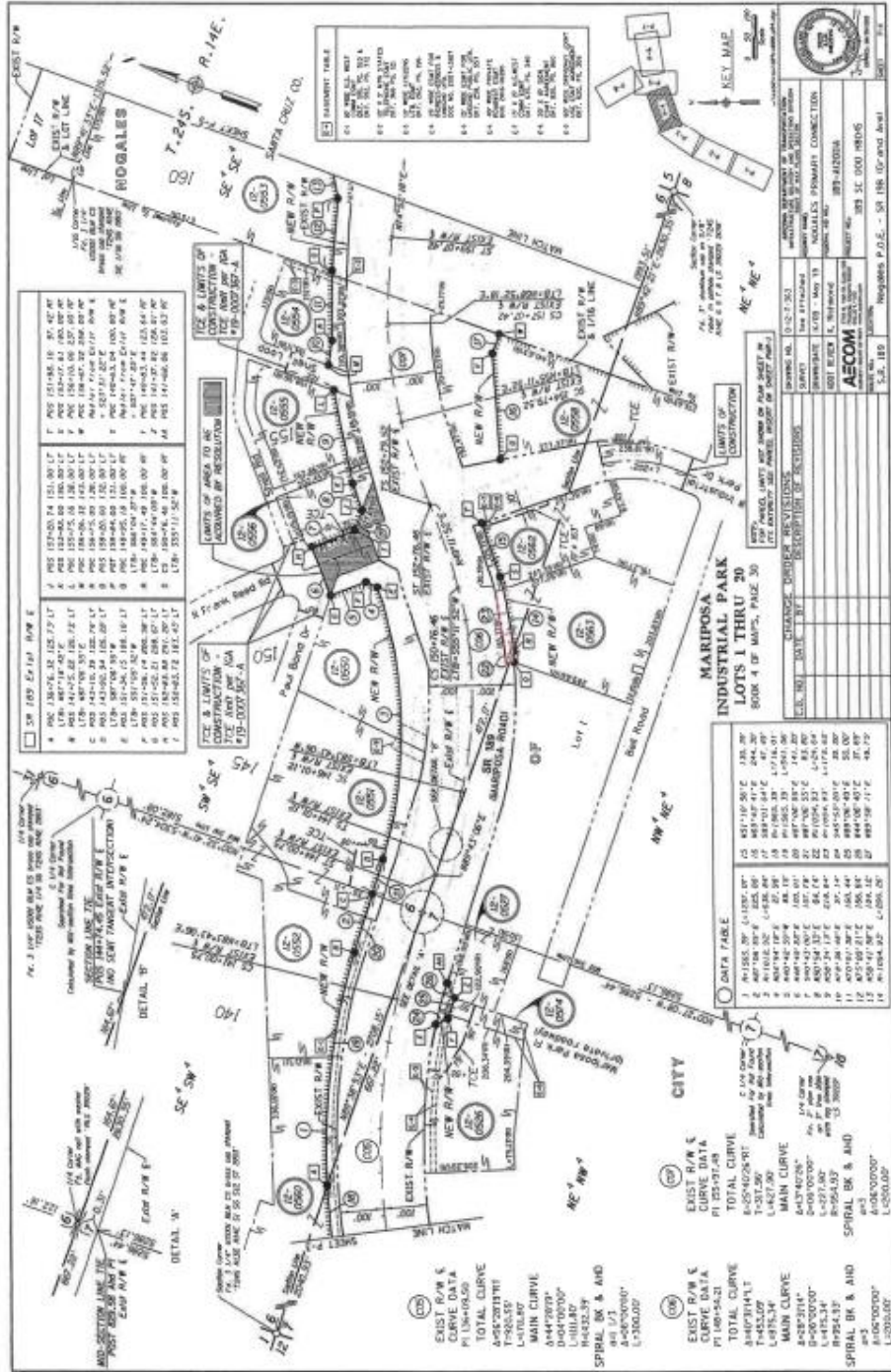
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 SHEET NO. 1 OF 1
 SCALE: AS SHOWN
 TITLE: SHEET 1 OF 1

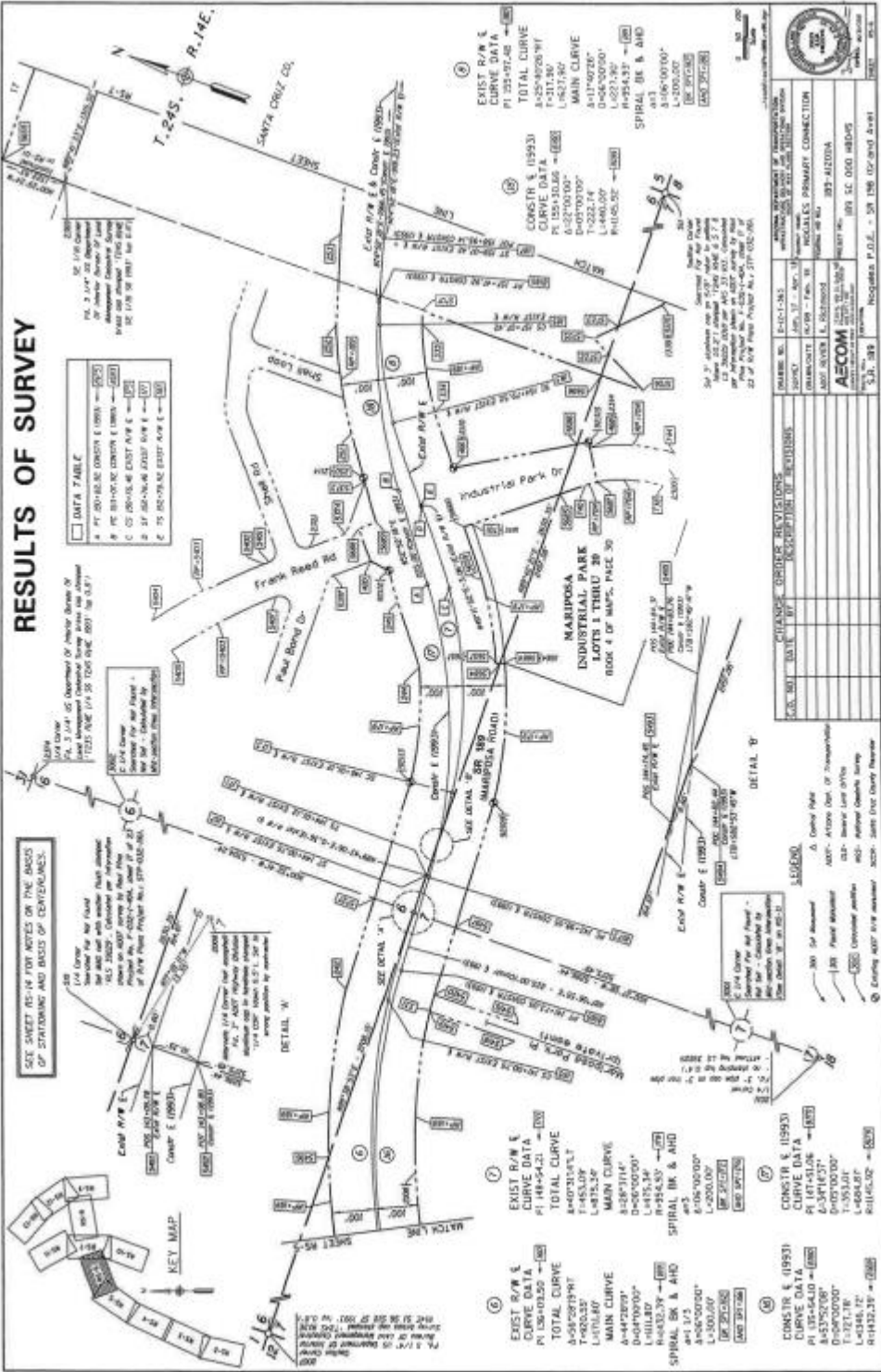
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 CHECKED BY: J. P. HARRIS
 PROJECT NO.: 19-11-383
 SHEET NO.: 1 OF 1
 SCALE: AS SHOWN
 TITLE: SHEET 1 OF 1




Controlled Access Will Move to New Property Line

L-SC-031 Excess Land =





FEMA Letter of Map Revision

Page 3 of 4	Issue Date: APR 25 2005	Effective Date: AUG 16 2005	Case No.: 04-09-0303P	LOMR-APP
 Federal Emergency Management Agency Washington, D.C. 20472				
LETTER OF MAP REVISION DETERMINATION DOCUMENT (CONTINUED)				
COMMUNITY INFORMATION (CONTINUED)				
<p>We will not print and distribute this LOMR to primary users, such as local insurance agents or mortgage lenders; instead, the community will serve as a repository for the new data. We encourage you to disseminate the information in this LOMR by preparing a news release for publication in your community's newspaper that describes the revision and explains how your community will provide the data and help interpret the NFIP maps. In that way, interested persons, such as property owners, insurance agents, and mortgage lenders, can benefit from the information.</p>				
<p>This revision has met our criteria for removing an area from the 1-percent-annual-chance floodplain to reflect the placement of fill. However, we encourage you to require that the lowest adjacent grade and lowest floor (including basement) of any structure placed within the subject area be elevated to or above the Base (1-percent-annual-chance) Flood Elevation.</p>				
<p>We have designated a Consultation Coordination Officer (CCO) to assist your community. The CCO will be the primary liaison between your community and FEMA. For information regarding your CCO, please contact:</p>				
<p>Ms. Sally M. Ziolkowski Director, Federal Insurance and Mitigation Division Federal Emergency Management Agency, Region IX 1111 Broadway Street, Suite 1200 Oakland, CA 94607-4052 (510) 627-7103</p>				
STATUS OF THE COMMUNITY NFIP MAPS				
<p>We will not physically revise and republish the FIRM, FBFM, and FIS report for your community to reflect the modifications made by this LOMR at this time. When changes to the previously cited FIRM and FBFM panels and FIS report warrant physical revision and republication in the future, we will incorporate the modifications made by this LOMR at that time.</p>				