

AN APPRAISAL REPORT

OF

0.666 ACRES OF LAND

**LOCATED ON THE SOUTH SIDE OF CORTARO ROAD,
NORTHEAST OF THE SANTA CRUZ RIVER
MARANA, PIMA COUNTY, ARIZONA**

FOR

**PIMA COUNTY PUBLIC WORKS,
REAL PROPERTY SERVICES
MR. JEFFREY TEPLITSKY**

**OWNERSHIP: PIMA COUNTY FLOOD CONTROL DISTRICT
TAX PARCEL NUMBER: 226-28-0230 (PORTION)
SECTION 26, TOWNSHIP 12 SOUTH, RANGE 12 EAST**

**EFFECTIVE DATE OF APPRAISAL
AUGUST 30, 2023**

**DATE OF REPORT
SEPTEMBER 11, 2023**

BAKER, PETERSON, BAKER & ASSOCIATES, INC.
Tucson, Arizona

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

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September 11, 2023

Mr. Jeffrey Teplitsky
Pima County Public Works
Real Property Services
201 North Stone Avenue, Sixth Floor
Tucson, Arizona 85701-1207

RE: An appraisal report of 0.666 acres of vacant land located on the south side of Cortaro Road, northeast of the Santa Cruz River, in Town of Marana, Pima County, Arizona
Tax Parcel Code: 226-28-0230 (Portion)
Ownership: Pima County Flood Control District
Effective Date of Appraisal: August 30, 2023
Date of Report: September 11, 2023

Dear Mr. Teplitsky:

In response to your authorization, I have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled me to form an opinion of the market value of the fee simple interest in the above-named property. This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended users in the potential disposition of the subject property. It is not intended for any other use.

I have formed the opinion that, as of the effective date of the appraisal, August 30, 2023, based on a six to twelve month market period, and subject to the assumptions and limiting conditions set forth in the report, the subject property has a market value of:

NINE THOUSAND FOUR HUNDRED DOLLARS
(\$9,400)

Note: Continental Ranch Development has a revocable 25-year license over the subject property and has installed some improvements including a driveway and parking. These improvements belong to the licensee and do not belong to the property owner, Pima County. These improvements would be removed by the licensee at the end of the term or if the license was terminated before then. Therefore, these improvements are not part of the real estate and are not included in this analysis.

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal practice for an Appraisal Report (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

Respectfully submitted,



Sara R. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 31679
Designated Supervisory Appraiser
Registration Number DS0082

C238369

TABLE OF CONTENTS

APPRAISAL ABSTRACT - PART I 1

 Legal Description..... 1

 Ownership 1

 Intended Use and User of Report..... 3

SCOPE OF THE APPRAISAL - PART II 4

DESCRIPTION OF REAL ESTATE APPRAISED - PART III..... 6

 Tucson Overview 6

 Market Area 14

 Site Description..... 14

 Zoning 15

 Highest and Best Use..... 19

SUMMARY OF ANALYSIS AND VALUATION - PART IV 21

 Sales Comparison Approach..... 21

 Market Value Conclusion 45

ASSUMPTIONS AND LIMITING CONDITIONS - PART V 46

EXHIBITS - PART VII 52

APPRAISAL ABSTRACT - PART I

CLIENT

Pima County Real Property Services

APPRAISER

Sara R. Baker, MAI, SRA

Baker, Peterson, Baker & Associates, Inc.
4547 East Fort Lowell Road, Suite 401
Tucson, Arizona 85712

SUBJECT PROPERTY

A 0.666-acre parcel of land located on the south side of Cortaro Road, northeast of the Santa Cruz River, Town of Marana, Pima County, Arizona.

Note: Continental Ranch Development has a revocable 25-year license over the subject property and has installed some improvements including a driveway and parking. These improvements belong to the licensee and do not belong to the property owner, Pima County. These improvements would be removed by the licensee at the end of the term or if the license was terminated before then. Therefore, these improvements are not part of the real estate and are not included in this analysis.

LAND AREA

0.666 (per information provided by Pima County Assessor)

ZONING

D, Designated Floodplain

LEGAL DESCRIPTION

A portion of the Southwest Quarter of Section 26, Township 12 South, Range 12 East, G&SRB&M, Pima County, Arizona. A full legal description can be found the addendum section of this report.

OWNERSHIP

According to public records of the Pima County Assessor, title to the subject property is in the name of Pima County Flood Control District, according to Sequence Number 20172790527, dated October 6, 2017. This was an internal transfer from Pima County to Pima County Flood Control District.

SALES/LISTING HISTORY

No known sales of the subject property have occurred within the last three years. No current listings, options, or agreements of sale of the subject property were discovered in the course of this analysis.

TAX PARCEL NUMBER

226-28-0230 (portion)

FULL CASH VALUE

\$182,000 (2023, entire parcel)

\$182,000 (2024, entire parcel)

The development of full cash values is based on mass appraisal models as set by the State of Arizona. They are for tax assessment purposes only and cannot be equated with market value as utilized in this appraisal. Thus, they serve only as a point of comparison with other properties.

LIMITED CASH VALUE

\$554 (2023, entire parcel)

\$582 (2024, entire parcel)

Limited Cash Value is the basis for primary property taxes. It is a legislatively established value based on a mathematical formula that limits the amount of increase in any given year.

REAL ESTATE TAXES

There are no real estate taxes as the property is currently owned by a government entity.

Real estate taxes are a combination of a primary tax, which is the primary tax rate applied to the limited cash value and divided by 100, plus the secondary tax, which is the secondary tax rate applied to the full cash value and divided by 100. The primary and secondary tax rates are an aggregate of various tax rates set by various jurisdictions.

DELINQUENT TAXES

None

LIMITING CONDITIONS

Subject to those assumptions and limiting conditions contained in the "*Assumptions and Limiting Conditions*" section of this report.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide the appraiser's opinion of the market value of the subject real property as of the effective date of the appraisal, August 30, 2023.

MARKET VALUE DEFINITION

Market value, as utilized in this appraisal, and as defined in The Appraisal of Real Estate, 15th Edition, published by the Appraisal Institute, 2020, page 48, is:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all

conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

INTENDED USE AND USER OF REPORT

This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended users in the potential disposition of the subject property. It is not intended for any other use.

INTEREST VALUED

Fee Simple Interest, as defined in The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, page 73, is “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.”

EFFECTIVE DATE OF APPRAISAL

August 30, 2023

DATE OF INSPECTION

August 30, 2023

SCOPE OF THE APPRAISAL - PART II

Scope of work is identified by USPAP as the “amount and type of information researched and the analysis applied in an assignment.” According to the scope of work rule as defined by USPAP, “For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

- 1) identify the problem to be solved;
- 2) determine and perform the scope of work necessary to develop credible assignment results; and
- 3) disclose the scope of work in the report.”

This appraisal assignment has been completed in response to authorization by Mr. Jeffrey Teplitsky for Pima County, in a contract executed on August 16, 2023 by Ms. Sara R. Baker, MAI, SRA for Baker, Peterson, Baker and Associates, Inc. The assignment includes appraisal of the property herein described, and the preparation of a report which describes the property being appraised, analyzes appropriate data, and offers an opinion of the market value of the property as of the effective date specified in the report. The appraisal is prepared and reported according to the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, and to those specifications provided by Pima County.

This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended users in the potential disposition of the subject property. It is not intended for any other use. The purpose of the appraisal is to provide the appraiser's opinion of the market value in fee simple interest of a specific property which has been previously identified in this report, and is referred to as the subject property, the subject, or the property.

The exact nature of, and interest in, the subject property is defined elsewhere in this report. The appraisal provides an opinion of the market value of the subject property using the sales comparison approach, which is defined in the report. In completing this assignment, the appraiser inspected and photographed the subject property, reviewed and confirmed data relative to metropolitan Tucson (from economic and demographic data, including COMPS® Commercial Property Information Services, Real Estate Daily Comps, Tucson Multiple Listing Service (MLS), and the Pima County Real Estate Research Council), the neighborhood and the site.

An opinion of the “highest and best use” of the property was formed, utilizing resources to identify such factors as land use, supply and demand, governmental requirements, environmental concerns, and economic elements, present and anticipated, which may impact upon the marketability of the property.

In the sales comparison approach, there was a thorough search for sale and listing data considered directly competitive to the subject property. This data was confirmed with one or more parties related to the transaction and (in the case of sales) by review of deeds and records of the Pima County Assessor. The analysis then compared each sale considered a reliable indicator of the value to the subject property in terms of those factors which were superior to the subject, inferior to the subject, and equal or offsetting.

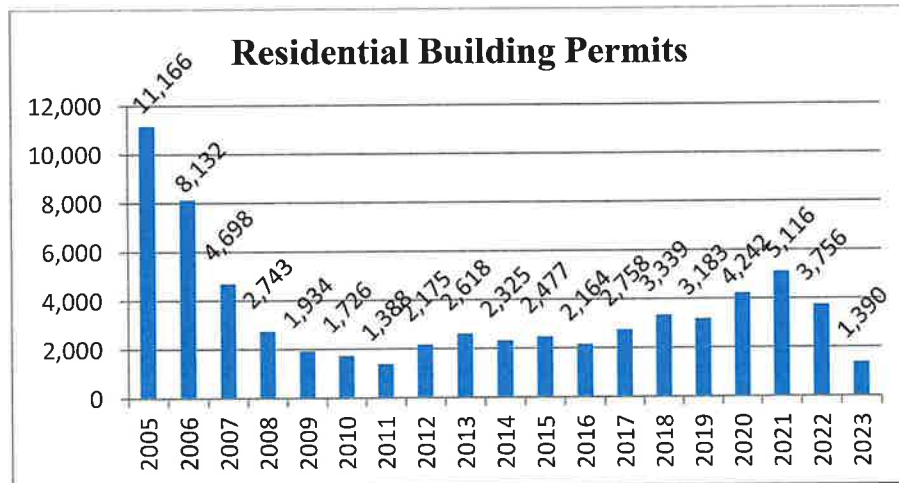
The sales comparison approach provided an opinion of the market value of the subject property to arrive at a final opinion of market value. To develop the opinion of value, the appraiser performed an appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This appraisal report is a brief recapitulation of the appraiser's data, analyses, and conclusions. The appraiser's file retains supporting documentation.

DESCRIPTION OF REAL ESTATE APPRAISED - PART III

TUCSON OVERVIEW:

Tucson is Arizona's second largest city and the "hub" of commerce in southeastern Arizona. According to the MAP AZ dashboard, in 2020, the estimated population of the Tucson metropolitan area was 1,044,675 persons, while the 2020 US Census indicated the population of the City of Tucson was 542,629.

Starting in 2006, fewer single-family residential permits were issued due to the oversupply of lots and residential homes on the market at that time. According to the United States Census Bureau, Building Permits Survey, the Building permit activity declined steadily in the Tucson Metropolitan area declined from a peak in 2005 of 11,166 to a low of 1,388 in 2011 for all new single-family residential construction residential building permits. The number of permits remained mostly stable starting in 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019 but increased somewhat in 2020 and 2021 due to strong demand. During this time there was strong demand for residential properties due to low inventory; however, as interest rates have risen in 2022, the number of permits declined in 2022. The 2023 data is through May 2023. Due to higher interest rates, increase construction costs, and low inventory, residential demand has slowed compared to mid-2020 through mid-2022, with fewer sales and more limited construction.



Office Market

Overall, the Pima County *office market* experienced net positive absorption of 243,588 square feet in the Second Quarter 2023, according to *CoStar*. This compares to negative absorption of 53,067 square feet in the First Quarter 2023, net negative absorption of 192,363 square feet in the Fourth Quarter 2022, net positive absorption of 154,902 square feet in the Third Quarter 2022, net negative absorption of 209,201 square feet in the Second Quarter 2022, net positive absorption of 168,304 square feet in the First Quarter 2022, net positive absorption of 101,108 square feet in the Fourth Quarter 2021, net positive absorption of 48,301 square feet in the Third Quarter 2021, net negative absorption of 107,638 square feet

in the Second Quarter 2021, net positive absorption of 15,317 square feet in the First Quarter 2021, net negative absorption of 86,138 square feet in the Fourth Quarter 2020, net negative absorption of 172,354 square feet in the Third Quarter 2020, net negative absorption of 106,648 square feet in the Second Quarter 2020, net positive absorption of 101,389 square feet in the First Quarter 2020, net negative absorption of 26,610 square feet in the Fourth Quarter 2019, net positive absorption of 229,024 square feet in the Third Quarter 2019, net positive absorption of 38,223 in the Second Quarter 2019, and net positive absorption of 243,459 in the First Quarter 2019.

The following figure shows trends in the vacancy rates for office properties in Pima County through the Second Quarter 2023. The vacancy rate increased until late 2013 and then declined through 2017. The vacancy rate remained mostly stable in 2018 and the first part of 2019 before increasing at the end of 2019 through mid-2021. The vacancy rate declined slightly from mid-2021 through the first quarter 2022. The vacancy rate was generally slightly increasing with slight increases and decreases in 2022, with an increase in the first quarter of 2023 and a decrease in the second quarter of 2023.



One new building containing 1,610 square feet was completed in the Second Quarter 2023. This compares to two new buildings containing 22,000 square feet in First Quarter 2023, two new buildings containing 27,988 square feet in Fourth Quarter 2022, one new building containing 18,500 square feet in Third Quarter 2022, two new buildings containing 50,695 square feet in the Second Quarter 2022, two new buildings containing 145,228 in the First Quarter 2022, no new buildings in the Third and Fourth Quarters 2021, three new buildings containing 64,037 square feet in the Second Quarter 2021, three new buildings containing 120,000 square feet in the First Quarter 2021, no new buildings in the Fourth Quarter 2020, two new buildings containing 58,500 square feet in the Third Quarter 2020, two new buildings containing 42,000 square feet in the Second Quarter 2020, four new buildings containing 47,669 square feet in the First Quarter 2020, four new buildings containing

108,162 square feet in the Fourth Quarter 2019, two new buildings containing 207,248 in the Third Quarter 2019, one new building containing 266,300 square feet in the Second Quarter 2019, and four new buildings totalling 235,300 square feet in the First Quarter 2019.

Market conditions stabilized around 2013 and remained slow but stable through 2019. Market conditions for office properties had started to slowly improve, primarily for office properties in high demand areas and newer office buildings in good condition. Demand remained lower for older office buildings in particular. Covid-19 impacted work from home trends with changes in office demand. It is not yet known to what extent recent work from home trends will remain, permanently impacting office trends and demand.

Retail Market

Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the end of 2007, and later remained stable and then slowly improved. In recent years, demand had increased for many types of retail properties and remained stable for less desirable retail uses. In March 2020, the Covid-19 pandemic impacted the world. After pausing in the immediate emergence of Covid-19, demand has again increased for many retail property types and remained more stable for other property types.

The following shows trends in the vacancy rate for retail properties in the Tucson market through the Second Quarter 2023, according to *Costar*.



This chart shows that the vacancy rate for retail properties increased through mid-2012. The retail vacancy rate declined since that time. The retail vacancy rate has remained mostly stable with slight variations from mid-2020 through early 2022 and has declined slightly in the first half of 2023.

There was net positive absorption of 111,098 square feet in the Second Quarter 2023, according to CoStar. This compares to net positive absorption of 170,369 square feet in the First Quarter 2023, net negative absorption of 117,955 square feet in the Fourth Quarter

2022, net positive absorption of 64,292 in the Third Quarter 2022, net positive absorption of 162,502 in the Second Quarter 2022, net negative absorption of 1,433 in the First Quarter 2022, net positive absorption of 176,163 square feet in the Fourth Quarter 2021, net positive absorption of 169,381 square feet in the Third Quarter 2021, net negative absorption of 110,947 in the Second Quarter 2021, net positive absorption of 124,015 square feet in the First Quarter 2021, net positive absorption of 17,690 in the Fourth Quarter 2020, net negative absorption of 267,572 in the Third Quarter 2020, net positive absorption of 107,389 square feet in the Second Quarter 2020, net negative absorption of 26,723 square feet in the First Quarter 2020, net positive absorption of 103,387 square feet in the Fourth Quarter 2019, net negative absorption of 36,375 square feet in the Third Quarter 2019, net positive absorption of 82,237 square feet in the Second Quarter 2019, and net negative absorption of 214,085 square feet in the First Quarter 2019.

In the Second Quarter 2023, eight new buildings containing 47,343 square feet were completed. This compares to 15 new buildings containing 103,232 square feet in the First Quarter 2023, eight new buildings containing 32,284 square feet in Fourth Quarter 2022, thirteen new buildings containing 97,640 square feet in Third Quarter 2022, three new buildings containing 6,625 square feet in Second Quarter 2022, 13 new buildings containing 46,734 square feet in the First Quarter 2022, five new buildings containing 198,831 square feet in the Fourth Quarter 2021, seven new buildings containing 181,410 square feet in the Third Quarter of 2021, six new buildings containing 21,331 square feet in the Second Quarter of 2021, 13 new buildings containing 82,006 square feet in the First Quarter 2021, three new buildings containing 30,591 square feet in the Fourth Quarter 2020, eight new buildings containing 33,731 square feet in the Third Quarter 2020, ten new buildings containing 68,870 square feet in the Second Quarter 2020, 13 new buildings containing 69,437 square feet in the First Quarter of 2020, nine new buildings containing 48,059 square feet in the Fourth Quarter of 2019, 14 new buildings containing 76,653 square feet in the Third Quarter of 2019, eight new buildings containing 27,078 square feet in the Second Quarter of 2019, and nine new buildings containing 43,398 square feet in the First Quarter of 2019.

Prices and rents are stable or increasing in high demand areas or for high demand property types, although there remains limited demand for older retail properties in low demand areas. Market conditions have remained generally stable for many properties as interest rates have risen with near term trends uncertain.

Industrial Market

Tucson experienced rapid industrial growth from the late 70's to the mid-80s. Since then, there has been more limited new industrial development with a recent increase in mid-2020 through 2022. Most recently in Tucson, no new buildings were completed in the Second or First Quarter 2023. This compares to three new buildings containing 459,859 square feet in the Fourth Quarter 2022, two new buildings containing 108,549 square feet in Third Quarter 2022, one new building containing 60,437 square feet in Second Quarter 2022, two new buildings containing 450,000 square feet in the First Quarter 2022, one new building containing 240,000 square feet in the Fourth Quarter 2021, two new buildings containing 300,000 square feet in the Third Quarter 2021, no new buildings completed in Second Quarter 2021, one new building containing 12,237 square feet completed in the First Quarter

2021, one new building containing 5,473 square feet completed in the Fourth Quarter 2020, no new buildings completed in the Third Quarter 2020, one new building containing 32,000 square feet completed in the Second Quarter 2020, two new buildings containing 41,122 square feet in the First Quarter 2020, one new building containing 157,000 square feet completed in the Fourth Quarter 2019, three new buildings containing 277,634 square feet in the Third Quarter 2019, two new buildings containing 906,900 square feet in the Second Quarter 2019, and no new buildings completed in the First Quarter 2019, according to *CoStar*. Many of the recently constructed buildings are larger buildings.

There was net negative absorption of 273,552 square feet in the Second Quarter 2023. This compares to net positive absorption of 374,436 square feet in the First Quarter 2023, net positive absorption of 630,145 square feet in the Fourth Quarter 2022, net negative absorption of 36,474 square feet in the Third Quarter 2022, net positive absorption of 419,802 square feet in the Second Quarter 2022, net positive absorption of 123,777 square feet in the First Quarter 2022, net positive absorption of 503,165 square feet in the Fourth Quarter 2021, net positive absorption of 720,224 square feet in the Third Quarter 2021, net positive absorption of 175,161 square feet in the Second Quarter 2021, net positive absorption of 134,093 square feet in the First Quarter 2021, net positive absorption of 404,549 square feet in the Fourth Quarter 2020, net negative absorption of 101,929 square feet in the Third Quarter 2020, net negative absorption of 37,010 square feet in the Second Quarter 2020, net negative absorption of 50,016 square feet in the First Quarter 2020, net negative absorption of 58,013 square feet in the Fourth Quarter 2019, net negative absorption of 393,968 square feet in the Third Quarter 2019, net positive absorption of 978,354 square feet in the Second Quarter 2019, and net negative absorption of 26,530 square feet in the First Quarter 2019, according to *CoStar*.

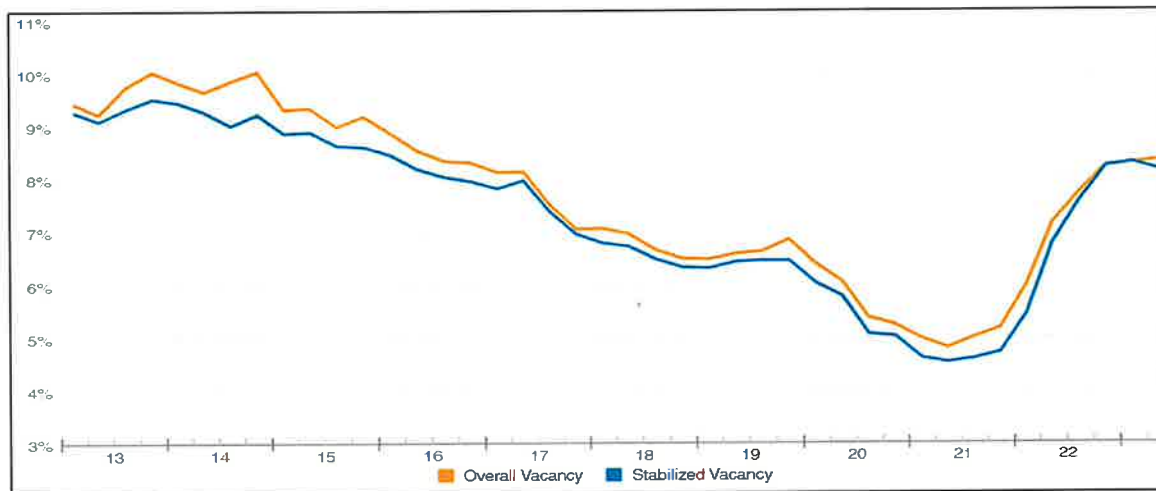
The following chart shows trends in the industrial/flex vacancy rate in Tucson from 2006 through Second Quarter 2023, according to *CoStar*.



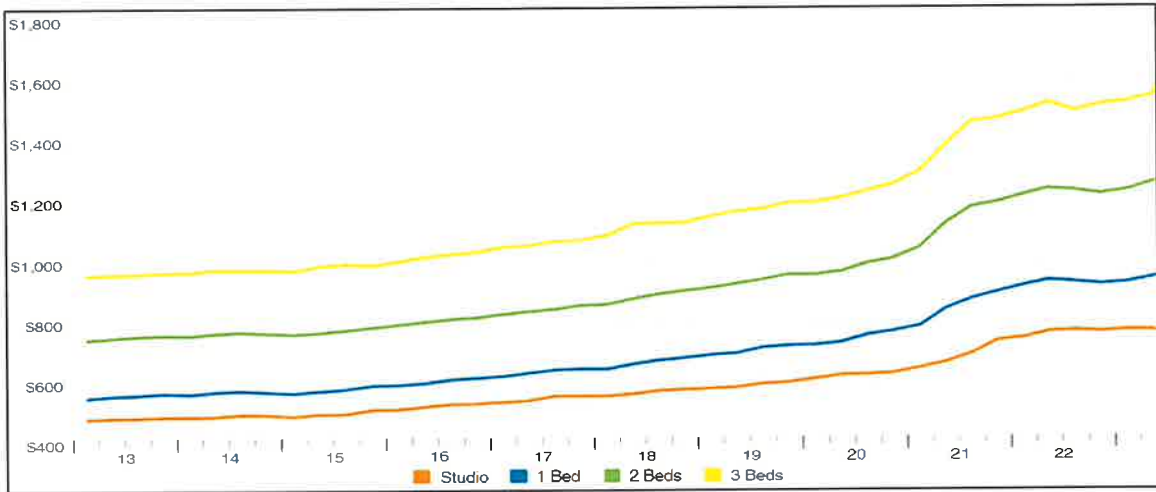
Overall, the industrial vacancy rate increased through mid-2012. The vacancy rate declined from late 2012 through the first part of 2019 before increasing somewhat through mid-2020 before declining again through late 2021 with a general decline though 2022. Most recently there was a slight increase in second quarter 2023. There continues to be a large supply of fully zoned and improved industrial lots available in the Tucson market with limited demand in the current market. In March 2020, the Covid-19 pandemic led to a shutdown of many businesses; however, the industrial market experienced strong demand during that time with changes in supply chains leading to increased demand for industrial properties. From mid-2020 through mid-2022 there were rising prices and rental rates, with limited available supply of well-suited space. Demand has recent slowed somewhat due to rising interest rates and construction costs, as well as the overall uncertainty in the market.

Multi-Family Market

The following is the vacancy rate for apartments in Tucson from 2006 through the Second Quarter 2023. Vacancy rates for apartment properties in the Tucson Metropolitan area peaked in 2009 before slowly declining, with that decline continuing through 2021. Vacancy rates have increased since 2022 and were generally stable in the first half of 2023.

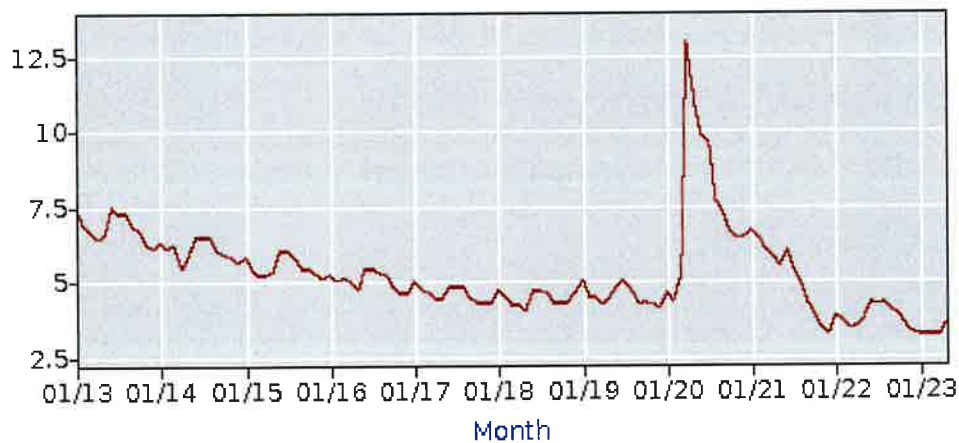


The following is the average effective rental rate per unit type for apartment properties through Second Quarter 2023 in the Tucson market, according to CoStar. There has been a significant increase in rents for all unit types in the first three quarters of 2021 followed by a stabilization in the fourth quarter of 2021, a slight increase in the first half of 2022, and a slight decrease in third quarter 2022. The average rent was generally stable in the first two quarters of 2023.



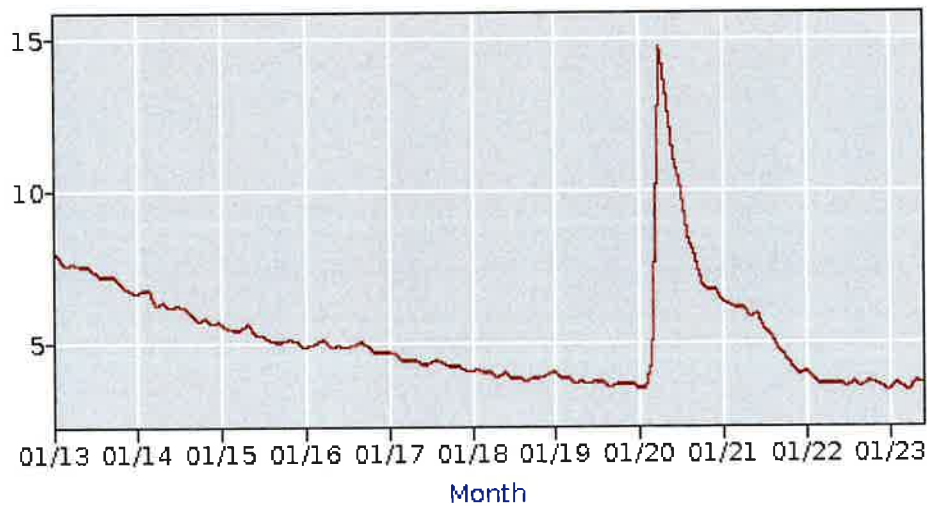
There has been limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities. Market conditions for multi-family properties has increased significantly since mid-2020, with increasing rents, decreasing vacancy rates, and increased sales prices. Demand has slowed recently due to increased interest rates.

According to the Bureau of Labor Statistics, the (not seasonally adjusted) unemployment rate for metropolitan Tucson was as follows:



This data shows that the unemployment rate in the Tucson metropolitan area had slowly been declining since early 2011. There was a slow steady decline in the unemployment rate over several years. However, the unemployment rate (not seasonally adjusted) was stable in 2019 with an increase early in the year. Due to the shutdown of many businesses due to Covid-19, unemployment began to increase significantly in mid-March 2020. The unadjusted unemployment rate peaked at 13.0% in April 2020 and declined to 10.9% in May 2020. There was a decline to 7.7% in August 2020. In October 2020 the unemployment rate was 6.6%. The unemployment rate was 6.7% in January 2021 and then declined to 5.8% in April 2021. The unemployment rate was 4.9% in August 2021, 3.8% in October 2021, 3.2% in December 2021, and increased to 3.8% in January 2022. The unemployment rate declined to 3.4% in March 2022, increased to 3.7% in May 2022, and increased to 4.3% in June 2022. The unemployment rate declined to 3.9% in October 2022 and 3.2% in January and April 2023.

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate also increased through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined and is below 2007 levels. The seasonally adjusted unemployment rate was 3.5% in February 2020 and 4.4% in March 2020. This increased to a peak of 14.7% in April 2020, then declined slightly to 13.2% in May 2020 and 10.2% in July 2020. The unemployment rate declined to 8.4% in August 2020 and 6.9% in October 2020. The unemployment rate declined to 6.4% in January 2021, declined to 6.0% in April 2021, 5.4% in July 2021, 4.7% in September 2021, 3.9% in December 2021, and 3.6% in March 2022. The unemployment rate was 3.7% in August 2022, 3.5% in December 2022, 3.5% in March 2023, and 3.6% in June 2023.



Overall, the commercial real estate markets reveal that in early to mid-2020, most investors held a cautionary outlook due to the uncertainty of the government conditions and Covid-19. Market conditions have improved for many property types since that time, starting as early as mid-2020. Market conditions were uncertain for some commercial property types, while demand remained for many other property types that are less impacted by Covid-19. Market conditions for single-family and multi-family properties has increased significantly in that

time frame, while demand for many commercial uses, particularly those most impacted by Covid-19, were uncertain and stable for longer but increased for many other commercial uses. As interest rates increased starting in mid-2022, demand slowed and market conditions became more uncertain for many property types, with slower demand through mid-2023. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

MARKET AREA

The subject market area or neighborhood is that area located south of Linda Vista and north of Orange Grove Road, between the Silverbell on the west and Thornydale on the east. The subject neighborhood is approximately 10 miles north and west of the central business district of Tucson, Arizona. The market area includes residential and commercial uses, along with industrial uses. Access to the market area is considered adequate.

Residential uses in the market area consist mainly of established medium density single-family housing and some larger multi-family developments. There are some lower density single-family uses located in the southeastern portion of the market area. There are some mobile home uses in the market area, primarily located in older mobile home parks. There is limited available vacant land in the market area for new residential developments.

Commercial development within the market area is located along the major arterial roadways of Ina Road, Orange Grove Road, and Thornydale Road. The Arizona Pavilions shopping center, located on the west side of I-10 at Cortaro Farms in the northwestern portion of the market area, is a larger shopping center that includes a large variety of retail uses, commercial uses, and hotel uses that serves the adjacent market areas to the west and northwest, plus freeway-oriented businesses. Other large commercial shopping centers in the market area are located at the intersections of Orange Grove and Thornydale Road/River Road and Ina Road and Thornydale Road. There is also some commercial development along Silverbell Road. Commercial development is less intense in the northern portion of the neighborhood. The areas west of I-10 and south of the Arizona Pavilions shopping center contain mostly industrial type uses. There is a new commercial development located at the northeast corner of the I-10 and Cortaro interchange. There are some commercial uses including a convenience store, retail uses, and hotels located along Ina Road west of I-10. The I-10 and Ina Road interchange was reconstructed, with some new and converted retail uses in the area. The Tucson Premium Outlet Mall was constructed at the Twin Peaks and I-10 interchange at the northern end of the market area.

SITE DESCRIPTION

The site is a rectangular shaped property with 100 feet of frontage on Cortaro Road on the northwestern property line. The site has a depth of 290 feet (see Exhibits). It contains a total area of 0.666 acres, per information provided to the appraiser. The property has some limited visibility from Cortaro Road, with Cortaro Road elevated above grade of this property. The property does not have access from Cortaro Road. The Town of Marana has indicated that it is highly unlikely that the property owner could obtain access from Cortaro Road. Due to the

inability to obtain access from Cortaro Road and no other access to the property, the subject property does not have legal access. The only potential to obtain legal access for the subject property would be to purchase an access easement through the driveways of the lots to the north; however, it is unknown if this could occur in the future. The topography is mostly level. Soil conditions appear to be typical of the area. Properties bordering the subject property include commercial uses to the north, northwest, and east, the Santa Cruz River to the south, and the Santa Cruz River and vacant land to the west.

Utilities including electric (Tucson Electric Power Company), telephone (CenturyLink), water (City of Tucson Water Company), and sewer (Pima County Wastewater Management) are located within the vicinity of the property but are not available at the property line. Any development of the site would require an engineering study to determine the availability and adequacy of utilities. It is likely that a utility easement would need to be obtained over the parcels to the north and for utilities to be brought from the north to the property line as part of any development of the property.

According to FEMA Flood Insurance Rate Map 04019C1655L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits). The property is in a seismic zone which is considered to have a low probability of seismic activity.

ZONING

The subject property is located within the Town of Marana Land Use Plan. It is identified as Designated Flood Plain Zone (Zone D). This designation denotes areas immediately adjacent to the Santa Cruz River and within 12 feet vertically of the average bottom of the Santa Cruz River bed, when dry at its nearest point. This designation does not permit any residential or commercial, industrial, or quasi-public uses that entails the accommodation of persons overnight, or the storage of materials or equipment for more than 24 hours if such materials would become hazardous to human health and safety upon exposure to water, or if such materials or equipment would contaminate the Santa Cruz River as determined by the Town Planning Administrator. There is no maximum density unless otherwise dictated by prior density of land use.

USE

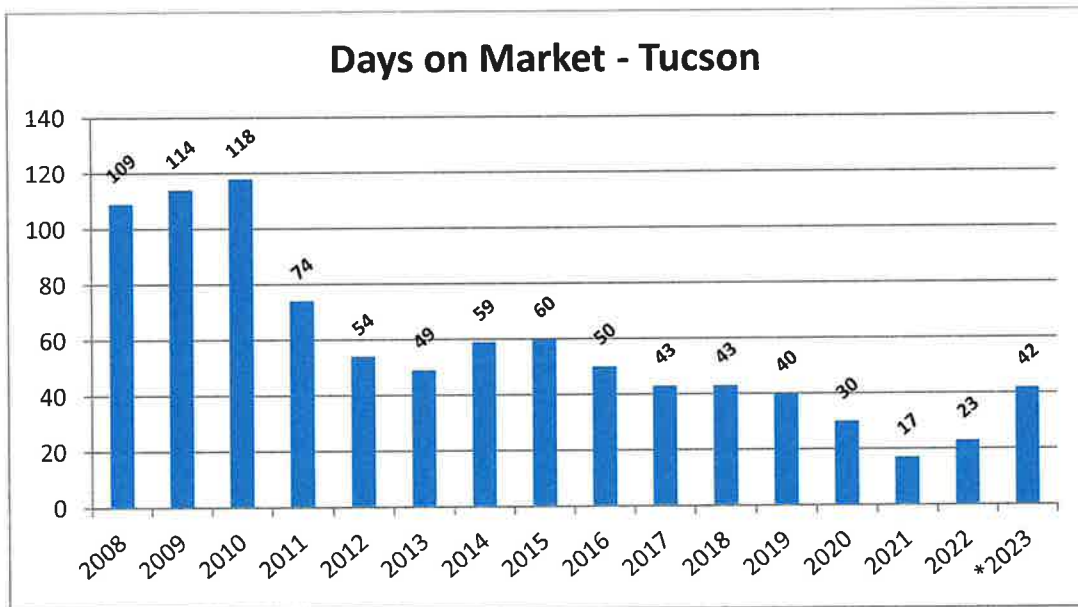
Vacant land

Continental Ranch Development has a revocable 25-year license over the property and has installed some improvements including a driveway and parking. This license and maintenance agreement is for 43,106 square feet of land, of which the subject property is a portion. This agreement was recorded in August 2007 and is for 25 years. These improvements belong to the licensee and do not belong to the property owner, Pima County. These improvements would be removed by the licensee at the end of the term or if the license was terminated before then. Therefore, these improvements are not part of the real estate and are not included in this analysis.

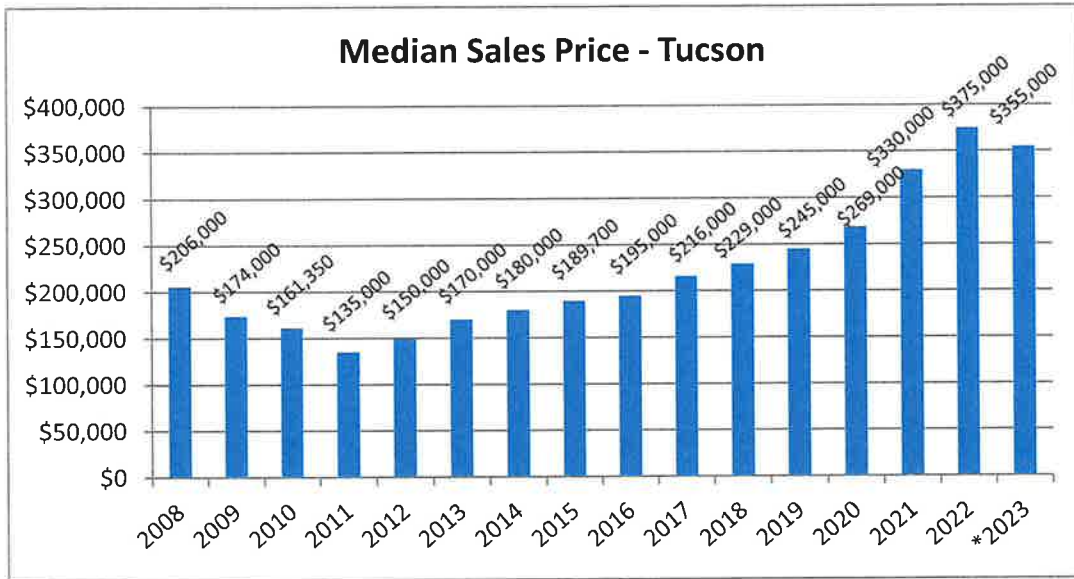
MARKET PROFILE – RESIDENTIAL

Starting in mid-2006, the market began to slow, and this trend continued into 2007, with a further slowdown in 2008 through 2010. Prices for residential properties leveled off and then decreased in all market areas. The demand for homes began to decline and fewer homes were purchased. The median price for homes also declined during this time. From 2011, there has been a steady recovery in the residential housing market, in all market areas. Market conditions for single-family residences increased significantly starting in mid-2020 due to largely in part to low interest rates and extremely limited inventory.

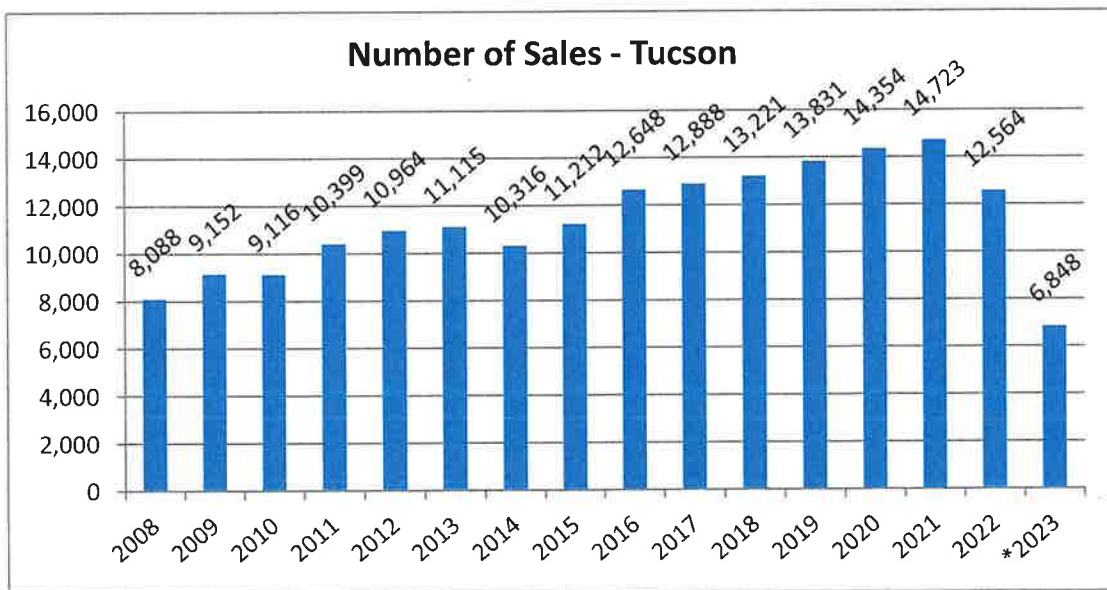
The following are the average number of days on market for sold single-family residences in the Tucson Market from 2008 through the first half of 2023, according to Multiple Listing Service (MLS). This data indicates that the average days on market for single-family residences increased from 2007 and peaked in 2010. Beginning in 2011, the number of days on market dropped significantly and was mostly stable from 2012 through 2019. The number of days on market decreased in 2020, with a substantial reduction in 2021. The days on market increased during 2022 and has continued to increase through the first half of 2023. While inventory of homes is still low, the effect of interest rate increases has led to an increase in marketing time from the prior years when interest rates were at historically low levels.



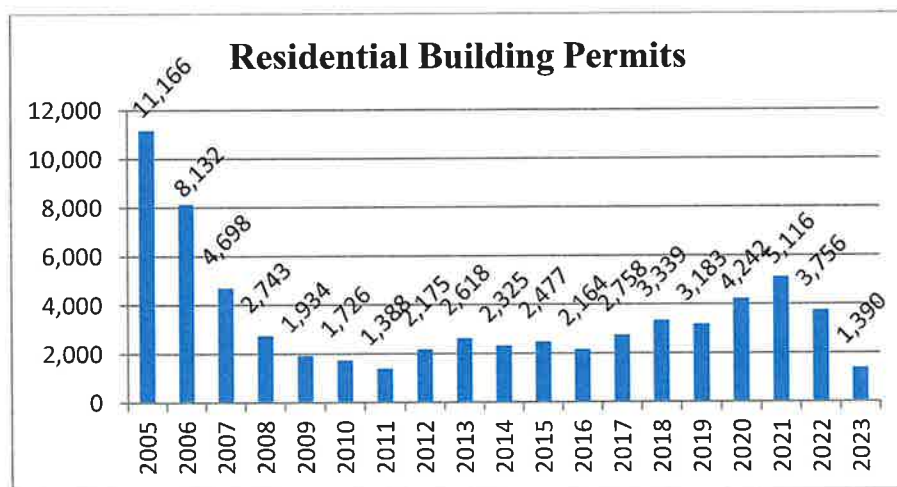
The following is the median sale price for single-family residences for the Tucson market from 2008 through the first half of 2023, according to MLS. The median sale price for single family residences declined yearly from 2007 through 2011. Beginning in 2011 the median sales price for single family residences in the Tucson market gradually increased on a year over year basis, continuing through the year end of 2022. The first half of 2023 have seen a stabilization of the median sale price.



The following is the number of sales of single-family residences in the Tucson Market from 2007 through the first half of 2023, according to MLS. Beginning in 2008, the number of sales began a gradual upward trend, which overall continued through 2021. The number of sales in 2022 experienced the first decline in the number of sales from previous years. The first half of 2023 data indicates a potential similar number of sales compared to 2022.



Starting in 2006, fewer single-family residential permits were issued due to the oversupply of lots and residential homes on the market at that time. According to the United States Census Bureau, Building Permits Survey, the Building permit activity declined steadily in the Tucson Metropolitan area declined from a peak in 2005 of 11,166 to a low of 1,388 in 2011 for all new single-family residential construction residential building permits. The number of permits remained mostly stable starting in 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019 but increased somewhat in 2020 and 2021 due to strong demand. During this time there was strong demand for residential properties due to low inventory; however, as interest rates have risen in 2022, the number of permits declined in 2022. The 2023 data is through May 2023. Due to higher interest rates, increase construction costs, and low inventory, residential demand has slowed compared to mid-2020 through mid-2022, with fewer sales and more limited construction.



Prices for some types of homes, specifically in homes priced below \$300,000 had increased slowly starting in 2013. Starting in mid-2020, there was increased demand for residential uses due to low interest rates, the increase in available “remote” occupations, and a generally low amount of inventory for homes priced below \$300,000 placing upward pressure on home prices. Prices had increased significantly, and at a rapid pace, from mid-2020 through mid-2022. However, interest rates recently increased which has slowed some of the housing activity as potential market participants wait to see how the market reacts before listing or purchasing a home. There are indications of slightly longer marketing period. Prices appear to have become more stable with the previous rapid increase in prices having slowed dramatically. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development.

EXPOSURE/MARKETING TIME

Marketing time in this appraisal, is defined as: “An opinion of the amount of time it might take to sell a property interest at the concluded market value level or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.”¹

The reasonable *exposure time* is the period a property is on the market until a sale is consummated and as utilized in this appraisal, is defined as: “The time a property remains on the market; An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.”²

The reasonable exposure and marketing time is estimated to be six to twelve months based on the sales used in this report and based on conversations with brokers familiar with properties similar to the subject property.

HIGHEST AND BEST USE

The Seventh edition of The Dictionary of Real Estate Appraisal (Appraisal Institute; 2022, p. 88), defines highest and best use as: “The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

An analysis of market data supports the conclusion of highest and best use.

Highest and Best Use as Vacant

Legal Considerations

The subject property is located within the Town of Marana Land Use Plan. It is identified as Designated Flood Plain Zone (Zone D). This designation denotes areas immediately adjacent to the Santa Cruz River and within 12 feet vertically of the average bottom of the Santa Cruz River bed, when dry at its nearest point. This designation does not permit any residential or commercial, industrial, or quasi-public uses that entails the accommodation of persons overnight, or the storage of materials or equipment for more than 24 hours if such materials would become hazardous to human health and safety upon exposure to water, or if such materials or equipment would contaminate the Santa Cruz River as determined by the Town Planning Administrator. There is no maximum density unless otherwise dictated by prior density of land use.

Therefore, there are limited uses that could be developed under the existing zoning.

Physical Considerations

The site is a rectangular shaped property with 100 feet of frontage on Cortaro Road on the northwestern property line. The site has a depth of 290 feet (see Exhibits). It contains a total

1. The Dictionary of Real Estate Appraisal (Appraisal Institute, Seventh Edition, 2022), p. 116

2. Ibid, p. 67

area of 0.666 acres, per information provided to the appraiser. The property has some limited visibility from Cortaro Road, with Cortaro Road elevated above grade of this property. The property does not have access from Cortaro Road. The Town of Marana has indicated that it is highly unlikely that the property owner could obtain access from Cortaro Road. Due to the inability to obtain access from Cortaro Road and no other access to the property, the subject property does not have legal access. The only potential to obtain legal access for the subject property would be to purchase an access easement through the driveways of the lots to the north; however, it is unknown if this could occur in the future. The topography is mostly level. Soil conditions appear to be typical of the area. Properties bordering the subject property include commercial uses to the north, northwest, and east, the Santa Cruz River to the south, and the Santa Cruz River and vacant land to the west.

Utilities including electric (Tucson Electric Power Company), telephone (CenturyLink), water (City of Tucson Water Company), and sewer (Pima County Wastewater Management) are located within the vicinity of the property but are not available at the property line. Any development of the site would require an engineering study to determine the availability and adequacy of utilities. It is likely that a utility easement would need to be obtained over the parcels to the north and for utilities to be brought from the north to the property line as part of any development of the property. According to FEMA Flood Insurance Rate Map 04019C1655L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. The Santa Cruz River is located directly adjacent to the subject property.

Due to the lack of legal access, the property could not legally be developed with any buildings.

Financial Feasibility

The subject property does not have legal access and therefore cannot be developed with any buildings. The Town of Marana has indicated that it is highly unlikely that the property owner could obtain access from Cortaro Road. Therefore, the property does not have legal access. The only potential to obtain legal access for the property would be to purchase an access easement through the driveways of the lots to the north, which are under separate ownership; however, it is unknown if this could occur in the future. Therefore, any buyer purchasing the property would know the property did not have legal access and would not assume legal access could be obtained as this is uncertain. Even if legal access was obtained in the future, a utility easement would need to be purchased to bring utilities down to the property, and rezoning would likely be required for any development to occur. Based upon the lack of legal access as well as the lack of utilities and floodplain zoning, the most likely use of the property is for common area uses.

Maximally Productive

Therefore, the maximally productive highest and best use of the subject site is for common area uses.

SUMMARY OF ANALYSIS AND VALUATION - PART IV

SALES COMPARISON APPROACH

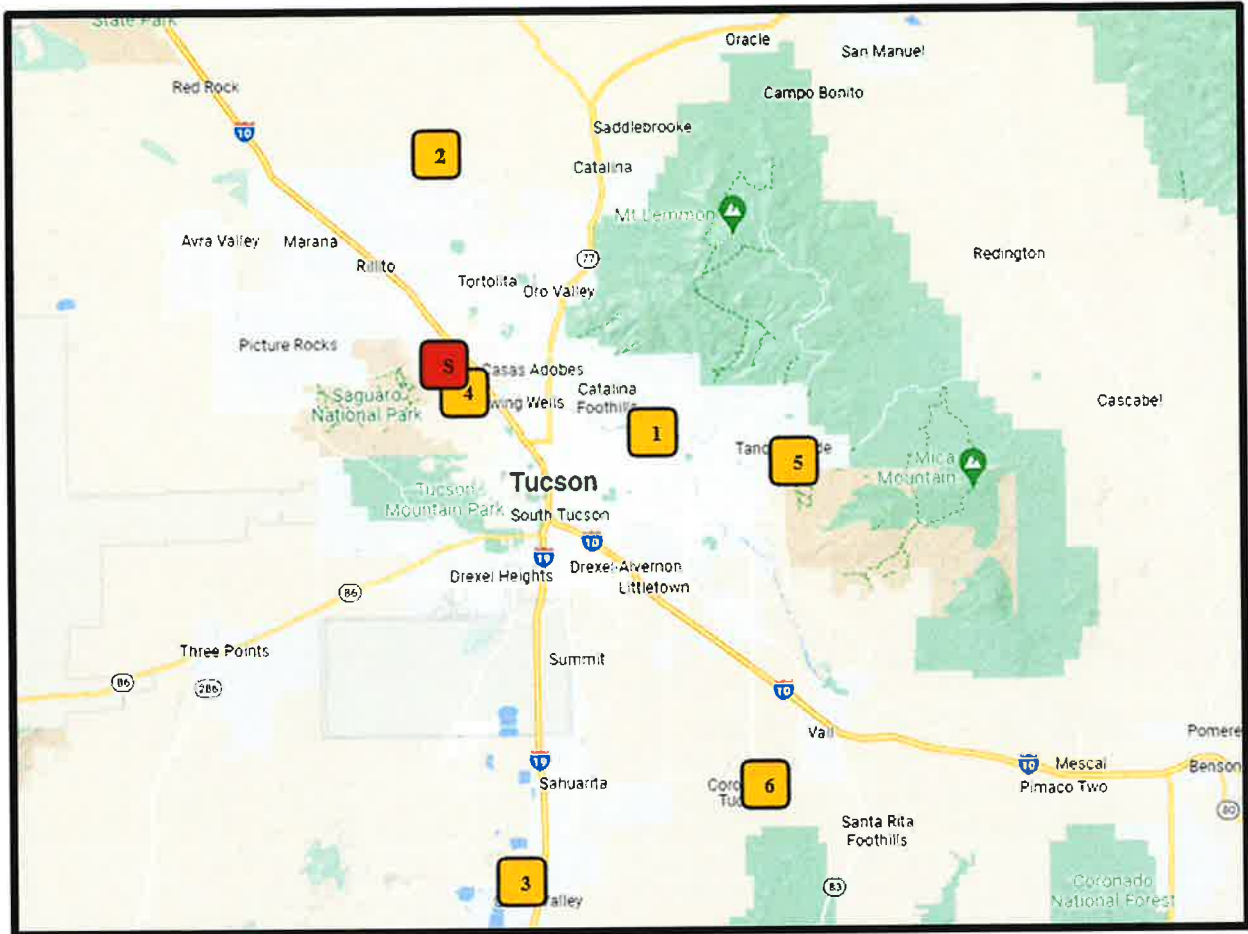
The sales comparison approach to value considers what a typical well-informed purchaser would pay for a property, based on an analysis of similar properties. This approach reflects the application of the principle of substitution, which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property.

This approach analyzes sales and listings of properties similar to the subject. This analysis uses those sales most relevant as indicators of value of the subject property, making adjustments for dissimilarities such as terms of sale, site size, location, zoning, and utility. Sales used in this approach must contain these elements; 1) both parties are typically motivated; 2) both parties are well-informed; 3) a reasonable market exposure time is allowed; 4) payment is made in cash or its equivalent; and 5) financing reflects terms typically available, and not affected by special or unusual terms. The summary below illustrates the comparable sales used in this report.

Table of Comparable Land Sales

Sale No.	Sale Date	Property Location	Sale Price	Site Size (Acres)	Price/Acre	Zoning
1.	02/18	North of Fort Lowell Road, east of Craycroft Road (channel of Pantano Wash)	\$8,000	1.108	\$7,220	SR
2.	08/18	Southeast side of Cochie Canyon Trail, north of Desperado Trail	\$229,295	15.427	\$14,863	RH
3.	09/18	North side of Esperanza Boulevard, west of La Canada Drive	\$136,481	12.33	\$11,069	SR
4.	11/19	East side of Silverbell, South of Ina Road	\$16,000	1.33	\$12,030	SR
5.	12/20	Northeast corner of Speedway Boulevard and Houghton Road	\$100,000	12.42	\$8,052	SR
6.	05/21	South side of Montgomery Avenue, west of Melpomene Way	\$2,500	0.08	\$31,250	CR-3
Subject Property				0.666		D

COMPARABLE LAND SALES LOCATION MAP



- Subject:** South side of Cortaro Road, northeast of the Santa Cruz River
- Sale 1: North of Fort Lowell, east of Craycroft Road (channel of Pantano Wash)
- Sale 2: Southeast side of Cochie Canyon Trail, north of Desperado Trail
- Sale 3: North side of Esperanza Boulevard, west of La Canada Drive
- Sale 4: East of Silverbell Road, south of Ina Road
- Sale 5: Northeast corner of Speedway Boulevard and Houghton Road
- Sale 6: South side of Montgomery Avenue, west of Melpomene Way

COMPARABLE LAND SALES

LAND COMPARABLE NUMBER ONE (SALE)

ID: SR 0748 7722

LOCATION: North of Fort Lowell, east of Craycroft Road (channel of Pantano Wash)

LEGAL DESCRIPTION: A portion of the Southeast Quarter of the Southwest Quarter of Section 25, Township 13 South, Range 14 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 109-22-024B

RECORD DATA: Fee Number 2018-0450174

DATE OF SALE: February 4, 2018

SELLER: John E. Osborne and Diana K. Osborne

BUYER: Pima County Flood Control District

CONFIRMED BY: Jeff Teplitsky; buyer representative (520-724-6306) TAB; June, 2019

LAND DESCRIPTION: The site is an irregular shaped backage property. The property contains a length of 228.52 feet on the southern border, a length of 164.21 feet along the western property line, a length of 476.60 on the northeastern property line, and a length of 180.59 on the southwestern property line. It contains a total area 1.108 acres, or 48,264 square feet. The property currently has access through a strip of land under the same ownership that provides access to Fort Lowell Road to the south. Fort Lowell Road is a two-lane, dirt graded roadway in the area of the site. No traffic count is available for Fort Lowell Road in the vicinity of this site according to the Pima Association of Governments, Transportation Division. The topography of the southwest portion of the property is mostly level and at grade of the adjacent properties. The northeast portion of the property is approximately 10 percent of the site and is mostly level and significantly below grade of the southwest portion of the property. The northeast portion is located within the channel of the Pantano Wash and is approximately 10 feet below grade of the balance of

the property. Properties bordering the property include low density residential uses and vacant land to the north, south, east, and west, and low density residential followed by higher density residential uses to the southwest. Utilities available to the property include electric and telephone. Water is available in the immediate area. Public sewer is not available to the property; septic is required.

According to FEMA Flood Insurance Rate Map 04019C1713L, dated June 16, 2011, the property is identified as being located in a Special Flood Hazard Area with a designation of Zone AE. The majority (95%) of the property is located within a FEMA floodway. The channel of the Pantano Wash is located within the eastern approximately 90% portion of the property. There is a 500-foot erosion hazard setback from the edge of bank of the Pantano Wash for properties within Pima County. The western portion of the property is located entirely within the erosion hazard setback of the Pantano Wash, which is not bank protected in the area of the property. Therefore, the entire property is located within either the channel or the erosion hazard setback of the Pantano Wash, with the majority being located within the FEMA floodway, and the rest of the property being located within a FEMA floodplain area.

LAND SIZE:	1.108 acres
ZONING:	SR (Pima County)
REPORTED SALE PRICE:	\$8,000
PRICE PER ACRE:	\$7,220
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no market sales of this property occurred within five years of the date of this sale.

CONDITIONS OF SALE:

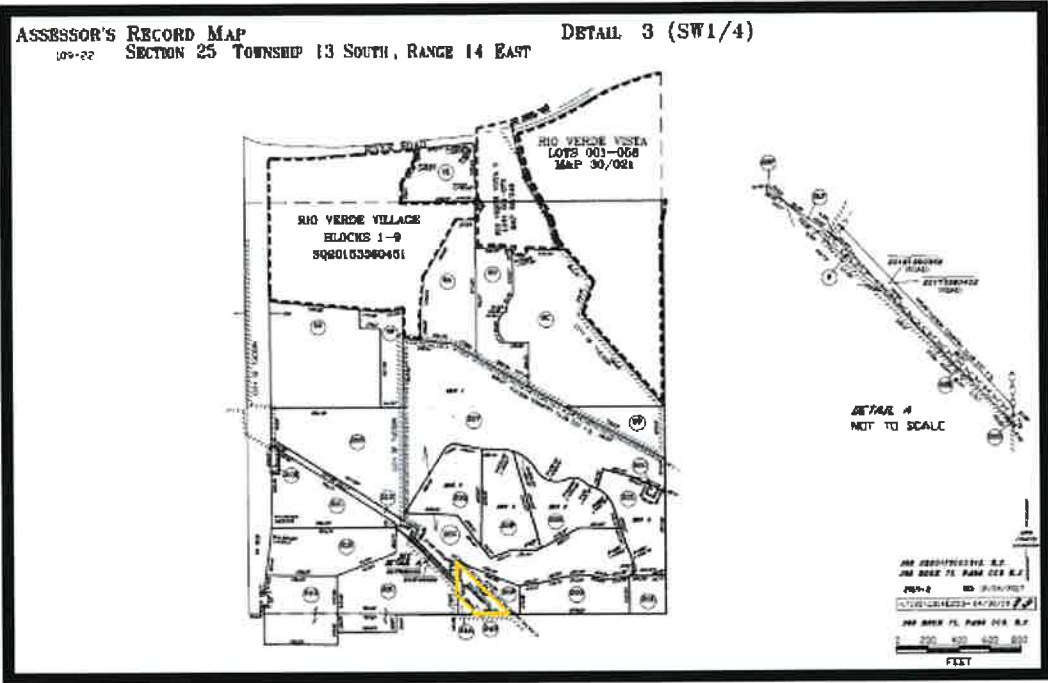
This sale was the purchase of land under the FLAP (floodplain) acquisition program by Pima County. The purchase price was based on an appraised market value.

INTENDED USE:

A portion is utilized for a linear park multiuse path, with land in the channel of the wash being open space for future flood control purposes.

COMMENTS:

This property is completely within a floodplain, with the majority located within a floodway. There is no area of the property that can be developed with habitable structures.



LOCATION: Southeast side of Cochie Canyon Trail, north of Desperado Trail

LEGAL DESCRIPTION: A portion of the Northeast Quarter of the Northwest Quarter of Section 10, Township 11 South, Range 12 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 218-10-005U (portion)

RECORD DATA: Fee number 2018-2200468

DATE OF SALE: August 8, 2018

SELLER: Michael and Kelly McCully Revocable Trust

BUYER: Meritage Homes

CONFIRMED BY: Ben Becker; buyer's agent (520-323-5100)
TAB; November, 2018

LAND DESCRIPTION: 15.427 acres. This site is an irregularly shaped interior property with approximately 820 feet of frontage on Cochie Canyon Trail. The site has a depth of 1,317.67 feet along the eastern property line. Cochie Canyon Trail is a one-lane, dirt road alignment with no concrete curbs, sidewalks or streetlights in the vicinity of this property. The Pima Association of Governments has no traffic count information for Cochie Canyon Trail in the vicinity of this site. The topography is sloping in a southerly direction. Utilities are not available to the site. According to FEMA Flood Insurance Rate Map 04019C1051L, dated June 16, 2011, portions of this property are within Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. Approximately 37 percent of the property is within FEMA Flood Zone: AO which are areas of 1 percent shallow flooding where average depths are between 1 and 3 feet. The South Cochie Canyon Wash runs through the southeast portions of the property. This wash has a 50 foot erosion hazard setback, with approximately 14.6 percent of the property in erosion hazard setback. This area is within a riparian habitat with a designation of Xeroriparian C.

LAND SIZE: 15.427 acres

ZONING: RH (Pima County)

REPORTED SALE PRICE: \$229,295

PRICE PER ACRE: \$14,863

MARKETING TIME: N/A

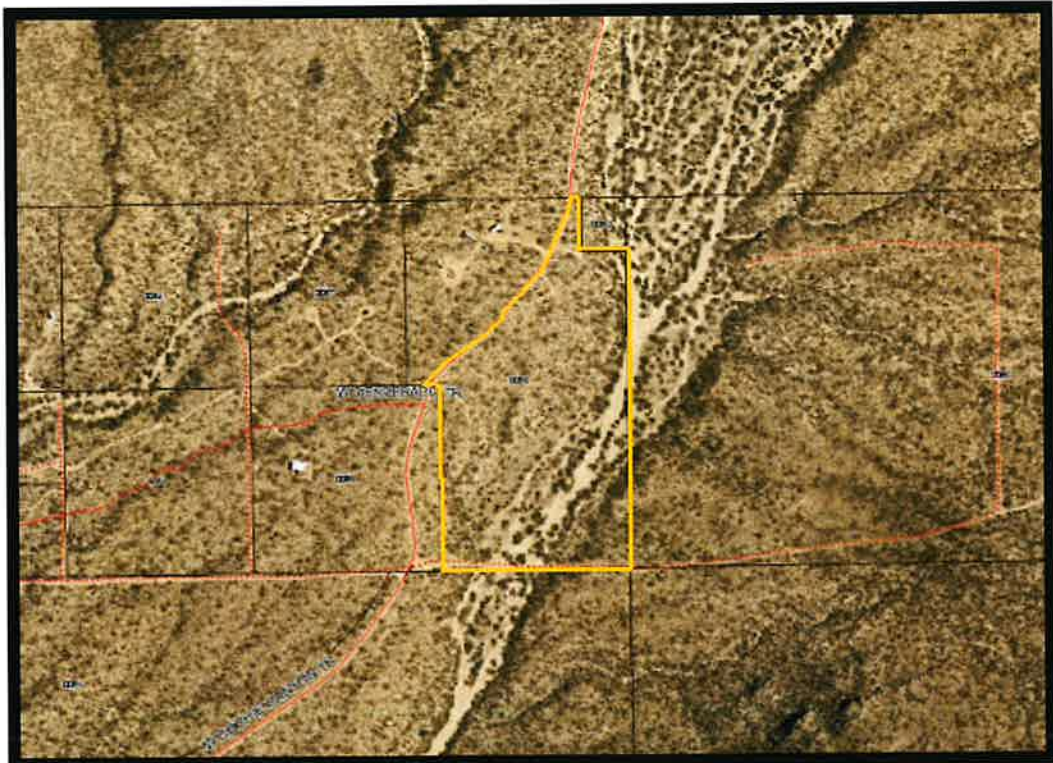
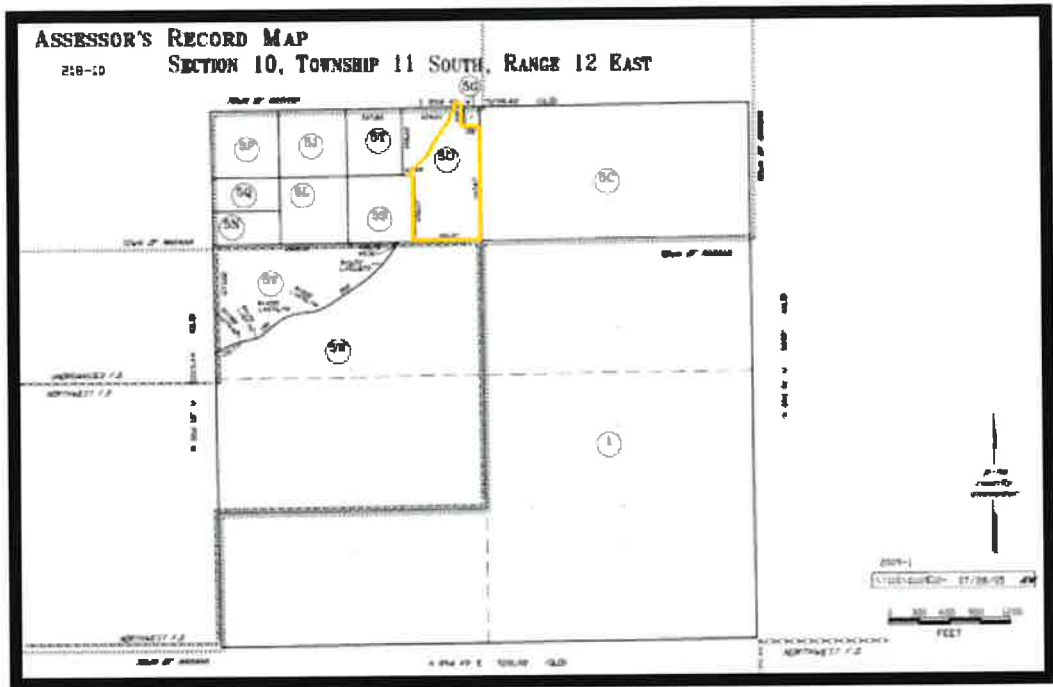
TERMS OF SALE: This was an all cash to the seller transaction.

PRIOR SALE: Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation. There was a prior sale of a manufactured home on 21.02 acres of land, with this sale of 15.427 acres of land being split off of that land area. This prior sale was at \$210,000.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Mitigation land to give rights to develop other land. Donated to Pima County for open space after purchase.

COMMENTS: No water rights were included in this sale. The property could be developed with 1 or 2 home sites outside any flood prone areas, however the buyer purchased the land as mitigation land where restrictions were placed on the land where no development could occur and the land would have to be maintained as open space. This mitigation land allowed the buyer to rezone other land and develop with housing as part of a subdivision development in Pima County. The buyer gifted the land to Pima County after the purchase, with Pima County to maintain as open space.



LOCATION: North side of Esperanza Boulevard, west of La Canada Drive

LEGAL DESCRIPTION: A portion of the North half of the North half of the North half of Section 15, Township 18 South, Range 13 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 304-61-274C

RECORD DATA: Fee number 2018-2500659

DATE OF SALE: September 7, 2018

SELLER: William L. Pippin and Teresa A. Pippin

BUYER: Las Campanas Community Association

CONFIRMED BY: Mary Moore; project manager for buyer (520-648-6730)
EWV; November, 2018

LAND DESCRIPTION: 537,095 square feet or 12.33 acres. This site is an irregularly shaped property with approximately 2,370 feet of frontage on Esperanza Boulevard along the southern property line. The site has a length of approximately 2,140 feet along the northern property line. Esperanza Boulevard is a two-lane, asphalt-paved roadway with no concrete curbs, sidewalks or streetlights in the vicinity of this property. Esperanza Boulevard has a 2014 traffic count of 5,022 vehicles per day east of this site, according to the Pima Association of Governments. The topography is sloping in an easterly direction. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C3935L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. An unknown local regulated wash runs along the northern and center portions of the property. The wash has an erosion hazard setback of 25 feet on the western portion of the property, and 50 feet in the northeast corner of the property. The area of the wash is within a riparian habitat with a designation of Hydromesoriparian.

LAND SIZE: 537,095 square feet or 12.33 acres

ZONING: CB-1 (Pima county)

REPORTED SALE PRICE: \$136,481

PRICE PER ACRE: \$11,069

MARKETING TIME: N/A

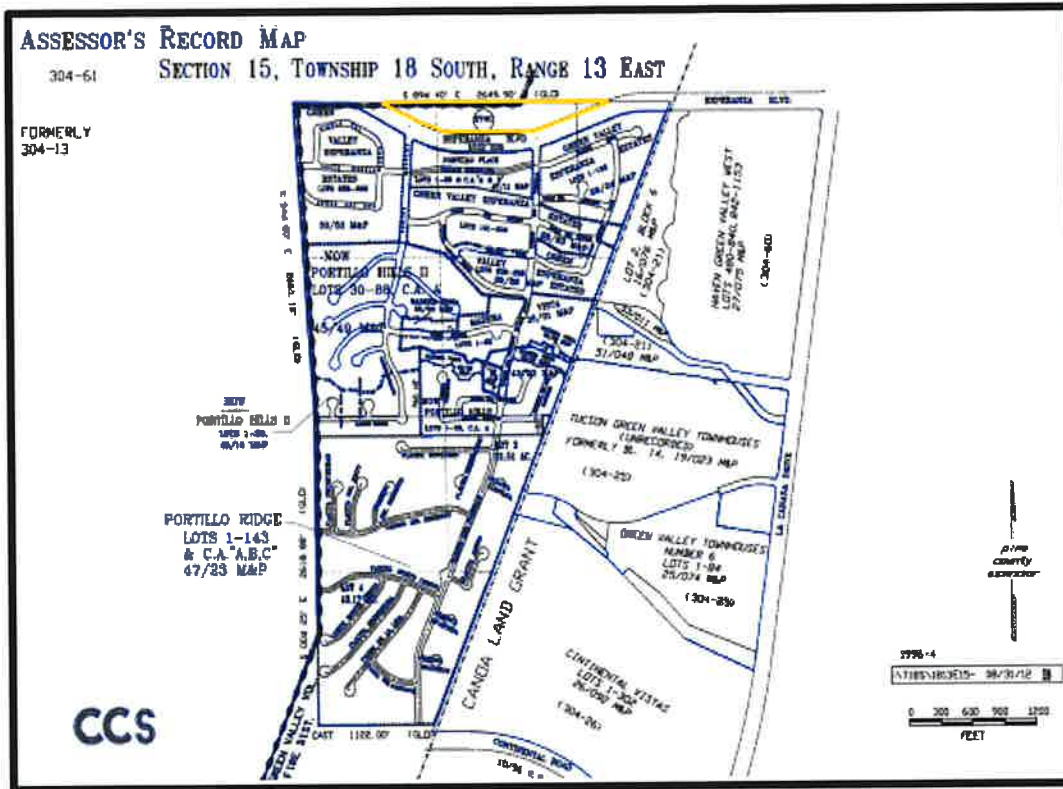
TERMS OF SALE: This was an all cash to the seller transaction.

PRIOR SALE: Records of the Pima County Assessor indicate that this property sold on March 19, 2018 for the amount of \$135,000. Transactions dated September 7, 2018 and July 5, 2018 were internal transfers and not market transactions.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Open space

COMMENTS: This land is restricted in use to open space and cannot be developed with buildings of any kind and has to remain as open space.



LOCATION: East of Silverbell Road, south of Ina Road

LEGAL DESCRIPTION: A portion of the Northeast Quarter of the Southeast Quarter of Section 2, Township 13 South, Range 12 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 214-04-0010

RECORD DATA: Fee number 20193191024

DATE OF SALE: November 15, 2019

SELLER: Tucson Mountain Investors, LLC

BUYER: Pima County Flood Control District

CONFIRMED BY: Jeffrey Teplitsky, representative of buyer (520-724-6306)
SRB; July, 2023

LAND DESCRIPTION: This site is a triangular shaped property with about 500 feet of frontage on Silverbell Road. The property has a depth of 385.62 feet on the eastern property line and a width of 380.90 feet on the northern property. Silverbell Road is a two-lane, asphalt-paved roadway with no concrete curbs, sidewalks, or streetlights in the vicinity of this property. Silverbell road has a 201[^] traffic count of 9,725 vehicles per day south of this site, according to the Pima Association of Governments. The topography is generally sloping somewhat to the south, with the northern portion slightly more level. Electric and water are available to the property. Public sewer is not available and a septic system would be required. There appears to be a transmission line crossing the western portion of the property. No buildings could be constructed under a transmission line. According to FEMA Flood Insurance Rate Map 04019C1655L, dated June 16, 2011, the majority of the land is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. Approximately 10-15% of the property is in a floodplain with a designation of Zone AE. There is a wash located in the southern portion of the property in

the area of the floodplain. The entire property is located within the erosion hazard setback of the nearby Santa Cruz River and therefore cannot be developed with a habitable structure. The majority of the property is located within a riparian area.

LAND SIZE: 1.33 acres, or about 57,935 square feet

ZONING: SR, Pima County

REPORTED SALE PRICE: \$16,000

PRICE PER ACRE: \$12,030

MARKETING TIME: Not available

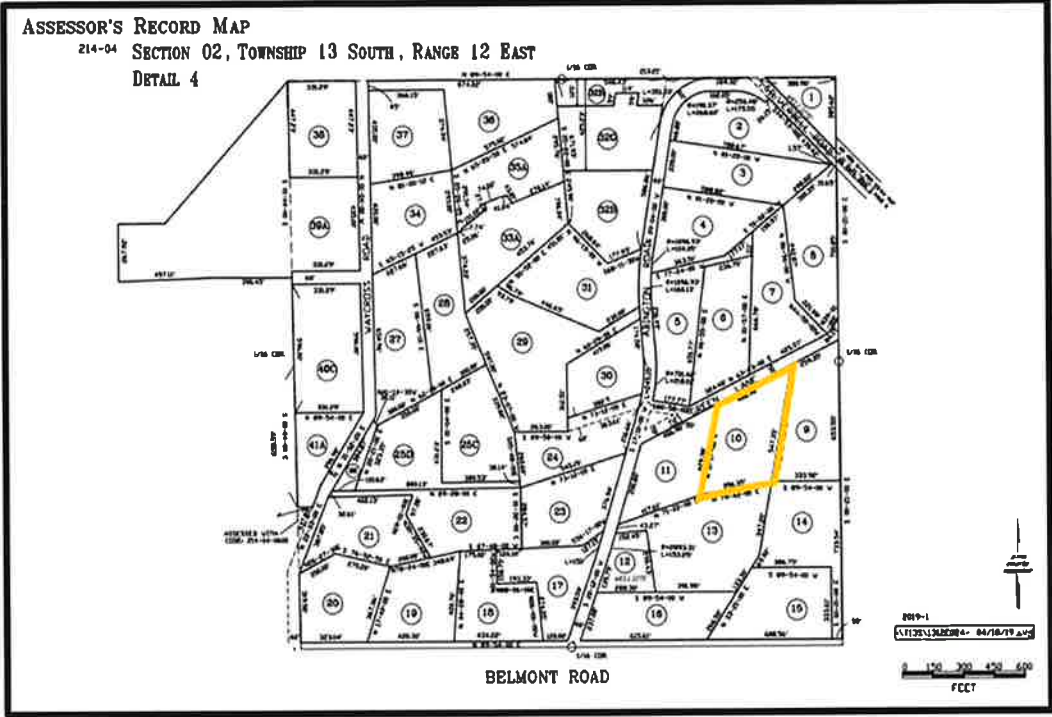
TERMS OF SALE: This was an all cash to the seller transaction.

PRIOR SALE: Records of the Pima County Assessor indicate that no market transaction has occurred within three years of the date of valuation. A transaction dated September 11, 2019 was an internal transfer and not a market transaction.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Open space

COMMENTS: Due to the entire property being located within the erosion hazard setback and not meeting zoning requirements, the property could not be developed with a building. The property had been listed on the market with an agent but was purchased by Pima County for use as open space.



LOCATION: Northeast corner of Speedway Boulevard and Houghton Road

LEGAL DESCRIPTION: Lot 12, excepting the South 75' and the West 164' and the East 477.84' thereof, located in the South half of the Southwest quarter of Section 1, Township 14 South, Range 15 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 133-01-066J

RECORD DATA: Sequence Number 20203510779

DATE OF SALE: December 16, 2020

SELLER: 76 Trust

BUYER: Pima County

CONFIRMED BY: Jeff Teplitsky, buyer's representative (520-724-6306) TAB; November 17, 2020

LAND DESCRIPTION: This site is a mostly rectangular shaped corner property with about 867 feet of frontage on Speedway Boulevard along the southern property boundary and about 867 feet of frontage on Houghton Road along the western property boundary. The property is at the northeast corner of Speedway Boulevard and Houghton Road, which is a fully signalized intersection. Speedway Boulevard is a four-lane, asphalt-paved roadway tapering to two lanes to the east of this site with some concrete curbs and no sidewalks or streetlights in the vicinity of this property. Speedway Boulevard has a 2019 traffic count of 4,802 vehicles per day in the vicinity of this site, according to the Pima Association of Governments. Houghton Road is a two-lane, asphalt-paved roadway with concrete curbs and no sidewalks or streetlights in the vicinity of this property. Houghton Road has a 2019 traffic count of 11,951 vehicles per day in the vicinity of this site, according to the Pima Association of Governments. The topography is mostly level, sloping in a northerly direction and below the existing street grades. The site is covered with heavy vegetation, especially along the wash areas. Utilities

available to the site include electric and telephone. There is no sewer to the property with the closest line being located to the west along Speedway Boulevard. Public water is located near but not to the parcel. According to FEMA Flood Insurance Rate Map 04019C2307M, dated September 28, 2012, the entire property is identified as being located in Zone AE which is a Special Flood Hazard Area subject to inundation by the 1% annual chance flood with Base Flood Elevations determined with about 70 percent of the site being located in the floodway of the Tanque Verde Wash which abuts this site along the northern property line. The floodway area in Zone AE is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights. No habitable structures can be constructed in a floodway. The site is also transversed by the Reyes Wash over the southwestern portion of the land. Most of the site is in the erosion hazard setback of these washes, with no habitable structures allowed in the erosion hazard setback. Almost the entire parcel is located in an Important Riparian Area identified as Hydromesoriparian or Mesoriparian H.

LAND SIZE:	12.42 acres
ZONING:	SR (Pima County) – see comments
REPORTED SALE PRICE:	\$100,000
PRICE PER ACRE:	\$8,051
MARKETING TIME:	N/A
TERMS OF SALE:	This will be an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.

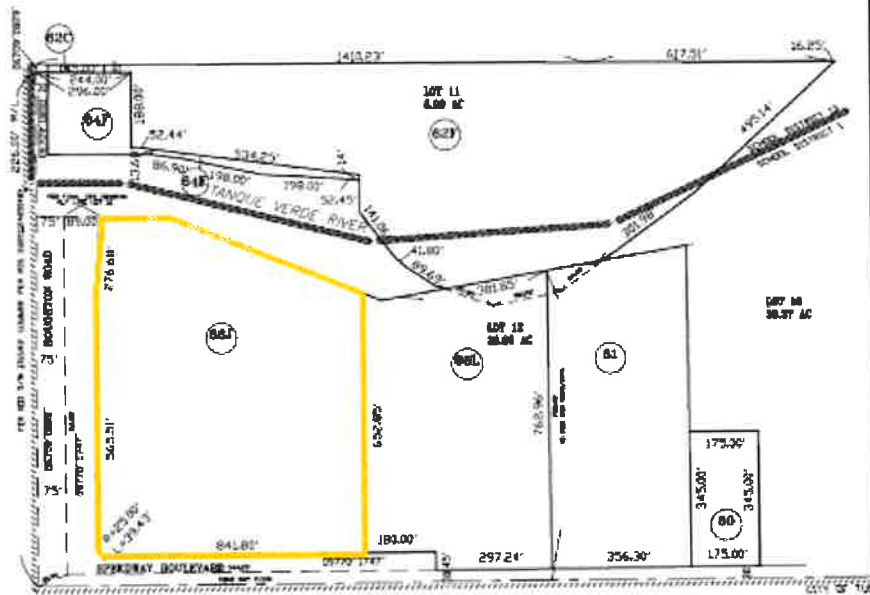
INTENDED USE:

Purchased for open space as part of the Pima County Flood Land Acquisition Program.

COMMENTS:

According to the Pima County Comprehensive Plan, a majority of the property is identified as LIU-0.3 (Low Intensity Urban-0.3 RAC) with about 20% of the site at the southwest corner identified as NAC (Neighborhood Activity Center).

ASSESSOR'S RECORD MAP
 133-0: SECTION 01, TOWNSHIP 14 SOUTH, RANGE 15 EAST
 DETAIL 2 (S 1/2 OF SW 1/4)



LAND COMPARABLE NUMBER SIX (SALE)

ID: CR3 0046 8210

LOCATION: South side of Montgomery Avenue, west of Melpomene Way

LEGAL DESCRIPTION: Block 3, Santa Rita Bel Air Estates, Pima County, Arizona

STATE TAX PARCEL: 305-24-1300

RECORD DATA: Fee Number 20211370230

DATE OF SALE: May 17, 2021

SELLER: Ajay S. Madhvani, Trustee under the Ajay S. Madhvani Trust, dated January 19, 2018

BUYER: Glen G. Koller and Heather L. Koller

CONFIRMED BY: Ajay S. Madhvani, seller
SRB; September, 2022

LAND DESCRIPTION: This site is an irregular shaped property with 26.73 feet of frontage on Montgomery Avenue along the northern property line, a length of 109.27 feet along the northwestern property line and a length of 166.94 feet along the eastern property line, and a depth of 54.29 feet on the western property line. The site contains a total area of 0.08 acres, or approximately 3,485 square feet. The site has access from Montgomery Avenue. Montgomery Avenue is a two-lane, asphalt-paved residential roadway. There is no traffic count available for Montgomery Avenue in the vicinity of this site. The topography is mostly level and at street grade. All utilities are available in the street adjacent to the site. According to FEMA Flood Insurance Rate Map 04019C3500L, dated June 16, 2011, the site is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There is an unnamed wash that runs north of the site along Montgomery Avenue.

LAND SIZE: 0.08 acres, or 3,485 square feet

ZONING: CR-3, Pima County

REPORTED SALE PRICE: \$2,500

PRICE PER ACRE: \$31,250
MARKETING TIME: N/A

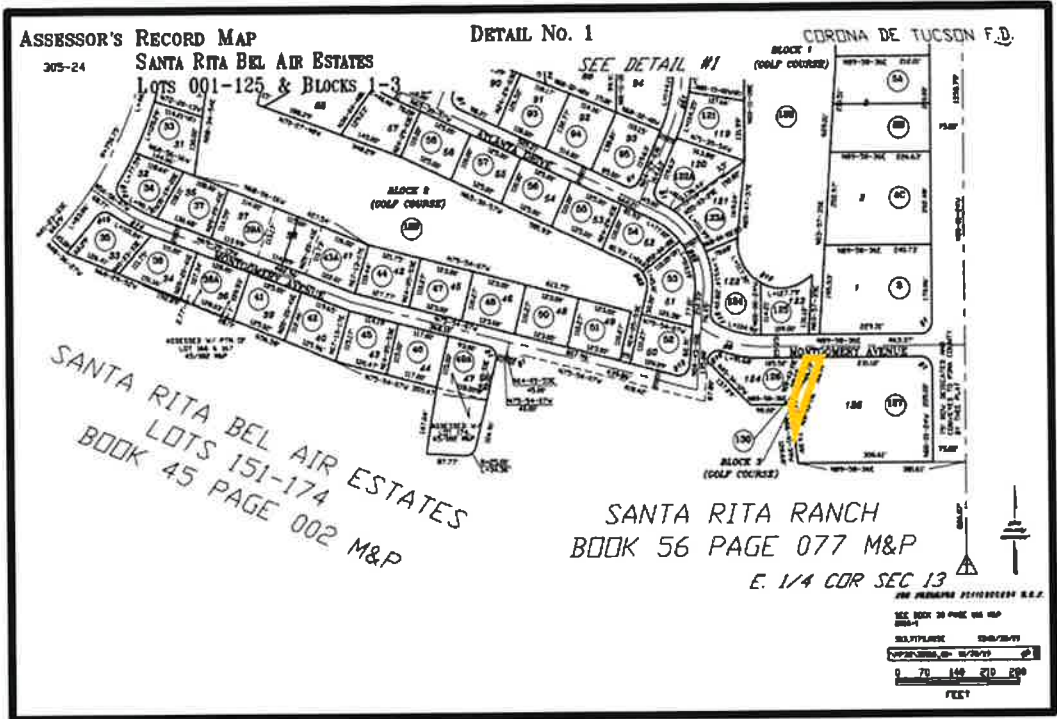
TERMS OF SALE: This is reported to be an all cash to the seller transaction.

PRIOR SALE: Records of the Pima County Assessor indicate this property sold for \$2,200 on January 9, 2018. This is considered to be a market sale. Market conditions improved since that time.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Open space

COMMENTS: This site is part of the former Santa Rita Golf Course and is deed restricted to a golf cart path or open space. The buyers were nearby property owners who intended to use the property for gardening or a similar open space use.



COMPARABLE SALES ADJUSTMENT GRID

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Sale Date		02/2018	08/2018	09/2018	11/2019	12/2020	05/2021
Site Size (Acres)	0.666	1.108	15.427	12.33	1.33	12.42	0.08
Zoning	D	SR	RH	CB-1	SR	SR	CR-3
Site Utility	Average	Inferior	Superior	Similar	Similar	Inferior	Similar
Sale Price		\$8,000	\$229,295	\$136,481	\$16,000	\$100,000	\$2,500
Price per Acre		\$7,220	\$14,863	\$11,069	\$12,030	\$8,052	\$31,250

Summary of Adjustments

Unadjusted Price / Acre	\$7,220	\$14,863	\$11,069	\$12,030	\$8,052	\$31,250
Property Rights	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$7,220	\$14,863	\$11,069	\$12,030	\$8,052	\$31,250
Financing	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$7,220	\$14,863	\$11,069	\$12,030	\$8,052	\$31,250
Conditions of Sale	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$7,220	\$14,863	\$11,069	\$12,030	\$8,052	\$31,250
Date/Market Conditions	<u>8%</u>	<u>7%</u>	<u>7%</u>	<u>5%</u>	<u>3%</u>	<u>2%</u>
Adjusted Price	\$7,798	\$15,904	\$11,844	\$12,632	\$8,293	\$31,875
Physical Adjustments (%)						
Location	0	10	10	0	0	0
Zoning	0	0	0	0	0	0
Site Size	5	20	20	5	20	-15
Site Utility	<u>30</u>	<u>-30</u>	<u>-10</u>	<u>0</u>	<u>20</u>	<u>-10</u>
Net Adjustment	35%	0%	20%	5%	40%	-25%
Indicated Value / Acre	\$10,527	\$15,904	\$14,213	\$13,263	\$11,610	\$23,906

This analysis compares six sales of similar vacant land open space parcels to the subject property on a price per acre basis. This is the sale price divided by the acreage of the site. Sales prices range from \$7,220 to \$31,250 per acre before adjustment. The adjustment grid on the previous page reflects the adjustments. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

Comparable Sale One requires an upward adjustment for date and market conditions as market conditions for this type of property have improved between the date of this sale and the date of value. This sale warrants an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a price per acre basis than smaller properties, all else being equal. There is an upward adjustment for site utility as this property has inferior utility with this property being more flood prone and undevelopable than the subject property. Overall, this sale price per acre indicates an upward adjustment in comparison to the subject property.

Comparable Sale Two requires an upward adjustment for date and market conditions as market conditions for this type of property have improved between the date of this sale and the date of value. This sale warrants an upward adjustment for location as this sale is located in an area with less demand compared to the area of the subject property. There is an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a price per acre basis than smaller properties, all else being equal. There is a downward adjustment for site utility as this property has better utility with more usability. There is a potential for a home or two to be developed on this site compared to the subject property. Overall, this sale price per acre indicates an upward adjustment in comparison to the subject property.

Comparable Sale Three requires an upward adjustment for date and market conditions as market conditions for this type of property have improved between the date of this sale and the date of value. This sale warrants an upward adjustment for location as this sale is located in an area with less demand compared to the area of the subject property. There is an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a price per acre basis than smaller properties, all else being equal. There is a downward adjustment for utility with better access and access to utilities. Overall, this sale price per acre indicates an upward adjustment in comparison to the subject property.

Comparable Sale Four requires an upward adjustment for date and market conditions as market conditions for this type of property have improved between the date of this sale and the date of value. This sale warrants an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a price per acre basis than smaller properties, all else being equal. Overall, this sale price per acre indicates an upward adjustment in comparison to the subject property.

Comparable Sale Five requires an upward adjustment for date and market conditions as market conditions for this type of property have improved between the date of this sale and the date of value. This sale warrants an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a price per acre basis than smaller properties, all else being equal. There is an upward adjustment for site utility as this property has inferior utility with this property being more flood prone and undevelopable than the subject property. Overall, this sale price per acre indicates an upward adjustment in comparison to the subject property.

Comparable Sale Six requires an upward adjustment for date and market conditions as market conditions for this type of property have improved between the date of this sale and the date of value. This sale warrants a downward adjustment for site size as this property is smaller than the subject property. Smaller properties tend to sell for more on a price per acre basis than larger properties, all else being equal. There is a downward adjustment for utility as this property has better access and better access to utilities. Overall, this sale price per acre indicates a downward adjustment in comparison to the subject property.

Estimated Land Value Summary

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Adjusted Sale Price / Acre	\$10,527	\$15,904	\$14,213	\$13,263	\$11,610	\$23,906

These six comparable sales indicate a price range of \$10,527 to \$23,906 per acre after adjustments. All of the sales provide a reliable indicator of the value range for the subject property. Sale Six adjusts higher than the range provided by the other sales as it was reported that the small size significantly impacted the price. After analyzing the comparable sales, the conclusion of market value of the subject property by the sales comparison approach, as of August 30, 2023, is \$14,000 per acre, times 0.666 acres, equaling \$9,324, rounded to \$9,400.

MARKET VALUE CONCLUSION

Therefore, based on the above analysis and subject to the assumptions and limiting conditions contained in this report, the opinion of market value of the subject property, as of the effective date of the appraisal, August 30, 2023, is \$9,400.

OPINION OF MARKET VALUE OF SUBJECT PROPERTY,
AS VACANT, AS OF AUGUST 30, 2023:

NINE THOUSAND FOUR HUNDRED DOLLARS
(\$9,400)

ASSUMPTIONS AND LIMITING CONDITIONS - PART V

1. **Type of Report.** This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. **Definitions.** "Appraisal," as herein defined, is the process of completing a service; namely, a valuation assignment. "Subject property" refers to the property which is the subject of the assignment. "Appraisers" are those persons, whether one or more, who have accepted the assignment and who have participated in the analyses, opinions, and conclusions formed in the appraisal. "Company" refers to Baker, Peterson, Baker & Associates, Inc. "Report" refers to this written document containing the analyses, opinions, and conclusions which constitute the appraisal.
3. **Liability.** The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraiser responsible for this report, is limited to the Client only, and to the fee actually received by the Company. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of any person other than the Client, the Client is responsible for making such party aware of all assumptions and limiting conditions related thereto. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the subject property, whether physical, financial, or legal.
4. **Title.** No opinion as to title is rendered. Data related to ownership and legal description was provided by the Client or was obtained from available public records and is considered reliable. Unless acknowledged in this report, no title policy or preliminary title report were provided. Title is assumed to be marketable and free and clear of all liens, encumbrances, and restrictions except those specifically discussed in the report. The property is appraised assuming responsible ownership, competent management and ready availability for its highest and best use.
5. **Survey or Engineering.** No survey or engineering analysis of the subject property has been made by the appraiser. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraiser assumes no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the value thereof, excepting those items which are specifically mentioned in the report.

6. **Data Sources.** The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the Client consider independent verification within these categories prior to any transaction involving a sale, lease, or other significant commitment of the subject property, and that such verification be performed by appropriate recognized specialists.
7. **Subsequent Events.** The date of valuation to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring after the date of valuation which may affect the opinions in this report. Further, in any prospective valuation assignment, the appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the date of valuation. Such prospective value estimates are intended to reflect the expectations and perceptions of market participants along with available factual data, and should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized.
8. **Adjustments.** The appraiser reserves the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available subsequent to issuance of the report.
9. **Special Rights.** No opinion is expressed as to the value of any subsurface (oil, gas, mineral) or aerial rights or whether the property is subject to surface entry for the exploration or removal of materials except where expressly stated in the report.
10. **Value Distribution.** The distribution of total value in this report between land and improvements applies only under the specified highest and best use of the subject property as herein described. The allocations of value among the land and improvements do not apply to any other property other than the property which is the subject of this report.
11. **Legal or Special Opinions.** No opinion is intended to be expressed for matters which require legal expertise, specialized investigation, or a level of professional or technical knowledge beyond that customarily employed by real estate appraisers.
12. **Personal Property.** Unless expressly stated within this report, no consideration has been given as to the value of any personal property located on the premises, or to the cost of moving or relocating such personal property. Only the real property has been considered.

13. **Soil Conditions.** Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraiser. Therefore, it is assumed that existing soil conditions are capable of supporting development of the subject property in a manner consistent with its highest and best use without extraordinary foundation or soil remedial expense. Further, it is assumed that there are no hidden or unapparent matters (hazardous materials, toxic substances, etc.) related to the soil or subsurface which would render the subject more or less valuable by knowledge thereof.
14. **Court Testimony.** Testimony or attendance in court or at any other hearing (including depositions) is not required by reason of rendering this appraisal or issuing this report, unless such arrangements have previously been made and are part of a contract for services.
15. **Exhibits.** Maps, floor plans, photographs, and any other exhibits contained in this report are for illustration only, and are provided as an aid in visualizing matters discussed within the report. They should not be considered as surveys or scale renderings, or relied upon for any other purpose.
16. **Statute, Regulation, and License.** Unless otherwise stated within the report, the subject property is assumed to be in full and complete compliance with all applicable federal, state, and local laws related to zoning, building codes, fire, safety, permits, and environmental regulations. Further, it is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authorizations have been, or can be, readily obtained or renewed as related to any use of the subject property on which the value estimate contained herein is based.
17. **Hidden or Unapparent Conditions.** It is assumed that there are no hidden or unapparent conditions which, if known, would affect the analyses, opinions or conclusions contained in this report. This includes, but is not limited to, electrical, mechanical, plumbing, and structural components.
18. **Hazardous/Toxic Substances.** In this appraisal assignment, no observation was made of the existence of potentially hazardous material used in the construction and/or maintenance of the improvements, or from any other source, whether borne by land or air, including, but not limited to, asbestos, lead, toxic waste, radon, and urea formaldehyde. While not observed, and while no information was provided to confirm or deny the existence of such substances (unless expressly stated herein), it is emphasized that the appraiser is not qualified to detect or analyze such substances. Unless otherwise stated, no consideration has been given to the presence of, nature of, or extent of such conditions, nor to the cost to "cure" such conditions or to remove any toxic or hazardous substances which could potentially affect the value or marketability of the property. 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. This value estimate assumes that there is no such material on or in the property.

19. ***Americans with Disabilities Act of 1990.*** The ADA became effective on January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
20. ***Disclosure.*** Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, including the value estimate, the identity of the appraisers or their professional designations, or the company with which the appraisers are associated, shall be used for any purpose by anyone other than the Client as herein stated, without the prior written consent of the appraisers. Nor shall it be conveyed, in whole or in part, in the public through advertising, news, sales, listings, or any other media without such prior written consent. Possession of this report does not carry with it any right of public distribution.
21. ***Endangered and Threatened Species.*** The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or 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. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.
22. ***Acceptance of Report.*** Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.

CERTIFICATION - PART VI

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation, the Code of Ethics and Standards of Professional Practice of the Appraisal Institute, and any other specifications submitted by the Client, including Title XI, FIRREA.
8. The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.
9. In accord with the Uniform Standards of Professional Appraisal Practice, I have the experience and knowledge to complete this assignment in a credible and competent manner.
10. As of the date of this report, I have completed requirements of the continuing education program of the Appraisal Institute.
11. The effective date (date of valuation) of this appraisal is August 30, 2023.
12. I have made a personal inspection of the property that is the subject of this report.

13. Our firm has not appraised the subject property within three years prior to this assignment.
14. No one provided significant real property appraisal assistance to the person signing this certification.
15. I am a Certified General Real Estate Appraiser in the State of Arizona.



Sara R. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 31679
Designated Supervisory Appraiser
Registration Number DS0082

EXHIBITS - PART VII

- Exhibit A Subject Plat Map
- Exhibit B Aerial Photograph
- Exhibit C Zoning Map (City of Marana)
- Exhibit D Flood Plain (Pima County)
- Exhibit E FEMA Flood Plain Map
- Exhibit F Legal Description and Maps of Parts To Be Acquired
- Exhibit G License & Maintenance Agreement
- Exhibit H Subject Photographs
- Exhibit I Qualifications

EXHIBIT B - AERIAL PHOTOGRAPH



EXHIBIT C - ZONING MAP
(Town of Marana)

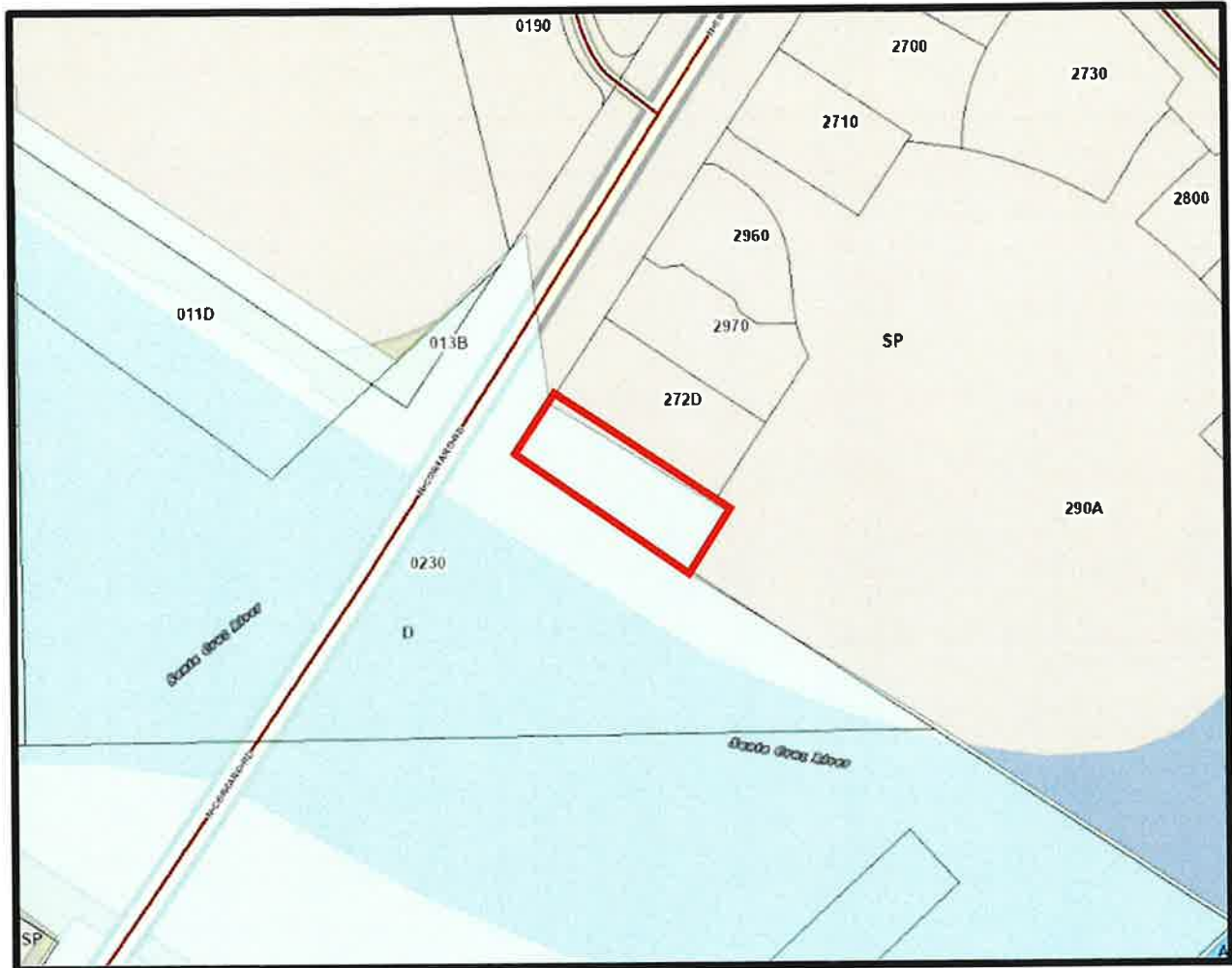


EXHIBIT D - FLOOD PLAIN MAP
(Pima County)

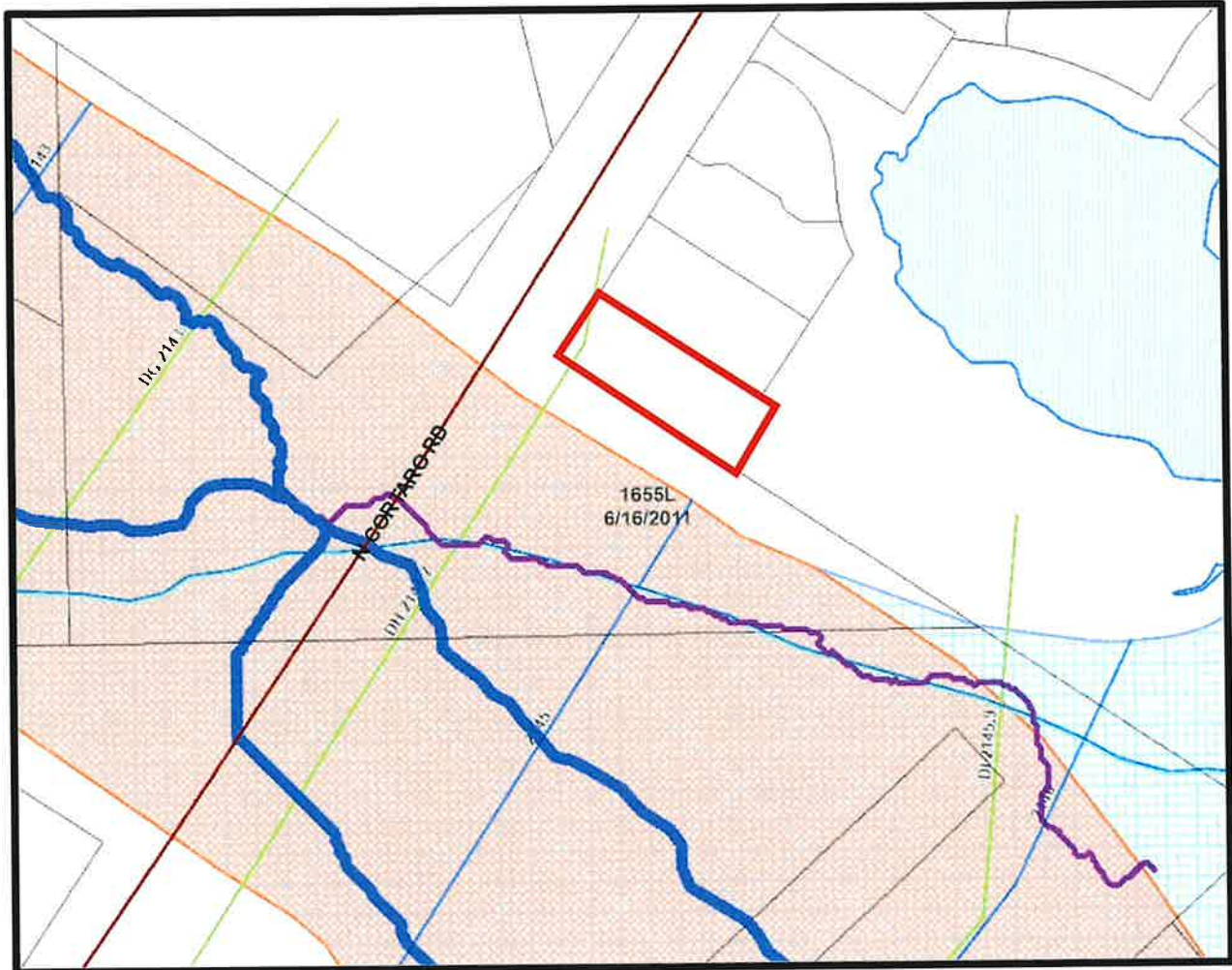


EXHIBIT E - FEMA FLOOD PLAIN

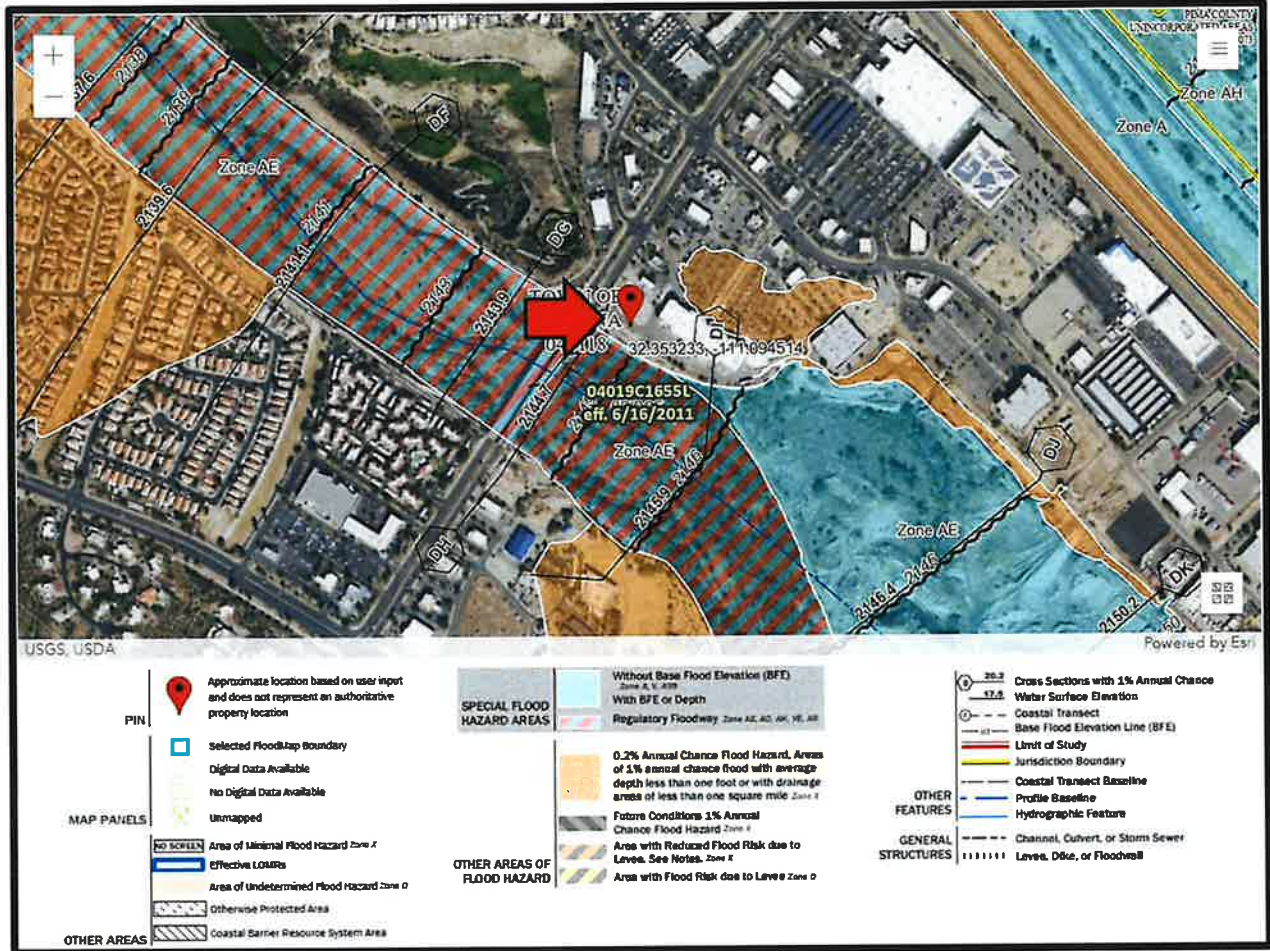


EXHIBIT F - LEGAL DESCRIPTION AND AERIAL

(see following pages)

EXHIBIT "A"
LEGAL DESCRIPTION

A portion of the Northwest Quarter of Section 26, Township 12 South, Range 12 East, Gila & Salt River Meridian, Pima County, Arizona, and being a portion of the Cortaro Road right-of-way as as described in Docket 7669 at Page 1189, and as described as Parcel "A" in Docket 8097 at Page 1971, Sequence No. 2017-2790527, Page 4 of 35, recorded in the office of the Pima County Recorder, Arizona, and as shown on the Pima County Department of Transportation's Cortaro Road, Silverbell to I-10 Right-of-Way plans No. 4BBRGF, more particularly described as follows:

BEGINNING at the westerly most corner of Lot 4 of the Final Plat for Continental Ranch Retail Center – Westside, Book 60 of Maps and Plats at Page 075, to which the most northerly corner of said Lot 4 bears North 33°30'07" East;

THENCE along the southwest line of said Lot 4, South 56°29'53" East a distance of 290.00 feet to an angle point in said southwest line;

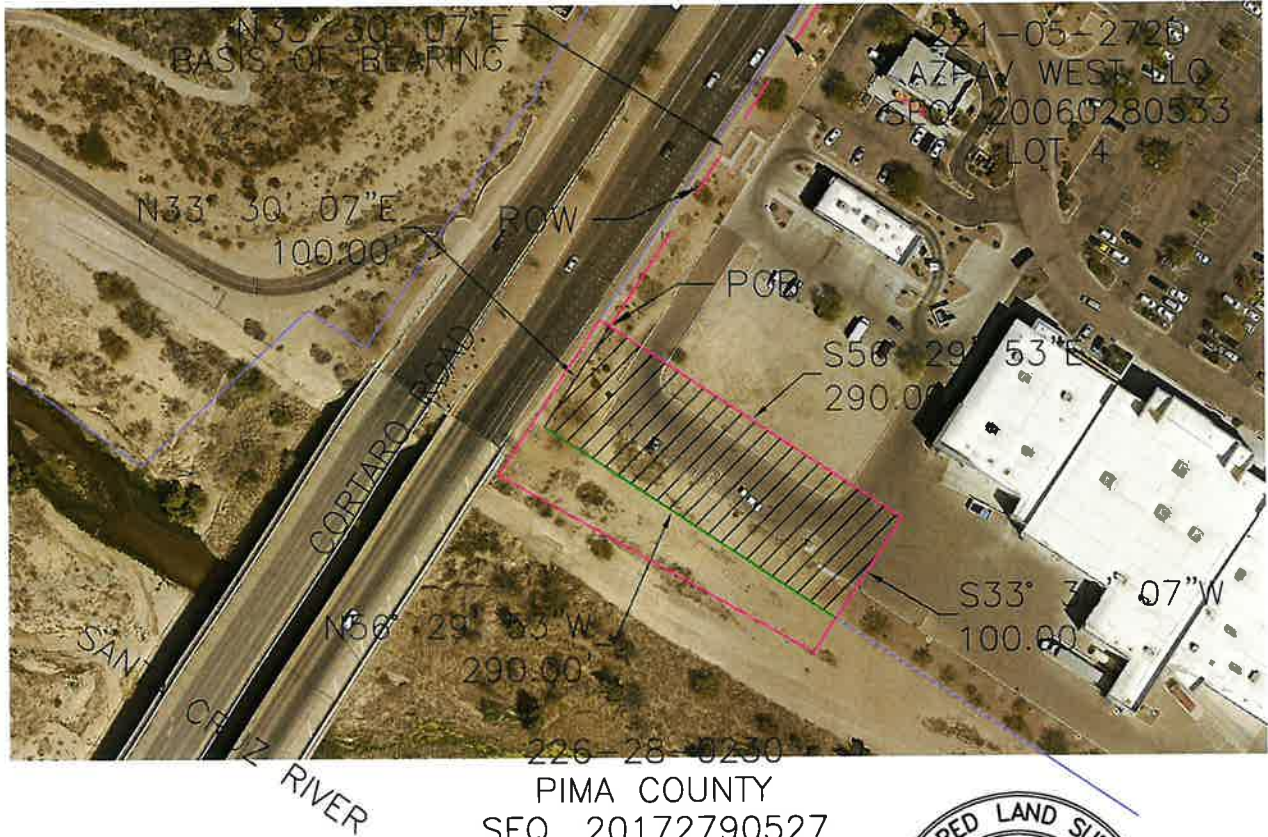
THENCE continuing along said southwest line South 33°30'07" West a distance of 100.00 feet to an angle point in said southwest line;

THENCE North 56°29'53" West a distance of 290.00 feet to a point on a line 10 feet southeast of and parallel with the southeast right-of-way line of Cortaro Road;

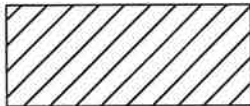
THENCE along said parallel line North 33°30'07" East a distance of 100.00 feet to the **POINT OF BEGINNING**.



DEPICTION OF EXHIBIT "A"



PIMA COUNTY
SEQ. 20172790527



PARCEL AREA =
0.666 ACRES ±



PIMA COUNTY SURVEY

A PORTION OF PARCEL A SEQ. 20172790527
LOCATED IN SECTION 26, TOWNSHIP 12 SOUTH, RANGE 12 EAST,
GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA

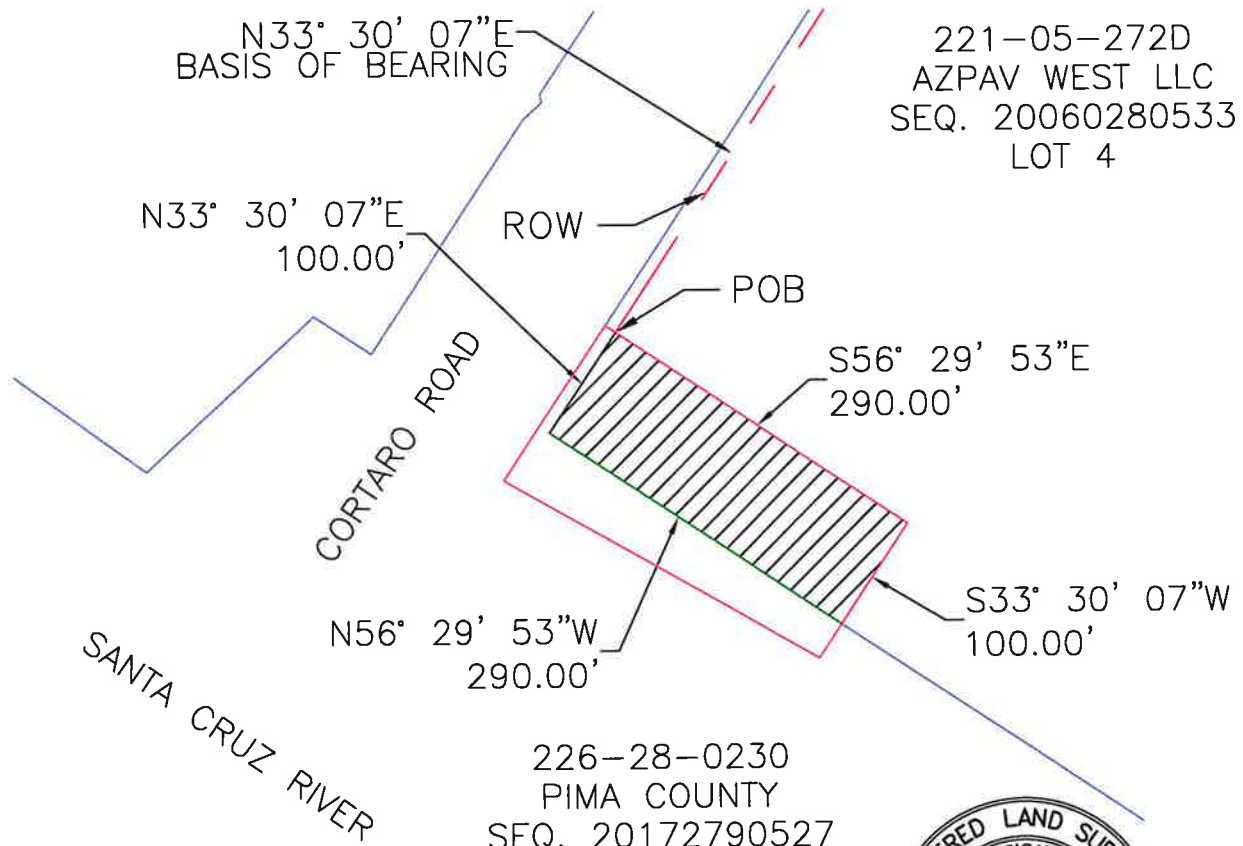
Scale: 1" = 150'

Date: 08 AUGUST 2023

Drawn By: DRT

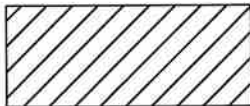
Sheet 2 of 2

DEPICTION OF EXHIBIT "A"



221-05-272D
 AZPAV WEST LLC
 SEQ. 20060280533
 LOT 4

226-28-0230
 PIMA COUNTY
 SEQ. 20172790527



PARCEL AREA =
 0.666 ACRES ±



PIMA COUNTY SURVEY

A PORTION OF PARCEL A SEQ. 20172790527
 LOCATED IN SECTION 26, TOWNSHIP 12 SOUTH, RANGE 12 EAST,
 GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA

EXHIBIT G - LICENSE & MAINTENANCE AGREEMENT

(see following pages)

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: MRB
DEPUTY RECORDER
1562 PE1

PCREA
PIMA CO REAL PROPERTY SERVICES
PICK UP
ATTN LISA



DOCKET: 13129
PAGE: 248
NO. OF PAGES: 7
SEQUENCE: 20071680063
08/29/2007
AG 10:27
PICKUP
AMOUNT PAID \$ 0.00

For Recorder's Use Only

CONTRACT
NO. <u>12-04-C-139757-0807</u>
AMENDMENT NO. _____
This number must appear on all invoices, correspondence and documents pertaining to this contract.

PIMA COUNTY
**LICENSE & MAINTENANCE
AGREEMENT**

THIS AGREEMENT is made between Pima County Flood Control District, a political subdivision of the State of Arizona, ("County"), and Continental Ranch Development, LLC, ("Licensee"). The parties agree as follows:

- Grant of Permission.** In consideration of the promises contained herein, County hereby gives permission, revocable and terminable as provided herein, to Licensee to encroach on that portion of County's land described on the attached **Exhibit "A"** and depicted on the attached **Exhibit "A-1"** (the "Property"). The Licensee will be authorized to install and maintain a parking lot, public utilities, storm drain, drainage channel and safety railing (the "Encroachment"), according to plans previously submitted to the County.
- Conditions of Agreement.** Licensee shall install and maintain a standard safety railing within 150 feet of the Santa Cruz River Bank prior to the use of the parking lot. County is to have unobstructed continual access to the Santa Cruz River Bank for maintenance or construction to the soil cement.
- Maintenance Obligation.** Licensee will be responsible to maintain all Encroachments on the Property. Licensee shall be solely responsible for the administration, labor and costs of

REC-10705 0000400

7

maintaining the Encroachments. When performing the ongoing maintenance, Licensee shall, at its expense, provide adequate barricades, warning signs, and similar safety devices as required for the safety of the public. Failure to maintain Encroachments shall be cause for termination of License and Maintenance Agreement. The costs incurred for, but not limited to, construction of parking lot, safety rail, drainage channel, and obtaining of easements and utility lines, shall be the sole responsibility of Licensee.

4. **Privilege Assignable.** Licensee's privileges hereunder are assignable only upon written approval of County; except that Licensee may assign this Agreement to a purchaser of 100% of Licensee's interest in the real property adjacent to the Property, provided that the assignee assumes all of Licensee's obligations under this Agreement.
5. **Hold Harmless.** All costs associated with the Encroachment shall be the sole responsibility and expense of Licensee. To the fullest extent allowed by law, Licensee indemnifies, defends, and holds harmless County, its officers, departments, employees, and agents from and against any and all suits, actions, legal or administrative proceedings, claims, demands, or damages of any kind or nature arising out of this License and Maintenance Agreement, which are attributed, in whole or in part, to Licensee's use of the Property, or to any act or omission of the Licensee, its agents, employees, or anyone acting under its direction, control or on its behalf, whether intentional or negligent in connection with or incident to this License and Maintenance Agreement. Licensee's indemnification shall not extend to the negligence of County, its officers, departments, employees and agents. This indemnity shall survive the termination or revocation of the License and Maintenance Agreement.
6. **Insurance.** Prior to construction of the Encroachment, Licensee shall obtain a \$5,000,000 commercial general liability insurance policy naming County as Additional Insured to cover the Encroachment within the Property. County reserves the right to require additional insurance at County's reasonable discretion. The policy shall be maintained throughout the term of this License and Maintenance Agreement by the Licensee or Licensee's assignees. This License and Maintenance Agreement shall terminate if insurance lapses. A certificate of insurance shall be supplied to County with the stipulation that the insurance company shall notify County in writing of any intent to cancel the liability insurance. This notification shall be required no less than thirty days prior to cancellation, and Licensee shall remove the Encroachment at its expense within thirty days of notification.
7. **Term.** This License and Maintenance Agreement shall run for a period of 25 (twenty five) years from the date this License and Maintenance Agreement is executed by Pima County Board of Directors. Notwithstanding any other condition, this License and Maintenance Agreement may be terminated by either party or revoked by County upon ninety days' written notice to the other. County may terminate or revoke by recording a termination or revocation statement executed by the Manager of the Real Property Services of the Public Works Administration. When this License and Maintenance Agreement lapses, terminates or is revoked, Licensee shall remove the Encroachment from the Property at no expense to County.

and to the satisfaction of County within 90 days. Licensee shall restore the Property to the pre-License condition or as may be mutually agreed upon.

8. Licensee Has No Interest or Estate. Licensee agrees that it has no claim, interest, or estate at any time in the Property by virtue of this License and Maintenance Agreement or its use hereunder. Upon termination or revocation of this License and Maintenance Agreement, Licensee shall have no right of entry upon the Property.

9. License and Maintenance Agreement Runs With the Land. The provisions, conditions, restrictions and covenants of this License and Maintenance Agreement are both personal and shall run with the land described on the attached Exhibit "B" and shall be binding on all persons owning or occupying any portion of the land.

10. Removal of Encroachment. Upon termination or revocation of this License and Maintenance Agreement for any reason or in the event partial or total removal of the Encroachment is required by County, Licensee shall promptly remove all or part of the Encroachment as required by County at Licensee's sole expense and to the satisfaction of County. Licensee shall not seek compensation or financial reimbursement for any and all costs associated with the removal or relocation of the Encroachment from County. In the event the Encroachment is not promptly removed by Licensee as directed by County, County shall have the right to remove the Encroachment and Licensee hereby agrees to reimburse the total amount of County's costs incurred for the partial or complete removal of the Encroachment within sixty (60) days of receipt of an invoice from County for said costs. In the event Licensee fails to reimburse County for the costs of removal within the 60-day period, County shall immediately file a lien upon the property described in Exhibit "B" herein, which shall be a continuing lien, and Licensee hereby consents to the placement of such a lien on said property. Said lien may be enforced by foreclosure in like manner as a mortgage on real property. County shall be entitled to County's reasonable attorney's fees and interest at the rate established by A.R.S. § 44-1201(A), occurring from the date the costs are incurred.

11. Conflict of Interest. This Agreement is subject to A.R.S. § 38-511 which provides for cancellation of contracts by Pima County for certain conflicts of interest.

IN WITNESS WHEREOF, the parties hereto have executed this License and Maintenance Agreement as of the date signed by the Chairman of the Pima County Flood Control District Board of Directors.

LICENSOR: PIMA COUNTY FLOOD CONTROL DISTRICT

PIMA COUNTY, ARIZONA


Chairman, Pima County Flood Control District Board of Directors

AUG 07 2007

ATTEST:

Robert Brugode, Deputy
Clerk, Pima County Flood Control District Board of Directors

APPROVED AS TO FORM:

[Signature]
Deputy County Attorney

LICENSEE: Continental Ranch Development

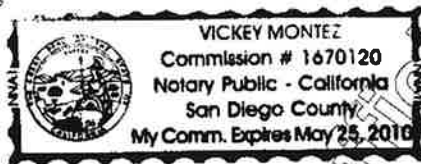
By: *[Signature]*

Title: Manager

STATE OF CALIFORNIA
County of San Diego) ss.

On June 6, 2007, before me, Vickey Montez, Notary Public, personally appeared Mark Schlossberg, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



[Signature]
Notary Public

My Commission Expires:
May 25, 2010

15-1000 0021-08



Revised January 03, 2007
January 16, 2002
WLB No. 186031-K-65A-1003

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EXHIBIT A

**LEGAL DESCRIPTION
CONTINENTAL RANCH
PIMA COUNTY LEASE PARCEL**

That portion of the Southwest Quarter (SW 1/4) of Section 26, Township 12 South, Range 12 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

BEGINNING at the most Westerly corner of Block 2 of Continental Ranch Retail Center, as recorded in the office of the Pima County Recorder, Pima County, Arizona, in Book 56 of Maps and Plats, Page 49;

THENCE S 56°29'53" E, along the Southwesterly line of said Block 2, a distance of 290.00 feet;

THENCE S 33°30'07" W, along said block line and the prolongation of said line, a distance of 133.58 feet;

THENCE N 60°21'04" W, a distance of 300.68 feet to a point on the Southeasterly right-of-way line of Cortaro Road;

THENCE N 33°30'07" E, along said right-of-way line, a distance of 153.79 feet;

THENCE S 56°29'53" E, along said right-of-way line, a distance of 10.00 feet to the **POINT OF BEGINNING**.

Containing 43,106 square feet, more or less.

Prepared By:

THE WLB GROUP, INC.

Jack A. Buchanan
JAB:jb



EXHIBIT B

Blocks 2, 3 and 4, of CONTINENTAL RANCH RETAIL CENTER, according to the plat of record in the office of the County Recorder of Pima County, Arizona, recorded in Book 56 of Maps, Page 49.

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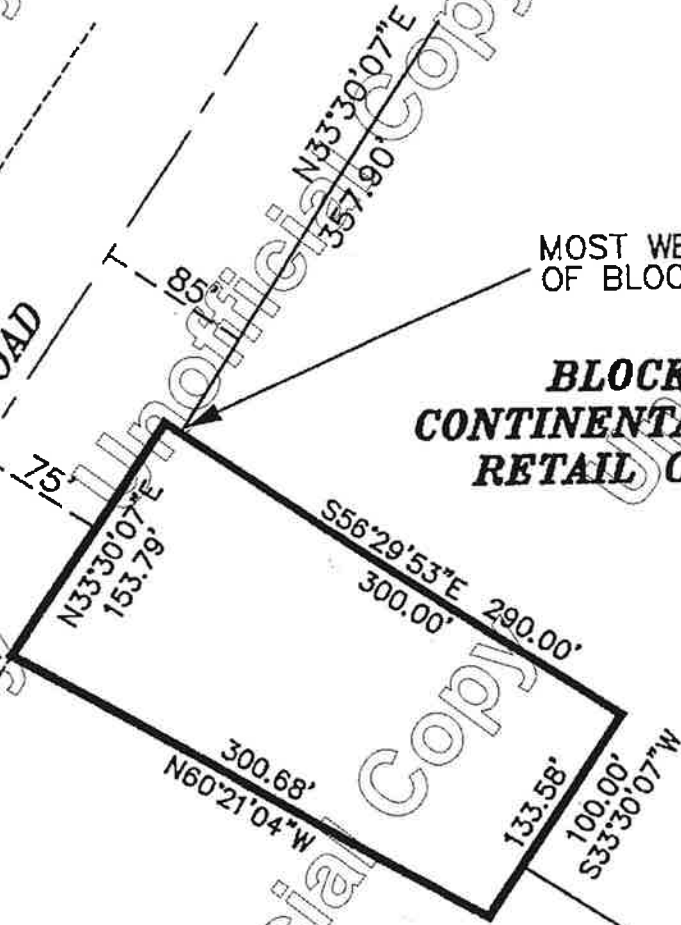
2025-08-08

EXHIBIT A-1

CORTARO ROAD

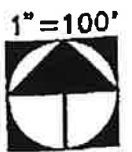
MOST WESTERLY CORNER
OF BLOCK 2

**BLOCK 2
CONTINENTAL RANCH
RETAIL CENTER**



**EXHIBIT TO ACCOMPANY DESCRIPTION OF
A LEASE PARCEL
WITHIN
CONTINENTAL RANCH
SECTION 26, T. 12 S., R. 12 E., G.S.R.M.,
PIMA COUNTY, ARIZONA**

WLB# project No. 186031-K65A-1003X
8-02-2005 N:\186031\PAR65\EXBT_Count Dirt Parcel.dwg
Rev 01-03-2007



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EXHIBIT H - SUBJECT PHOTOGRAPHS

PHOTO 1 – VIEW EAST ACROSS PROPERTY FROM CORTARO



PHOTO 2 – VIEW SOUTHWEST ACROSS PROPERTY



PHOTO 3 – VIEW WEST ACROSS PROPERTY



PHOTO 4 – VIEW WEST ACROSS PROPERTY



PHOTO 5 – VIEW NORTHEAST ACROSS PROPERTY



PHOTO 6 – VIEW EAST ACROSS PROPERTY



PHOTO 7 – VIEW NIRTH ACROSS PROPERTY



PHOTO 8 – VIEW SOUTH ACROSS PROPERTY



PHOTO 9 – VIEW NORTH ON CORTARO ROAD



PHOTO 10 – VIEW SOUTH ON CORTARO ROAD



EXHIBIT I - QUALIFICATIONS

BAKER, PETERSON, BAKER & ASSOCIATES, INC. serves a wide variety of clients in Arizona, providing real estate appraisal and consultation services relating both to commercial and to residential properties. We also provide a wide variety of appraisal services relating to right of way acquisitions for multiple government agencies across Arizona. These clients include governmental agencies, utility companies, right of way companies, attorneys, CPA's, banks, credit unions, developers, real estate brokers, corporate and legal professionals, and numerous individuals. More than forty years of such services are represented by those presently associated with the firm, which was founded in 1974.

THOMAS A. BAKER, MAI, SRA, is a principal of the Company, and specializes in valuation and consultation services related to commercial, income-producing, and residential properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 30139). He is a graduate of the University of Arizona, with a Master's Degree in Business Administration (MBA) with a specialty in Real Estate Finance. He holds the MAI and SRA Designations of the Appraisal Institute. He qualifies as an expert witness in United States District Court, the Superior Courts of Pima County, Maricopa County, Pinal County and Santa Cruz County, and United States Bankruptcy Court. He is Past President of the Tucson Chapter of the Society of Real Estate Appraisers and is Past President of the Southern Arizona Chapter of the Appraisal Institute.

SARA R. BAKER, MAI, SRA, is a principal of the Company, and specializes in valuation and consultation services related to commercial, income-producing, and residential properties. She is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 31679). She holds the MAI and SRA Designations of the Appraisal Institute. She qualifies as an expert witness in the Superior Court of Pima County. She is a Past President of the Appraisal Institute, Southern Arizona Chapter. Sara graduated from Washington University in St. Louis with a Bachelor's Degree in Comparative Literature and earned a Master's Degree at the University of California at Los Angeles.

DAN F. ORLOWSKI is a staff appraiser specializing in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 32195). He graduated from San Diego State University with a Bachelor's Degree in Business Administration and earned a Master's Degree from the University of Phoenix in Accountancy.

TIM HALE is a staff appraiser specializing in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 1023143). He graduated from Arizona State University with a Bachelor's Degree in Justice Studies.

VALENTIN MINCHEV is an appraiser trainee in commercial valuation. He graduated from the Berlin School of Economics and Law, Berlin, Germany with a Bachelor's Degree in International Business Management.

ROBERT PARKER and **JOSHUA BAKER** are production coordinators and support technicians.