



MEMORANDUM

Date: January 30, 2015

To: The Honorable Ally Miller
District 1 Member
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in dark ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Potential Acquisition of Floodprone Land from St. Demetrios Church**

The Regional Flood Control District (RFCD) has directed Real Property Services to enter into negotiations for the acquisition of Tax Parcels 108-26-016A and 108-26-015B and D from St. Demetrios Greek Orthodox Church. This acquisition would be funded by the Floodprone Land Acquisition Program. The property consists of approximately 8.09 acres, is part of the Binghampton Rural Historic Landscape and is listed on the National Register of Historic Places.

A sale by the Church requires approval of two-thirds of the Church membership, and that level of support has not been obtained to date. No vote is expected to be taken until at least late April 2015; therefore, this item would not be presented to the RFCD Board until at least May 2015.

The Church purchased the property in 2008 for \$1,250,000. It was appraised by the County at \$850,000, and an offer of \$900,000 was presented to the Church, subject to the RFCD's Board of Directors approval. We do not anticipate any increase in the offer.

The benefits of this acquisition would be that (1) the property is in a severe and chronic flood hazard area, is close to other County and RFCD lands, and provides a riparian restoration opportunity; and (2) it would preserve land in the Binghampton Rural Historic Landscape in the flat, active floodplain of the bank-protected Rillito River.

Attached for your information and review are the following:

1. Map of the Property.
2. Memorandum from the RFCD dated June 3, 2014.
3. A summary appraisal review.
4. The complete appraisal document.
5. A summary from the National Register of Historic Places.

CHH/anc

Attachments

c: Suzanne Shields, Director, Regional Flood Control District
Linda Mayro, Director, Office of Sustainability and Conservation
Neil Konigsberg, Manager, Real Property Services

EXHIBIT A-1 Depiction of Exhibit A 108-26-016A, 015B, 015D





MEMORANDUM

Floodplain Management

Regional Flood Control District



DATE: June 3, 2014

TO: Tammy Jorde
Office of the Director and Chief Engineer

FROM: Eric Shepp
Floodplain Administrator

SUBJECT: St Demetrios parcels – Tax ID Nos. 108-26-016A and 108-26-015B and D

Thanks for the opportunity to review these parcels for potential FLAP acquisition.

The St Demetrios parcels total approximately 7.9 acres.

From a Floodplain Management perspective, these parcels are good FLAP candidates. They are in a severe and chronic flood hazard area, are close to other County and District lands, and provide a riparian restoration opportunity. These factors are described more thoroughly below:

- 1) FEMA Zone A – These parcels are located within a FEMA Zone A Special Flood Hazard Area associated with the distributary flow area at the mouth of the Finder Rock Wash, where it enters the geologic floodplain of the Rillito River. Although the Zone A floodplains are considered approximate A zones. The Flood Control District has completed a study of the Finger Rock Wash. The results of the study conclude that flood depths on this property are between 0.5 and 2 feet during the base flood of the Finger Rock Wash. In addition, numerous tributaries discharge onto these properties from the lower foothills just to the north, increasing the frequency that flooding occurs.
- 2) Adjacency to other County District lands – Although not immediately adjacent to any District or County parcels, these parcels are with areas of acquisition associated with the Rillito River Bank protection, the Loop linear park, the Binghamton Historic Landscape and Brandi Fenton Park. These parcels are with the historic landscape and within close proximity to the linear park and if the goal is to expand and connect this floodprone area into a contiguous set of District parcels, these parcels would be appropriate for acquisition.
- 3) Riparian Habitat – Although regulated riparian habitat does not exist on this property, its location along the overbank of the Rillito River, in an area where there is frequent flows from tributaries, and within the rural historic landscape suggests great riparian restoration potential.

For the reasons stated above, I would recommend the acquisition of this parcel.

Please let me know if you have any questions.

Pima County Technical Appraisal Review Summary

T / R / Sec	13S/14E/21
Owner: St. Demetrios Greek Orthodox Church	Date: 8-21-14
LMS #: 1073-589	

Project: FLAP	Project #: 1400018750	Date of Value: Aug 21, 2014 Transmittal Date: Sept. 5, 2014
Owner: St. Demetrios Greek Orthodox Church	Occupant: vacant	Appraiser: Tom Baker, MAI, SRA
Location: South side of River Road bend, west of Dodge	Acquisition Agent: Rick Kieser	
Tax Code #: 108-26-015B, 015D, 016A	Zoning and Comprehensive Plan: SR zoning. Comp Plan - 1.2 RAC northern portion, RT southern portion	
Current Use: Interim residential improvement	Highest and Best Use: Church or private school site	
Parcel Size: 8.09 acres	Size(s) of Parcel(s) to be Acquired: Whole acquisition considered	
Year Built: 1958	Improvements/Size: 3 BR, 2 Ba, 1,743 sf adobe and brick home	
Paving: Y	Sewer: Yes, in Roger Road	Water - In River Road plus property has a well
Gas: Yes		Electric: Yes
Intended Use of Appraisal: Basis for offer price	Appraisal Report Type: Summary	Interest(s) Appraised: Fee
Purpose of Review: To assure a reliable report in conformance with professional and agency standards.	Reviewer's Client: Pima County	Intended Users of Review: Pima County and its designees
Intended Use of Review: For agency to reference in developing offer price, as assurance of a reliable and accurate report.		Extent/Scope of Review Process: Reviewed for spelling, math, accuracy, reasoning, comps and conclusion. Property not inspected by the reviewer. Consideration in review made for effect of floodprone characteristics.

Is the Reviewer Developing Own Opinion of Value? No

Appraisal Techniques Used: Direct Sales Comparison Approach

Comparable Sales Price Range, Unadjusted and Adjusted:

Unadjusted: \$74,055 to \$217,766/acre
Adjusted: \$83,245 to \$115,200/acre

Fee Appraiser's Conclusion: \$105,000/acre x 8.09 ac. = \$849,450, rounded to \$850,000

Are the assumptions, techniques, data, adjustments, and methods adequate, relevant, appropriate and reasonable, in conformance with USPAP, and is the report complete according to the scope of the assignment? Yes

Are there developable reasons for disagreement with the appraisal? No

Report Recommended by Review? Yes

Value and Date: \$850,000 as of 8-21-14

Reviewed by: Douglas M. Laney
Douglas M. Laney, MAI
Arizona Certified General Real Estate Appraiser: 30162
Real Property Appraiser Supervisor
Pima County Public Works, Real Property Services

Date of Review: 9-23-14

CERTIFICATION

I certify that, to the best of my knowledge and belief:

I have not completed appraisal services regarding the subject property described in this report within the past three years as an appraiser.

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

The analysis, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

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

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

My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.

No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person who signs this certification.

I have not made a personal inspection of the subject property of the work under review.

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

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

As of the date of this report, I, Douglas M. Laney, MAI, have completed the continuing education program of the Appraisal Institute.

Signed:

Douglas M. Laney

**Douglas M. Laney, MAI
Arizona Certified General Real Estate Appraiser: 30162
Real Property Appraiser Supervisor
Pima County Public Works, Real Property Services**

Date of Review: 9-23-14

LIMITING CONDITIONS

Possession of this review does not carry with it the right of publication.

This review is intended for the use of Pima County, the client, and its designees. This review shall not be disseminated through advertising, public relations, news, sales, or other media. However, the contents of the review can be acquired by a member of the public in accordance with open records statutes and policies.

This report is an appraisal review report, not an appraisal. It is not intended as the reviewer developing his own opinion of value.

The analyses, opinions, and conclusions in this review report are based solely on the data, analyses, and conclusions contained in the appraisal report under review. It is assumed that these data are representative of existing market data. No attempt, unless otherwise stated, has been made to obtain additional market data for this review.

Unless otherwise stated in this report, hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, or other environmental or cultural resources conditions, which may or may not be present on the property, were not called to the attention of the reviewer, nor did the reviewer become aware of such during the review. The reviewer is not qualified to test or research such substances, conditions or resources. The presence of such substances as asbestos, urea-formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, as might archaeological or cultural resources. The value estimate is predicated on the assumption that there is no such condition on or in the property, or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or knowledge required to discover them.

American with Disabilities Act (ADA) of 1990: The ADA became effective on January 26, 1992. We 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 its requirements. 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 noncompliance with the requirements of the ADA.

All analyses and conclusions expressed by the reviewer are limited by the scope of the review process as defined herein.

United States Department of the Interior
National Park Service

Binghampton Rural Historic Landscape
Pima County, Arizona

National Register of Historic Places Continuation Sheet

Section Number 7 Page 1

SUMMARY

Binghampton Rural Historic Landscape is a geographically distinct, 427-acre, residential/agricultural enclave in Pima County, Arizona, just north of the central Tucson city limits. Comprising numerous individually-owned parcels, the district is located in the south half of Section 21 and the north half of the north half of the south half of Section 28, and the northwest quarter of Section 27 of Township 13S, Range 14E depicted on the Tucson North USGS Quadrangle of the Gila and Salt River Baseline and Meridian. On its east and west, Binghampton Rural Historic Landscape lies roughly between the alignments of N. Alvernon Way and N. Country Club Road. On its north and south, the district is located between the Santa Catalina Mountain foothills and the Rillito River at the point where the "reverse-S" of the watercourse has lent the site its well-known name "River Bend Area." Most of the district, including the south and central portions, lies in the flat, active floodplain of the bank-protected Rillito River, which curves to form much of the south and west boundaries, and Finger Rock Wash, which penetrates into the heart from the east. Rich soil has accumulated here from the watershed alluvia, creating what the district's first Mormon settlers called "the fertile valley between the river and the foothills." The northern portions of the district incorporate hilly, natural desert terrain on the first alluvial terrace below the Catalina Mountain foothills. River Road, a scenic, historic east-west route along the north side of the Rillito River, is the major roadway passing through the district. It bisects the area by its well-known dual-bend pattern, undoubtedly determined by the early land ordering system in this area.

Through continuing rural use, since its founding as a Mormon agrarian settlement in 1898, through its post-Mormon era of small ranches and farms, until today, the district has maintained a unique sense of place. Once a lush, natural riparian habitat of cottonwood, alder, sycamore, willow and walnut, the area was greatly modified after 1898 by its Mormon settlers. Divided into large, twenty- and forty-acre rectilinear tracts, divisions of the township, range and section land ordering system, and watered by an extensive ditch irrigation system, the zone was first transformed into a patchwork of cultivated crop, orchard and pasture fields. After the Mormon era, wells supplied irrigation water and land sales before the early 1950s set the largely rectilinear pattern evident today; that of smaller parcels ten acres or less in size. (The exception is the forty-acre Latter Day Saints Cemetery on the northeast corner of the district.) Irrigation-

United States Department of the Interior
National Park Service

Binghampton Rural Historic Landscape
Pima County, Arizona

National Register of Historic Places Continuation Sheet

Section Number 7 Page 2

intensive agricultural practices commonly gave way to less water intensive uses such as horse culture or simply letting fields go fallow (see following for land uses).

Tucsonans frequently view Binghampton Rural Historic Landscape by automobile from River Road, currently being widened and realigned in places by Pima County; or as pedestrians, equestrians or cyclists along the Rillito River walk. They recognize the rural district's distinctiveness by features which date from or are reminiscent of earlier times. Some features include pecan orchards, horse pastures, open fields, secluded, tree-shaded residences, stone retaining walls, post and rail fences and tree-lined drives. On foot, visitors may hear roosters crowing, horses neighing, goats bleating or the call of wild hawks nesting in the decades-old trees. Binghampton Rural Historic Landscape is geographically distinct and contrasts greatly with adjacent, low-density, upscale residential foothills development to the north and higher density urban development to the south.

Binghampton Rural Historic Landscape is being nominated under two criteria of significance. Under Criterion A, the district has two historic contexts (1) as Tucson's first Mormon agrarian settlement (1898 to the 1920s) on twenty- to forty-acre parcels and (2) as a distinct enclave of 1920s/1930s through early 1950s modest-scale, owner-occupied ranches, farms and residences on smaller parcels configured largely from earlier field patterns. Today's rural character most strongly reflects the second, post-Mormon context. Under Criterion C, the district is being nominated for the architectural quality of a number of its houses and buildings constructed between 1898 through 1953; the period of significance. Although some are architect-designed, most are contractor or owner-built structures which range widely in architectural style and vernacular type, reflecting the era when they were built.

Mormon Era Features: Few features remain today from Binghampton's Mormon era. Five buildings, both contributing and non-contributing, include the Jacob Bingham House (#33), Davidson Place (#86A & B) (which may predate the Mormon era), the J. Alma Young House (#91), the Bingham/Castro House (#55) (now a Montessori School building) and the original Mormon schoolhouse (#55). Several historic archaeological features have been found which relate to the Mormon era (see following). Also included is the contributing Latter Day Saints Cemetery (#20), in continuous use since its founding in 1899. Mormon ownership of the cemetery was formalized after a land dispute in 1927 (see Section 8).

AN APPRAISAL REPORT

OF

**8.09 ACRES OF LAND WITH AN INTERIM USE SINGLE-FAMILY
RESIDENCE**

**LOCATED
ON THE SOUTH SIDE OF RIVER ROAD,
EAST OF HACIENDA DEL SOL
PIMA COUNTY, ARIZONA**

FOR

**PIMA COUNTY PUBLIC WORKS,
REAL PROPERTY SERVICES**

MR. DOUGLAS LANEY, MAI

**OWNERSHIP: ST DEMETRIOS GREEK ORTHODOX CHURCH INC.
TAX PARCEL NUMBER: 108-26-015B, 015D, 016A
SECTION 21, TOWNSHIP 13 SOUTH, RANGE 14 EAST**

EFFECTIVE DATE OF APPRAISAL

AUGUST 21, 2014

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

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

REAL ESTATE APPRAISERS - CONSULTANTS

4547 E. FT. LOWELL ROAD • SUITE 401 • TUCSON, AZ 85712

520.881.1700 • 1.800.204.1700

FAX 520.325.3108

admin@bakerpeterson.com

• Over 35 Years of Service •

September 5, 2014

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

RE: An appraisal report of 8.09 acres of land with an interim use single-family residence located on the south side of River Road, east of Hacienda Del Sol, in Pima County, Arizona

Effective Date of Appraisal: August 21, 2014

Date of Report: September 5, 2014

Dear Mr. Laney:

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 client and intended user, Pima County Real Property Division and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in estimating the market value of the subject property for potential acquisition 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 21, 2014, in its "as is" condition, 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:

EIGHT HUNDRED FIFTY THOUSAND DOLLARS (\$850,000)

Mr. Douglas Laney, MAI
Pima County Public Works
Real Property Services

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) and the appraisal guidelines of Pima County Real Property Services. 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,

A handwritten signature in blue ink, appearing to read 'T. Baker', is written over the text 'Respectfully submitted,'.

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139

C146922

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APPRAISAL ABSTRACT - PART I

CLIENT:

Pima County Public Works, Real Property Services

APPRAISER:

Thomas A. Baker, MAI, SRA

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

SUBJECT PROPERTY:

8.09 acres of land with an interim use single-family residence located on the south side of River Road, east of Hacienda Del Sol, in Pima County, Arizona

LAND AREA:

8.09 Acres - Per Pima County Assessor

ZONING:

SR (Pima County)

TITLE REPORT INFORMATION:

The appraisers have reviewed information contained in a title report of the subject property as provided by the client. The appraisers do not consider there to be any impact on the market value of the subject property by items reviewed in the title report. There are several drainage and slope easements located on the subject property that were obtained as part of previous drainage and roadway improvements on or in the vicinity of the subject property. These easements were determined to have no negative impact on the market value of the subject property.

LEGAL DESCRIPTION:

A portion of Section 21, Township 13 South, Range 14 East, G&SRB&M, Pima County, Arizona (See exhibits for full legal description).

OWNERSHIP:

According to public records of the Pima County Assessor, title to the subject property is in the name of St. Demetrios Greek Orthodox Church, according to Docket 13237, at Page 2670, dated February 6, 2008. See sale 1 in the Sales Comparison Approach section of this report for a discussion of this sale.

SALES/LISTING HISTORY:

There have been no sales of the subject property within the last five years. The current owner purchased the subject property on February 6, 2008 for \$1,250,000. There was a subsequent transaction recorded on April 9, 2014, however this was an internal transfer of ownership and not a market transaction. No current listings, options, or agreements of sale of the subject property were discovered in the course of this analysis.

TAX PARCEL NUMBER:

108-26-015A, 108-26-015D, 108-26-016A

FULL CASH VALUE:Parcel 108-26-015B

\$219,702 (2014) \$84,502 (2015) - Vacant Land

Parcel 108-26-015D

\$709,805 (2014) \$273,005 (2015) - Vacant Land

Parcel 108-26-016A

\$125,871 (2014) \$140,210 (2015) - Land and Improvements

Total

\$1,055,378 (2014) \$497,717 (2015) - Land and Improvements

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:Parcel 108-26-015B

\$219,702 (2014) \$84,502 (2015) - Vacant Land

Parcel 108-26-015D

\$709,805 (2014) \$273,005 (2015) - Vacant Land

Parcel 108-26-016A

\$125,871 (2014) \$132,165 (2015) - Land and Improvements

Total

\$1,055,378 (2014) \$489,672 (2015) - Land and Improvements

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:

Parcel 108-26-015B

\$5,068.46 (2013)

Parcel 108-26-015D

\$16,375.00 (2013)

Parcel 108-26-016A

\$1,762.89 (2013)

Total

\$23,206.35 (2013)

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

SPECIAL ASSESSMENTS:

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 appraisers' opinion of the market value of the subject real property as of the effective date of the appraisal, August 21, 2014.

MARKET VALUE DEFINITION:

Market value, as utilized in this appraisal, and as defined in The Appraisal of Real Estate, 14th Edition, published by the Appraisal Institute, 2013, page 59, 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, Pima County Real Property Services and its designees. Use of this report by others is not intended by the appraiser. This report is intended only to provide the opinion of the market value of the subject site for potential acquisition of the subject property. It is not intended for any other use.

INTEREST VALUED:

Fee simple interest in the total property. *Fee Simple Interest*, as defined in the Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, page 78, 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 21, 2014

DATE OF INSPECTION:

August 21, 2014. The appraiser met a representative of the property owner at the property for inspection of the subject property.

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. Douglas M. Laney, MAI for Pima County Real Property Services, in a contract executed by Mr. Thomas A. 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, the standards of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and to those specifications provided by the client.

This report is intended for use only by the intended user, Pima County Real Property Services and its designees. Use of this report by others is not intended by the appraiser. This report is intended only to provide the opinion of the market value of the subject site for potential acquisition 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, Tucson Multiple Listing Service (MLS), Swango Land Sales, Metropolitan Tucson Land Use Study (MTLUS), 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 existing single family residence on the subject property has significant physical depreciation due to the age of the improvements. Due to the significant depreciation due to all causes, the cost approach is not applicable in this analysis. Purchasers of properties similar to the subject do not utilize a cost analysis in their purchase decision, therefore although considered, this approach is not applicable in valuation of the subject property.

The subject property is owned by an owner-user. Many properties similar to the subject are purchased by owner users. Therefore, the income approach is not applicable in this analysis.

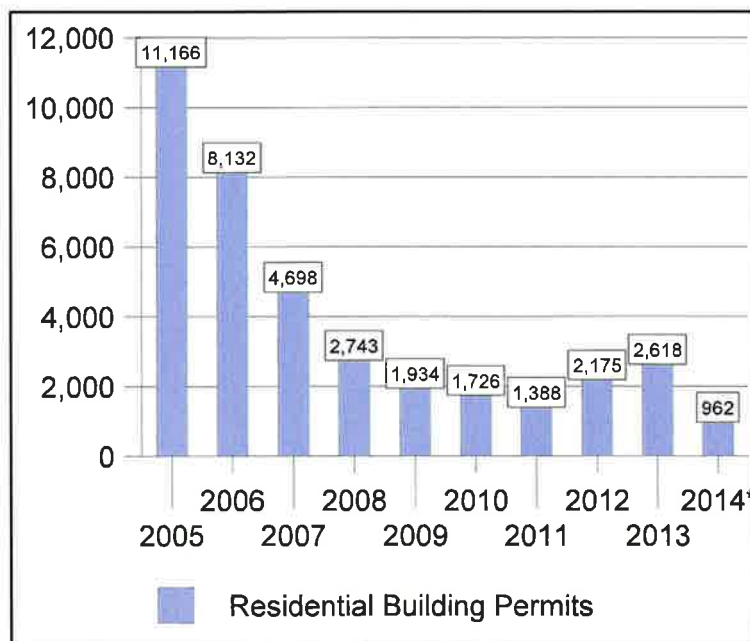
The sales comparison approach provided an opinion of the market value of the subject property to arrive at a final opinion of market value. To develop the opinion of value, the appraiser performed an appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This summary 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 Pima Association of Governments, in July, 2010, the estimated population of all of Pima County (including Tucson) was 981,168 persons while the population of Tucson alone was estimated to be 520,795 persons.

Starting in 2006, fewer single-family residential permits were issued due to the current oversupply of lots and residential homes on the market. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012 and continuing through 2013. Data is provided for the first five months of 2014, indicating there were 962 permits issued in January through May of 2014.



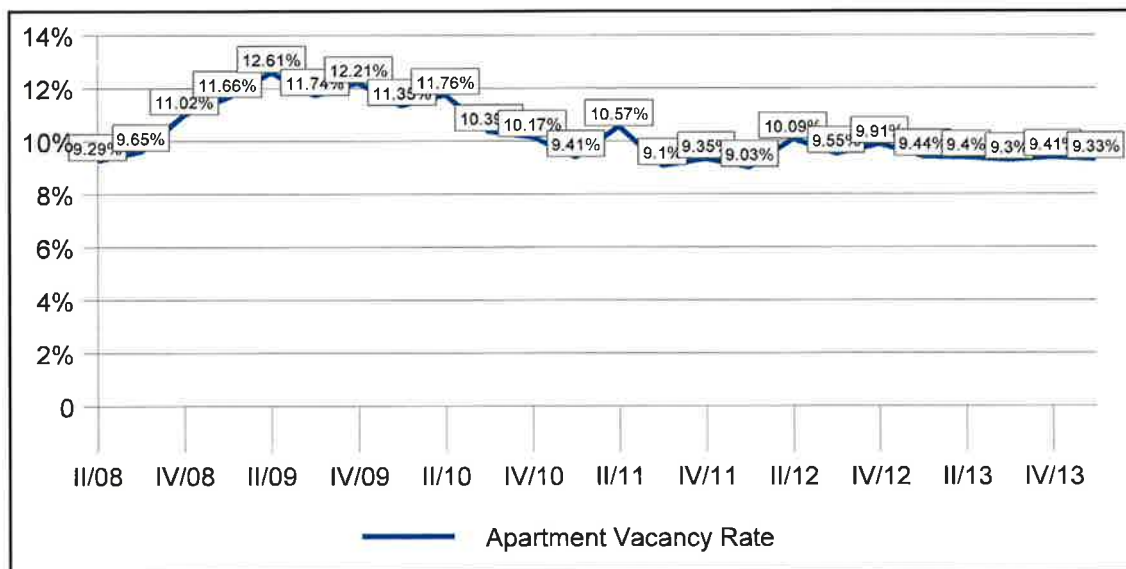
Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on

the market, resulting in declining home prices. The slow down in sales has resulted in an increase in the inventory of available houses and a decrease in housing prices in the Tucson Metropolitan area. There has been a 56 percent increase in residential permits in 2012 from the bottom in 2011. This is an indication that the new home residential market is beginning to recover. The number of permits for 2013 shows a continued improvement in the market, but new home sales are still well below peak or stabilized levels seen in the past.

Multi-Family Market

Vacancy rates for apartment properties in the Tucson Metropolitan area continued to remain high into 2011. Figure 2 shows vacancy rates in metropolitan Tucson between Second Quarter 2008 and First Quarter 2014, according to Apartment Insights' *Statistics/Trends Summary*.

The vacancy rate peaked in the Second Quarter 2009 and generally declined through early 2012. However, vacancy rates for apartment properties typically increase in the second quarter of each year due to seasonal changes in population. The vacancy rate has remained mostly stable with slight fluctuations since early 2013. The current rent levels for multi-family properties have remained generally stable. There is limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities.

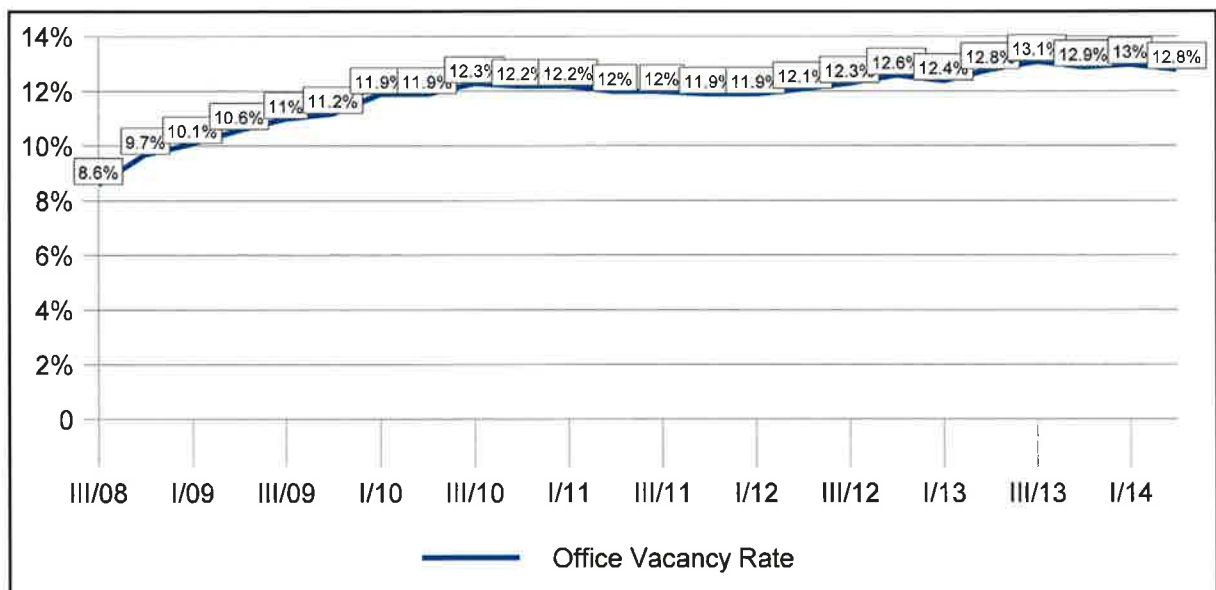


Office Market

Overall, the leasable *office market* experienced net positive absorption of 43,312 square feet in the Second Quarter 2014, according to *The CoStar Office Report, Tucson Office Market, Mid-Year 2014*. This compares to net positive absorption of 15,897 square feet in the First Quarter 2014, net positive absorption of 38,394 square feet in Fourth Quarter 2013, net negative absorption of 88,889 square feet in Third Quarter 2013, net negative absorption of 83,762 square feet in Second Quarter 2013, and net positive absorption of 42,417 square feet in First Quarter 2013.

One new office building containing 18,092 square feet was completed in Second Quarter 2014. One new building containing 27,060 square feet was completed in First Quarter 2014 and one new building containing 5,689 square feet was completed in the Fourth Quarter 2013. No new office buildings were completed in the Third, Second, and First Quarters 2013.

Figure 3 shows trends in the vacancy rates for office properties in Tucson between Third Quarter 2008 and Second Quarter 2014. The vacancy rate increased until late 2010 and then remained mostly stable with a slight decline through mid 2012. The vacancy rate increased from late 2012 through late 2013 and has remained mostly stable in the three most recent quarters.



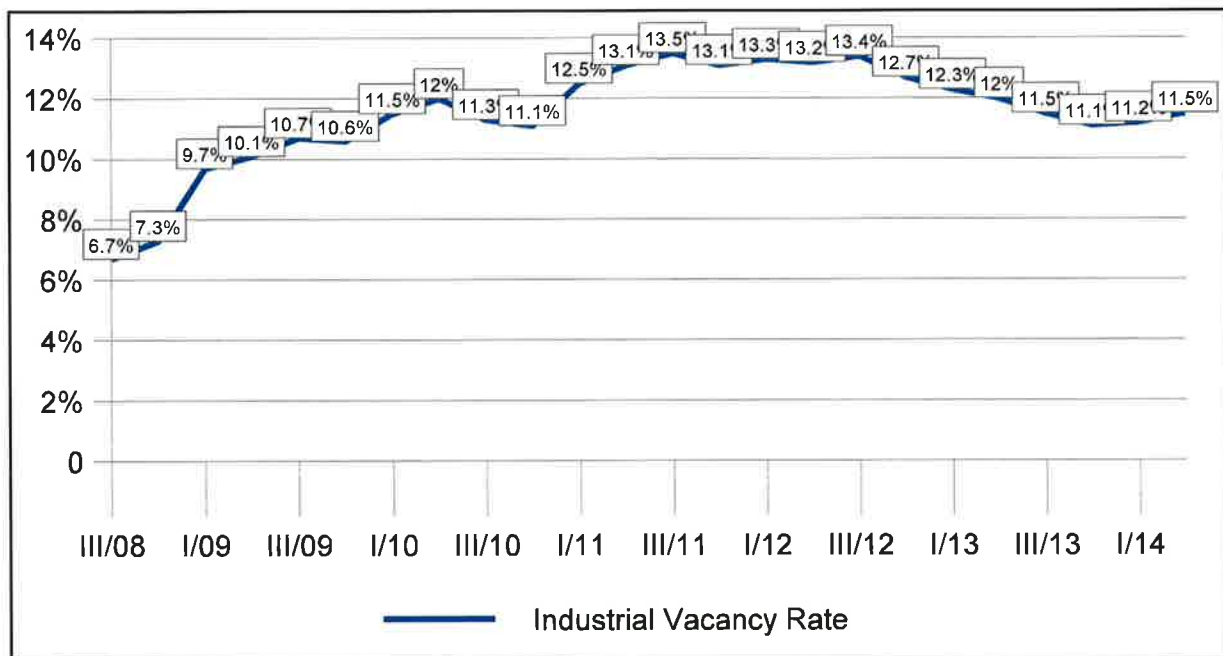
The slight increased overall annual vacancy rate indicates an office market which is coupled to the overall declining real estate market. There has been a decline in demand for owner/user office buildings which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013. Market conditions for office properties are expected to remain stable and will improve slowly.

Industrial Market

Tucson experienced rapid *industrial* growth from the late 70's to the mid-80's. There has been limited new industrial space constructed recently in Tucson, with no new buildings completed in Second Quarter 2014, one building totaling 14,214 square feet completed in First Quarter 2014, no new buildings completed in Fourth Quarter 2013, one new building containing 3,947 square feet completed in Third Quarter 2013, one new building containing 15,000 square feet completed in the Second Quarter 2013, and no new industrial buildings completed in First Quarter 2013.

There was net negative absorption of 84,633 square feet of industrial space in the Second Quarter 2014. This compares to net negative absorption of 51,300 square feet in First Quarter 2014, net positive absorption of 166,614 square feet of industrial space in the Fourth Quarter 2013, net positive absorption of 204,351 square feet of industrial space in the Third Quarter 2013, net positive absorption of 146,436 square feet of industrial space in the Second Quarter 2013, and net positive absorption of 158,143 square feet of industrial space in the First Quarter 2013, according to *The CoStar Industrial Report, Tucson Industrial Market, Mid-Year 2014*.

Figure 4 shows trends in the industrial vacancy rate in Tucson between Third Quarter 2008 and the Second Quarter 2014, according to *The CoStar Industrial Report, Tucson Industrial Market, Mid-Year 2014*.



Overall, the industrial vacancy rate increased through 2011, peaking in the Third Quarter 2011 and Third Quarter 2012. The vacancy rate declined from late 2012 through late 2013. The vacancy rate for industrial properties has increased slightly in 2014. There are some

indications of stabilization in the industrial market. 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. The overall decline in the economy is affecting many potential industrial users and a slowing of demand for industrial zoned land is being experienced in the market.

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. Some reasons for a decline in market conditions includes contracts cancelled, development projects put on hold with reasons including reduced demand and increased competition of other developments coming out of the ground, offers and counter offers at considerably below the listing price, listings being repriced at lower levels, existing tenants looking for rental relief, businesses closing their stores and vacating the premises, and excess developed land without demand.

There was net positive absorption of 129,159 square feet in the Second Quarter 2014, according to *The CoStar Retail Report, Tucson Retail Market, Mid-Year 2014*. This compares to net positive absorption of 235,328 square feet in the First Quarter 2014, net positive absorption of 321,444 square feet in the Fourth Quarter 2013, net positive absorption of 275,583 square feet in the Third Quarter 2013, net positive absorption of 241,607 square feet in the Second Quarter of 2013, and net positive absorption of 13,886 square feet in the First Quarter of 2013.

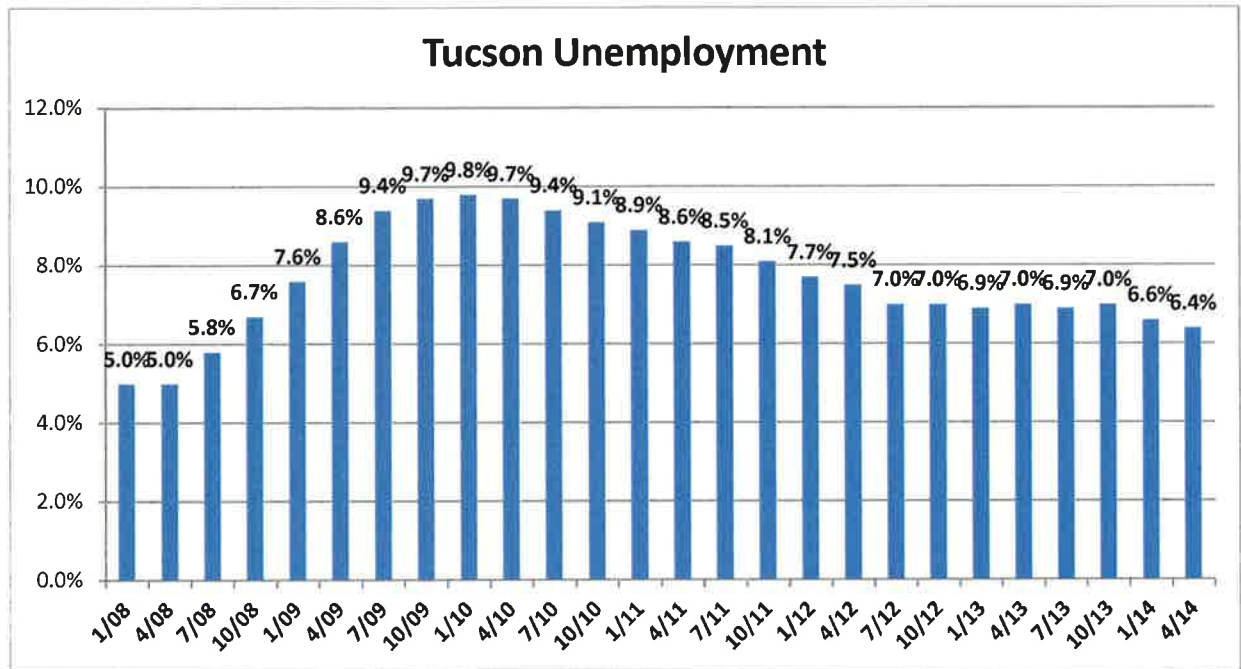
In the Second Quarter 2014, new construction completed was three buildings totaling 45,100 square feet. This compares to four buildings totaling 121,784 square feet, twelve buildings totaling 149,732 square feet in the Fourth Quarter 2013, eight buildings totaling 210,484 square feet in the Third Quarter 2013, seven buildings totaling 49,284 square feet in the Second Quarter 2013, and six retail buildings totaling 129,833 square feet in the First Quarter 2013.

Figure 5 shows trends in the vacancy rate for retail properties in the Tucson market between Third Quarter 2008 and Second Quarter 2014, according to *The CoStar Retail Report, Tucson Retail Market, Mid-Year 2014*.



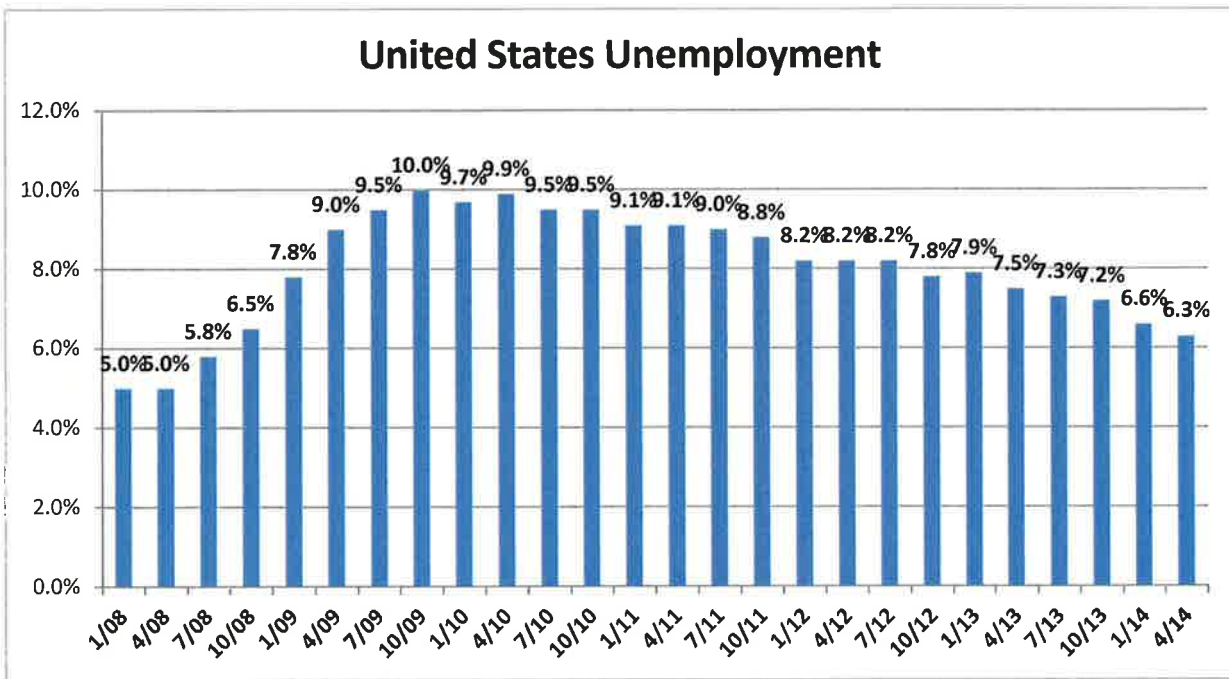
The vacancy rate for retail properties increased starting through early 2011. The retail vacancy rate remained mostly stable in 2011 but peaked in the Second Quarter 2012. The retail vacancy rate declined since that time, with the decline continuing through mid 2014. The retail market has stabilized and is starting to improve slightly in high demand areas, although there remains for little demand for older retail properties in low demand areas.

According to Arizona Department of Administration, Office of Employment and Population Statistics, the seasonally adjusted unemployment rate for metropolitan Tucson was as follows:



The previous data shows that the unemployment rate in the Tucson metropolitan area increased and peaked in early 2010. The unemployment rate has slowly been declining since early 2010 and remained mostly stable from mid 2012 through 2013. There has been a small decline in 2014.

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate has also increased since 2008 through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined but remains higher than in 2008. The unemployment rate is projected to remain high as the economy recovers slowly from the recession.



Overall, the commercial real estate markets reveal that most investors hold a cautionary outlook for 2014 due to the tight credit that adversely affects tenants, owners and investors, the sequester of 2013, the government shutdown of late 2013, and the continuing uncertainty of the government conditions. The stabilizing supply and demand fundamentals will result in stable to slowly improving values. In the short term, limited growth is projected for Tucson over the next one to two years, with market conditions expected to remain stable and slowly start to improve during this time. 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.

NEIGHBORHOOD DESCRIPTION:

The subject neighborhood is that area bordered by Rillito River/Tanque Verde Wash, on the south, Catalina Mountains to the North, Sabino Canyon Road on the East, Campbell Avenue on the west.

The neighborhood consists mainly of single family residential properties on one acre or larger sites, townhouse complexes, and neighborhood commercial development at major arterial intersections. There is a neighborhood shopping center at the northeast corner of Craycroft and River Roads. This center includes a Walgreens, Whole Foods supermarket, as well as several restaurants and other service businesses and a branch of the Pima County Public Library. A large apartment complex and an elder care facility are located to the east of the shopping center. There are also major commercial centers located at the intersections of Swan and Sunrise Drive. Additional commercial development is located at the intersection of River and Campbell and Sunrise and Kolb. A commercial development, including a large shopping center, is located at the intersection of Sunrise and Campbell.

The lower area in this neighborhood has homes and other uses on larger parcels of land along the Rillito River, with much of this land having some floodplain issues. There is a mix of horse properties, houses on larger lots, private schools, and religious facilities in this lower part of the neighborhood.

The neighborhood is situated in the Tucson Unified and Catalina Foothills School Districts. The Skyline Country Club and golf course are located on Swan near Ina and the La Paloma Country Club and golf course are located on Sunrise between Campbell and Swan. Homes in the neighborhood range upwards from \$250,000 to well over one million dollars and range in age from new to fifty-plus years.

SITE DESCRIPTION:

The subject property is located on the south side of River Road, and the north side of Roger Road, east of Hacienda Del Sol. The site is irregular shape. The subject property has approximately 645 feet of frontage on River Road along the northern border and approximately 280 feet of frontage on Roger Road along the southern border. The site has a maximum depth of approximately 730 feet near the center of the site from River Road on the northern border and Roger Road on the southern border (see Exhibits). It contains a total gross area of 8.09 acres according to the Pima County Assessor. River Road is a four-lane, asphalt-paved roadway with center median and no concrete curbs, sidewalks, or streetlights in the vicinity of the subject. River Road has a 2010 traffic count of 15,000 vehicles per day near this site according to the Pima Association of Governments, Transportation Division. Roger Road is a two-lane dirt roadway, with no concrete curbs, sidewalks, or streetlights in the vicinity of the subject. There is no traffic count available for Roger Road in the area of the subject. The site has direct physical access from River Road along the northern border and Roger Road along the southern border. The site is below road grade of River road and at grade of Roger Road. The topography mostly level, sloping slightly in a southwesterly direction. Properties bordering the subject property include a residential uses to the north, south, east, and west. .

Utilities available to the subject property include electric (Tucson Electric Power Company), natural gas (Southwest Gas Corporation), and telephone (CenturyLink), and public sewer are available to the site in sufficient quantity and quality. While the subject site is not located within the Tucson Water Obligated Service Area, there is a public water line located within the southern right of way on River Road which could provide water to the subject property. In order to obtain public water from Tucson Water, the subject property would have to be annexed into the city. Currently there is one adjacent parcel to the west of the subject property, which is also not within the Tucson Water service area, separating the subject property from the City of Tucson city limits. In order for the subject property to receive public water, the adjacent property and the subject property would have to be annexed into the City of Tucson. There is a potential that the subject property owner could sign a pre-annexation agreement, stating that they would agree to be annexed into the city once the immediate area is ready to be annexed, which has been done on other properties in the past, in order to secure access to Tucson Water without the need for the adjacent parcel to also agree to be annexed immediately. Currently, there is one domestic well registered on the subject property. This well is dug to a depth of 250 feet with water level located at 170 feet. The casing diameter for the well is 9 inches and the well has a pump capacity of 25 gallons per minute. There is also an irrigation well that is located on the property which has been capped and the pump and tank removed. The appraiser was not able to locate any registration for this irrigation well. It is assumed that the well could be put back into service if needed.

According to FEMA Flood Insurance Rate Maps 04019C1695L and 04019C1695L, dated June 16, 2011, almost the entire subject property is identified as being located in Special Flood Hazard Area Zone A, with no base flood elevations determined. A very small portion of the subject property, located at the far northern border, is located outside the Special Flood Hazard area (see addenda). The Finger Rock Wash alignment is located on Roger Road along the southern border of the subject property. The property is not in a seismic zone.

According to a memorandum from Mr. Eric Shepp, Pima County Floodplain Administrator, the subject property is located within a Special Flood Hazard Area associated with the distributary flow area at the mouth of the Finger Rock Wash, where it enters the geologic floodplain of the Rillito River. Although the Zone A floodplains are considered approximate A zones, the Flood Control District has completed a study of the Finger Rock Wash and concluded that flood depths on this property are between 0.5 feet and 2 feet during the base flood of the Finger Rock Wash. In addition, numerous tributaries discharge onto the subject property from the lower foothills just to the north, increase the frequency of flooding on the subject property (See exhibits).

According to an aerial overlay of the base flood elevations from the Finger Rock Wash study, provided my Pima County Floodplain, it is noted that the northern portion of the site, adjacent to River Road has a base flood of 0.5 feet with the base flood depths increasing to a maximum base flood depth of only 1.5 feet towards the southern portion of the site, adjacent to the Finger Rock Wash alignment. The majority of the site has a maximum flow depth of 1 foot. (See exhibits). Any development on the site would require a hydrology study to be completed and any buildings would require to be built up 1 foot above base flood elevations.

There are several drainage and slope easements located on the subject property that were obtained as part of previous drainage and roadway improvements on or in the vicinity of the subject property. These easements were determined to have no negative impact on the market value of the subject property.

ZONING:

The subject site is zoned SR (Suburban Ranch), according to the Pima County Zoning Code. This classification is a low density single-family residential zone. A wide range of conditional agricultural and ranch uses are permitted.

There is no minimum lot width. The minimum distance between buildings is 20 feet. The maximum lot coverage by structures is 30 percent. Additional development standards under this classification include the following:

SR ZONING REQUIREMENTS					
Min. Lot Area (SF)	Min. Area per Unit (SF)	Minimum Yards (feet)			Bldg. Height
		Front	Side	Rear	
144,000	144,000	50	10	50	34 feet

The subject property appears to satisfy these requirements.

COMPREHENSIVE PLAN:

The north portion of the subject property adjacent to River Road, having a depth of approximately 290 feet on the western border, narrowing to a depth of approximately 60 feet on the eastern border, with an area of approximately 2 acres, has a Land Use Intensity of LIU 1.2 according to the Pima County Comprehensive Plan. The purpose of this designation is to “designate areas for low density residential and other compatible uses; to provide incentives for clustering residential development and providing natural open space; and to provide opportunities for a mix of housing types throughout the region.” Only land area zoned and planned for residential use, or natural or cluster open space areas, shall be included in gross density calculations. The maximum residential gross density is 1.2 residences per acre (RAC) or 2.5 to 4.0 residences per acre with 30 percent cluster open space. Allowable zonings under the LIU 1.2 designation are GC, SR, SR-2, SH, CR-1, CR-2, CR-3, CR-4, CR-5, CMH-1 and MR.

The remainder of the subject property, approximately 6.09 acres, is designated as Resource Transition (RT) according to the Pima County Comprehensive Plan. The purpose of this designation is to protect private land with environmentally sensitive characteristics that include wildlife corridors, natural washes, floodplains, peaks and ridges, buffers to public preserves, and other environmentally sensitive areas. Development of such land shall emphasize design that blends with the natural landscape and supports environmentally sensitive linkages in developing areas. Only land area zoned and planned for residential use, or natural or cluster open space areas shall be included in gross density calculations. Natural and cluster open space shall be defined as set forth in Section 18.09.040B, except that cluster

open space shall not include land developed under the GC Golf Course Zone. There is no minimum gross density. The maximum residential gross density is 0.3 residences per acre (RAC). Allowable zonings under the RT designation are RH, SR, and MR.