

AN APPRAISAL REPORT

OF

**AN IMPROVED COMMERCIAL PROPERTY AS THE VACANT
LAND COMPONENT ONLY CONTAINING 0.31 ACRES**

**LOCATED ON THE NORTH SIDE OF TANGERINE ROAD,
WEST OF DOVE MOUNTAIN BOULEVARD
(5550 WEST TANGERINE ROAD)
MARANA, PIMA COUNTY, ARIZONA**

FOR

**TOWN OF MARANA
MS. BARBRA BOURNE
REAL PROPERTY ACQUISITION AGENT
ENGINEERING DEPARTMENT**

**TANGERINE ROAD CORRIDOR PROJECT
CIP: ST-021
SITE NO. 53**

**OWNERSHIP: PIMA COUNTY
TAX PARCEL NUMBER: 218-54-002C
SECTION 35, TOWNSHIP 11 SOUTH, RANGE 12 EAST**

EFFECTIVE DATE OF APPRAISAL

MARCH 10, 2016

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 40 Years of Service •

March 21, 2016

Town of Marana
Attn: Ms. Barbra Bourne
Real Property Acquisition Agent
Engineering Department
11555 W. Civic Center Drive
Marana, AZ 85653

RE: An appraisal report of an improved commercial property as the vacant land component only (0.31 acres), located on the north side of Tangerine Road, west of Dove Mountain Boulevard (5550 West Tangerine Road), Marana, Pima County, Arizona

<i>Ownership:</i>	Pima County
<i>Tax Parcel No.:</i>	218-54-002C
<i>Project:</i>	Tangerine Road Corridor
<i>Project No.:</i>	CIP ST- 021
<i>Site No.:</i>	53
<i>Effective Date of Appraisal:</i>	March 10, 2016
<i>Date of Report:</i>	March 21, 2016

Dear Ms. Bourne:

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, both before and after the fee simple of a portion of the subject property as part of the Tangerine Road Corridor Project, and the estimated damages which may accrue to the remainder property not being acquired.

This report is intended for use only by the intended user, Town of Marana. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended user in the determination of the just compensation due for a partial acquisition of the subject property. It is not intended for any other use.

The subject of this appraisal is the vacant land component only of an improved property totaling 0.31 acres (13,639 square feet) according to information provided by Psomas, the engineering firm for this project. The subject property is currently improved with a sewer lift

Ms. Barbra Bourne
Real Property Acquisition Agent
Town of Marana

station, storage tanks, electrical equipment, security lighting, concrete slabs, gravel drive, masonry walls, wrought iron gates, and perimeter chain link fencing. Based on inspection of the subject property and the location of the acquisition related to the main improvements, it has been determined by the appraiser that the functional utility of the main improvements is not impacted by the proposed acquisition. Based on this determination, this is an appraisal of the physical segment of land only of the subject property. Site improvements (concrete, fencing, etc.) located within the acquisition area, if any, will be valued as part of the appraisal process and the property owner will be compensated for these improvements.

I have formed the opinion that, as of the effective date of appraisal, March 10, 2016, and subject to the assumptions and limiting conditions set forth herein, based on a six to twelve month marketing period, the market value of the fee simple interest and easement interest of the part acquired and any severance damages are:

Market Value of Land, Before Acquisition	\$88,700
Market Value of Land To Be Acquired	\$42,300
Market Value of Remainder Land, Before	\$46,400
Market Value of Remainder Land, After	\$46,400
Severance Damages	\$0
Market Value of Improvements To Be Acquired	\$8,200
TOTAL COMPENSATION	\$50,500

AUDIT BREAKDOWN:

LAND TO BE ACQUIRED	\$42,300
SEVERANCE DAMAGES	0
VALUE OF IMPROVEMENTS TO BE ACQUIRED	<u>8,200</u>
TOTAL COMPENSATION	\$50,500

Hypothetical Condition - Value of the Remainder Land, After (No. 22). This appraisal report includes the appraisal of the market value of the remainder land, as if the Tangerine Road Corridor Project, Dove Mountain Boulevard to La Canada Drive was complete and all improvements were in place. As the project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project is completed based upon the plans provided to the appraiser by the Town of Marana. If the project is not completed as indicated by the plans provided by the Town of Marana to the appraiser, then the value indicated in this report is subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

Ms. Barbra Bourne
Real Property Acquisition Agent
Town of Marana

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 the Town of Marana. 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 intended user and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

Respectfully submitted,



William D. Peterson, MAI
Certified General Real Estate Appraiser
Certificate Number 30216

C147061

TABLE OF CONTENTS

APPRAISAL ABSTRACT - PART I	1
Subject Property	1
Land Area	1
Ownership	2
Sales/Listing History	2
Purpose of the Appraisal	3
Market Value Definition	4
Intended Use and User of Report	4
Interest Valued	4
Effective Date of Appraisal	5
SCOPE OF THE APPRAISAL - PART II	6
DESCRIPTION OF REAL ESTATE APPRAISED - PART III	9
SECTION A - THE LAND BEFORE ACQUISITION	9
Tucson Overview	9
Neighborhood Description	15
Site Description	16
Current Use	17
Zoning	17
Market Profile - Retail	18
Exposure/Marketing Time	25
Highest and Best Use as Vacant	26
SECTION B - VALUATION OF LAND, BEFORE	28
SALES COMPARISON APPROACH SUMMARY	28
Table of Comparable Land Sales	28
SECTION C - THE PROPERTY TO BE ACQUIRED	32
Land Value, Fee Simple Part To Be Acquired	33
SECTION D - VALUATION OF THE REMAINDER PROPERTY, BEFORE ...	35
SECTION E - THE REMAINDER LAND, AFTER ACQUISITION	36
Description	36
Highest and Best Use, After, as Vacant	36
Land Value after Acquisition	37
SECTION F - SEVERANCE DAMAGES	38
Description	38
Conclusion	38
SECTION G - SUMMARY OF VALUE CONCLUSIONS	39
ASSUMPTIONS AND LIMITING CONDITIONS - PART IV	40
CERTIFICATION - PART V	45
EXHIBITS - PART VI	47

APPRAISAL ABSTRACT - PART I

CLIENT:

Town of Marana
Ms. Barbra Bourne
Real Property Acquisition Agent
Engineering Department

APPRAISER:

William D. Peterson, MAI
Certified General Real Estate Appraiser
Certificate Number 30216

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

SUBJECT PROPERTY:

The subject property is located on the north side of Tangerine Road, west of Dove Mountain Boulevard (5550 West Tangerine Road), Marana, Pima County, Arizona.

The subject of this appraisal is the vacant land component only of an improved property totaling 0.31 acres (13,639 square feet) according to information provided by Psomas, the engineering firm for this project. The subject property is currently improved with a sewer lift station, storage tanks, electrical equipment, security lighting, concrete slabs, gravel drive, masonry walls, wrought iron gates, and perimeter chain link fencing. Based on inspection of the subject property and the location of the acquisition related to the main improvements, it has been determined by the appraiser that the functional utility of the main improvements is not impacted by the proposed acquisition. Based on this determination, this is an appraisal of the physical segment of land only of the subject property. Site improvements (concrete, fencing, etc.) located within the acquisition area, if any, will be valued as part of the appraisal process and the property owner will be compensated for these improvements.

LAND AREA:

13,639 square feet (0.31 acres) - parcel size per Psomas

Before:	13,639 square feet (fee simple)
Acquisition:	(6,501) square feet (fee simple)
Remainder:	7,138 square feet (fee simple)

CURRENT USE:

The subject property is currently improved with a sewer lift station, storage tanks, electrical equipment, security lighting, concrete slabs, gravel drive, masonry walls, wrought iron gates, and perimeter chain link fencing. Based on inspection of the subject property and the

location of the acquisition related to the main improvements, it has been determined by the appraiser that the functional utility of the main improvements is not impacted by the proposed acquisition. Based on this determination, this is an appraisal of the physical segment of land only of the subject property. Site improvements (concrete, fencing, etc.) located within the acquisition area, if any, will be valued as part of the appraisal process and the property owner will be compensated for these improvements.

ZONING:

F (SP - Specific Plan) - Town of Marana

GENERAL PLAN:

Master Plan Area - Dove Mountain - Mixed Use Commercial (MUC), option to go residential

TITLE REPORT INFORMATION:

The appraiser has reviewed information contained in a title report of the subject property as provided by the client. The appraiser does not consider there to be any impact on the market value of the subject property by items reviewed in the title report.

LEGAL DESCRIPTION:

A portion of the Southeast quarter of Section 35, Township 11 South, Range 12 East, G&SRB&M, Pima County, Arizona (see Exhibits for a complete legal description of the subject property).

OWNERSHIP:

According to public records of the Pima County Assessor, title to the subject property is in the name of Pima County, a body politic and corporate and a political subdivision of the State of Arizona, according to Docket 10519, at Page 290, recorded on April 8, 1997.

SALES/LISTING HISTORY:

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

TAX PARCEL NUMBER:

218-54-002C

FULL CASH VALUE:

\$500 (2016)

\$500 (2017)

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:

\$500 (2016)

\$500 (2017)

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:

None - owned by an exempt governmental body

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:

Not applicable

SPECIAL ASSESSMENTS:

None

LIMITING CONDITIONS:

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

HYPOTHETICAL CONDITIONS:

No. 22 - Value of the Remainder Land, After - This appraisal report includes the appraisal of the market value of the remainder land, as if the Tangerine Road Corridor Project, Dove Mountain Boulevard to La Canada Drive was complete and all improvements were in place. As the project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project is completed based upon the plans provided to the appraiser by the Town of Marana. If the project is not completed as indicated by the plans provided by the Town of Marana to the appraiser, then the value indicated in this report is subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

PURPOSE OF THE APPRAISAL:

To estimate the market value of the fee simple interest in the subject property as of the effective date of the appraisal, March 10, 2016.

MARKET VALUE DEFINITION:

Market value, as utilized in this appraisal, and pursuant to Arizona Revised Statute §12-1122(C), is defined as follows:

Value shall be determined by ascertaining the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.

The terms “market value” and “value”, as used in this report, refer to market value as described herein.

PROJECT INFLUENCE:

Arizona Revised Statute §28-7097 states:

In acquiring property for transportation purposes pursuant to this article, when determining the market value of the property to be taken and the market value of the remainder, if any, in the before condition, a decrease or increase in the market value of the real property before the date of valuation caused by the public project for which the property is to be acquired or by the likelihood that the property would be acquired for the project shall be disregarded.

All steps in the appraisal process, including the selection of comparables and analysis of market data, were completed disregarding any influence from the project for which this appraisal is being completed.

INTENDED USE AND USER OF REPORT:

This report is intended for use only by the intended user, Town of Marana. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended user in the determination of the just compensation due for a partial acquisition of the subject property. It is not intended for any other use.

INTEREST VALUED:

Fee simple interest in the land before the acquisition, fee simple interest in the land to be acquired, and fee simple interest in the remainder land after the acquisition.

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:

March 10, 2016

DATE OF INSPECTION:

March 10, 2016. Per Town of Marana policy, a request to have the owner of record of the subject property attend the property inspection was sent on February 25, 2016. The letter was sent to the property owner's representative, Jeff Teplitsky, Appraisal Supervisor with Pima County Real Property Services. The letter was subsequently returned to this office by Mr. Teplitsky (520-724-6306) on March 1, 2016 indicating that he did wish to meet and talk with the appraiser. The appraiser subsequently met with Mr. Teplitsky, Mr. Jaime Rivera with Pima County Wastewater Department, Mr. Tom Houle, project manager with Town of Marana, and Ms. Barbra Bourne, Real Property Acquisition Agent with the Town of Marana on March 10, 2016 at the subject property and discussed the property and the acquisition plans and roadway improvement plans with them at that time.

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 Ms. Barbra Bourne, Real Property Acquisition Agent for Town of Marana, in a contract executed in December, 2014, by Mr. Thomas A. Baker, MAI, SRA for Baker, Peterson, Baker and Associates, Inc. The assignment includes estimating the market value of (1) the subject property before the acquisition, (2) the part of the property to be acquired, and (3) the remainder property, in order to ascertain the “just compensation” to which the owner may be entitled, both for the part to be acquired, and for any severance damages to the remainder property which may occur. 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 and intended users.

This report is intended for use only by the intended user, Town of Marana. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended user in the determination of the just compensation due for a partial acquisition of the subject property. It is not intended for any other use.

The subject larger parcel is identified as assessor tax parcel number 218-54-002C which contains a total of 0.31 acres (13,639 square feet).

The subject property is currently improved with a sewer lift station, storage tanks, electrical equipment, security lighting, concrete slabs, gravel drive, masonry walls, wrought iron gates, and perimeter chain link fencing. Based on inspection of the subject property and the location of the acquisition related to the main improvements, it has been determined by the appraiser that the functional utility of the main improvements is not impacted by the proposed acquisition. Based on this determination, this is an appraisal of the physical segment of land only of the subject property. Site improvements (concrete, fencing, etc.) located within the acquisition area, if any, will be valued as part of the appraisal process and the property owner will be compensated for these improvements.

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.

Local contractors were utilized to support the improvement cost of the improvements located in the area to be acquired. Entrepreneurial incentive will be added to the estimated replacement cost new of the subject site improvements located in the area to be acquired and will take into account any evident depreciation.

The cost approach is not applicable as the subject property is being appraised as vacant land. The income approach reflects the subject's income producing capabilities. Because the subject is appraised as land only, vacant land similar to the subject property is typically purchased by owner-users and is not leased. Therefore, the income approach is not applicable in valuing the subject property.

As previously stated the sales comparison approach is the sole method of valuation to estimate the opinion of value of the subject property. 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. This report constitutes a statement of the nature of the subject property, of the data utilized in arriving at the estimate of value, and a summarization of the estimate of market value as requested by the client, Town of Marana.

Hypothetical Condition - Value of the Remainder Land, After (No. 22). This appraisal report includes the appraisal of the market value of the remainder land, as if the Tangerine Road Corridor Project, Dove Mountain Boulevard to La Canada Drive was complete and all improvements were in place. As the project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical

condition that the project is completed based upon the plans provided to the appraiser by the Town of Marana. If the project is not completed as indicated by the plans provided by the Town of Marana to the appraiser, then the value indicated in this report is subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

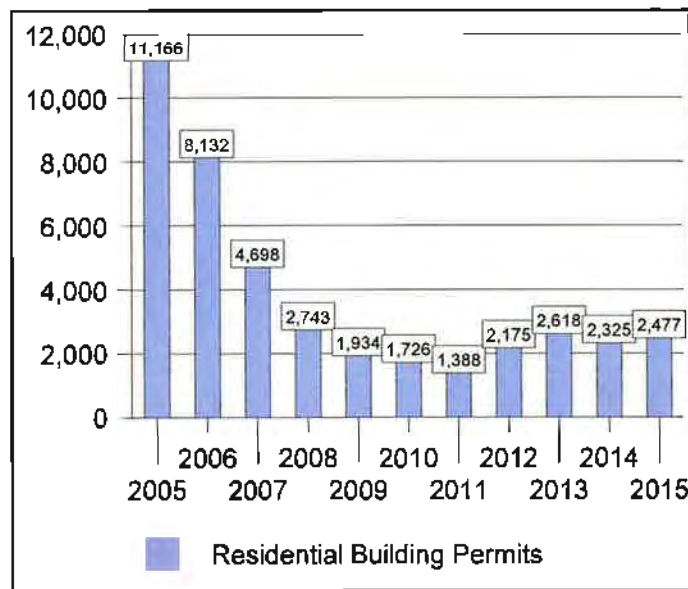
DESCRIPTION OF REAL ESTATE APPRAISED - PART III

SECTION A - THE LAND BEFORE ACQUISITION

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. The number of permits has remained mostly stable with some slightly variations since 2013.



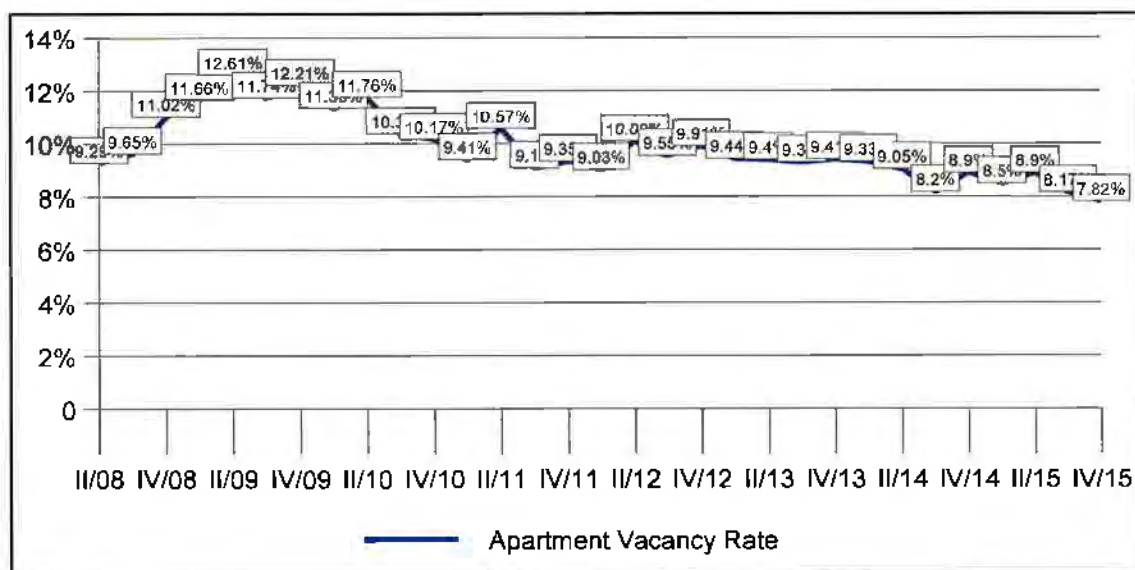
Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 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, with indications of a slight decline in 2014. Although there was a slight increase in 2015, permit numbers in 2015 remained below 2013 levels. 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 Fourth Quarter 2015, according to Apartment Insights' *Statistics/Trends Summary*.

The vacancy rate peaked in the Second Quarter 2009 and generally declined through early 2012, with another slight decline in mid 2014. However, vacancy rates for apartment properties typically increase in the second quarter of each year due to seasonal changes in population. The vacancy rate then remained mostly stable with slight fluctuations. In 2014 and 2015, particularly in the second half of 2015, vacancy rates continued to decline. The current rent levels for multi-family properties have remained generally stable with small increases in most sectors in the second half of 2015. 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.

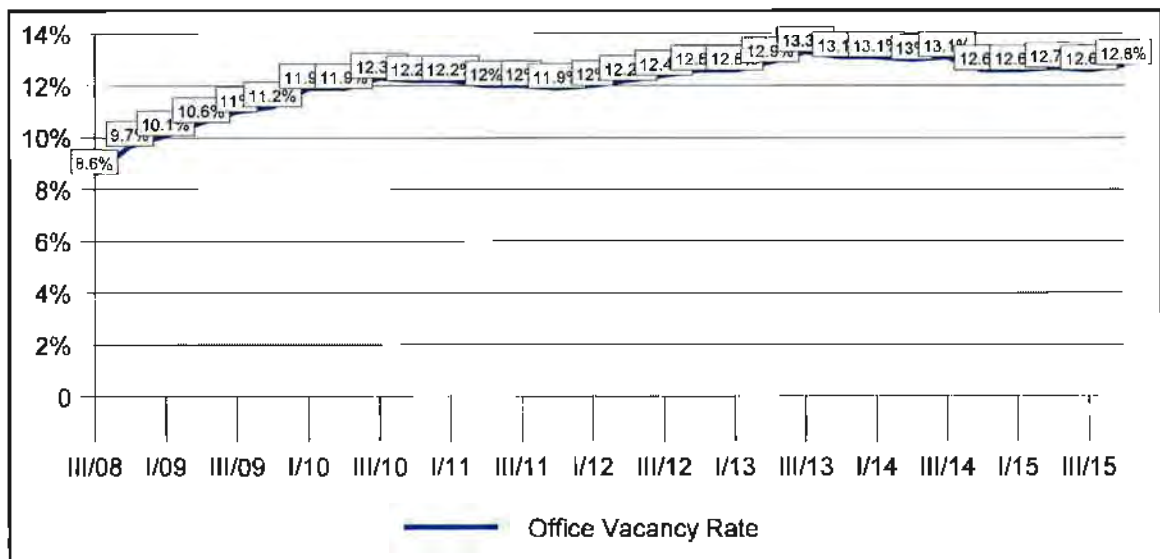


Office Market

Overall, the leasable *office market* experienced net positive absorption of 143,173 square feet in the Fourth Quarter of 2015, according to *The CoStar Office Report, Tucson Office Market, Year-End 2015*. This compares to net positive absorption of 31,023 square feet in the Third Quarter 2015, negative absorption of 16,993 square feet in the Second Quarter 2015, net positive absorption of 33,336 square feet in the First Quarter 2015, and net positive absorption of 210,277 square feet in the Fourth Quarter 2014.

Three new office buildings containing a total of 228,263 square feet were completed in the Fourth Quarter 2015. No new office buildings were completed in Third Quarter 2015. One new office buildings containing 19,761 square feet was completed in Second Quarter 2015, three new buildings containing 37,179 square feet were completed in First Quarter 2015, and two new office buildings containing 107,525 square feet were completed in Fourth Quarter 2014.

The following figure shows trends in the vacancy rates for office properties in Tucson between Third Quarter 2008 and Fourth Quarter 2015. 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 since late 2013.



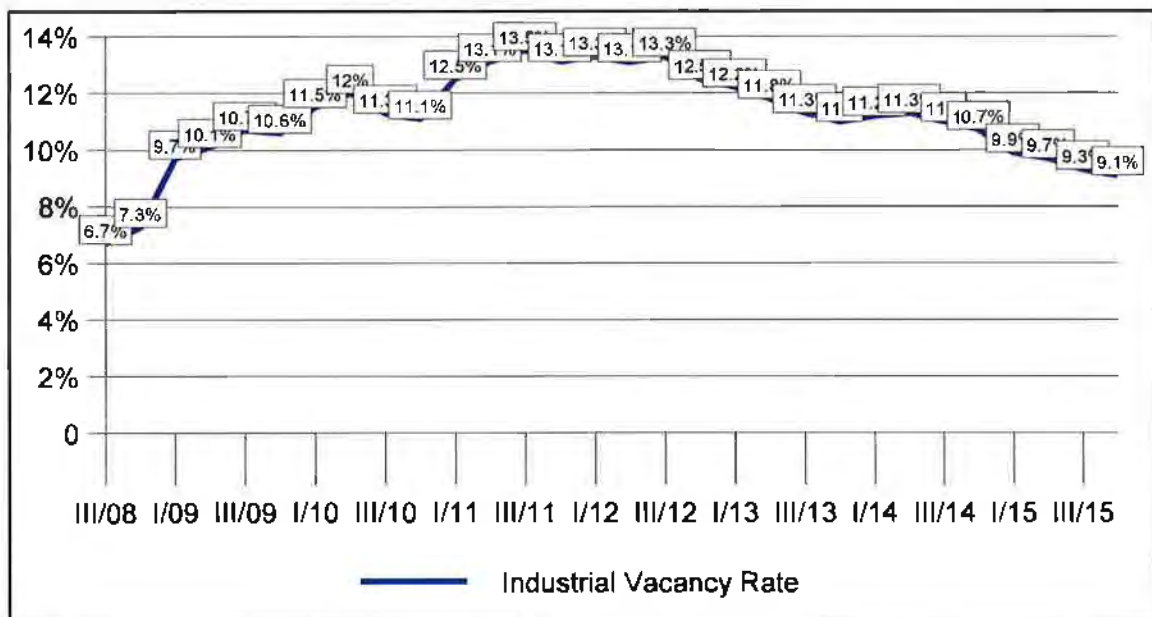
The stable but increased overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There has been a decline in demand for owner/user office buildings which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013. Market conditions for office properties are expected to remain stable in the near term 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 Fourth Quarter 2015, two buildings containing 270,000 square feet completed in Third Quarter 2015, no new buildings completed in Second Quarter 2015 or First Quarter 2015, one new building containing 49,751 square feet completed in Fourth Quarter 2014, and one new building containing 10,000 square feet completed in Third Quarter 2014, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End Quarter 2015*.

There was net positive absorption of 99,439 square in the Fourth Quarter 2015. This compares to 411,940 square feet of industrial space in the Third Quarter 2015, net positive absorption of 73,146 square feet of industrial space in the Second Quarter 2015, net positive absorption of 309,037 square feet of industrial space in the First Quarter 2015, and net positive absorption of 166,034 square feet in the Fourth Quarter 2014.

The following figure shows trends in the industrial vacancy rate in Tucson between Third Quarter 2008 and the Fourth Quarter 2015, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End Quarter 2015*.



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 increased slightly in early 2014 but has slowly declined since mid 2014. The industrial market has stabilized but there are not yet signs of increased prices. 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 there remains a slow demand for industrial zoned land.

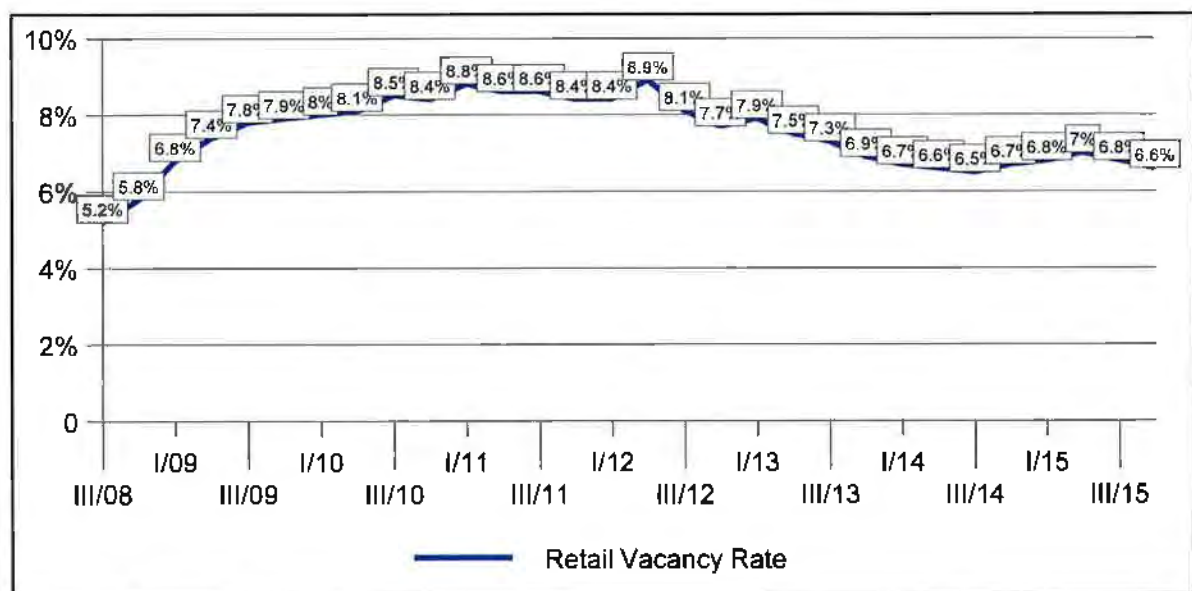
Retail Market

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 30,689 square feet in the Fourth Quarter 2015, according to *The CoStar Retail Report, Tucson Retail Market, Year-End 2015*. This compares to net positive absorption of 476,426 square feet in Third Quarter 2015, net negative absorption of 75,375 square feet in the Second Quarter 2015, net negative absorption of 36,072 square feet in the First Quarter 2015, net negative absorption of 63,842 square feet in the Fourth Quarter 2014, and net positive absorption of 65,129 square feet in the Third Quarter 2014.

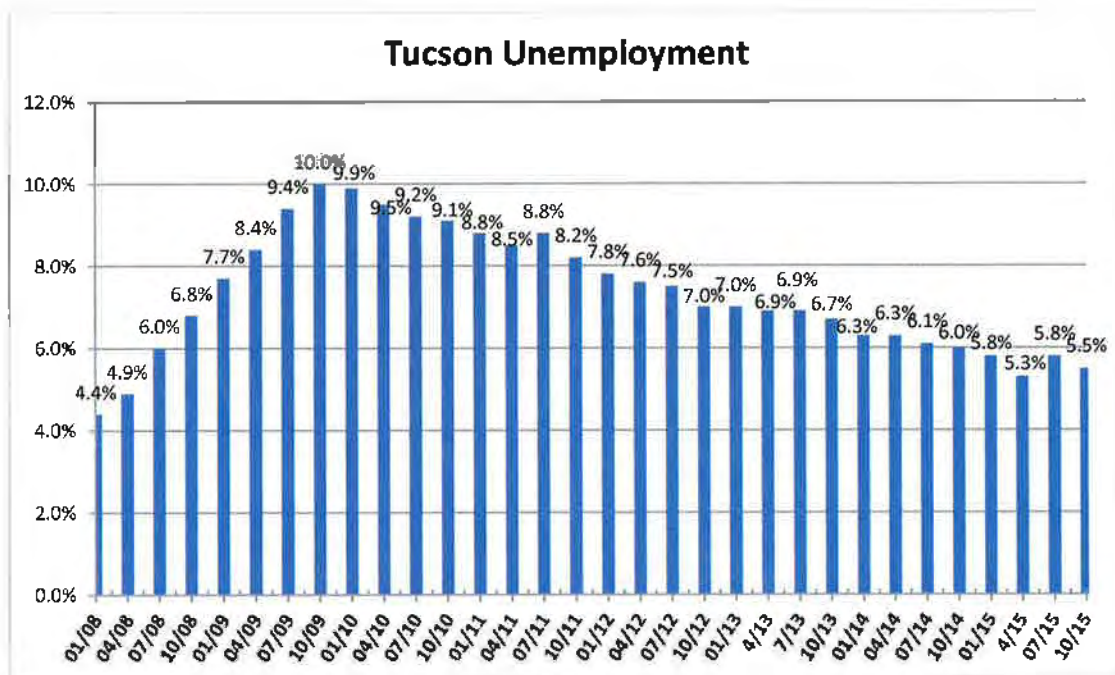
In the Fourth Quarter 2015, eight new buildings containing 130,584 square feet were completed. This compares to seven new buildings containing 411,794 square feet in Third Quarter 2015, three new buildings containing 30,757 square feet in Second Quarter 2015, three new buildings containing 18,764 square feet in First Quarter 2015, and six new buildings containing 71,962 square feet in Fourth Quarter 2014.

The following shows trends in the vacancy rate for retail properties in the Tucson market between Third Quarter 2008 and Fourth Quarter 2015, according to *The CoStar Retail Report, Tucson Retail Market, Year-End 2015*.



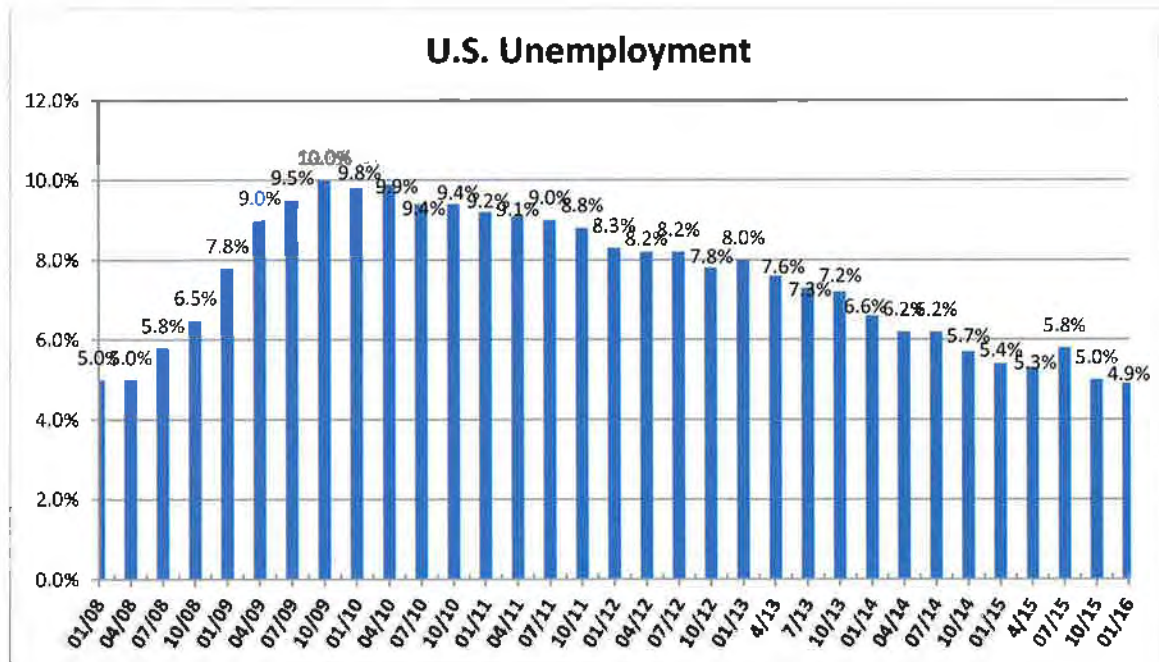
The vacancy rate for retail properties increased through early 2011. The retail vacancy rate remained mostly stable in 2011 but peaked in the Second Quarter 2012. The retail vacancy rate declined since that time, with a slight increase in late 2014 followed by a slight decline in 2015. The retail market 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 and is now close to early 2008 levels.



Overall, the commercial real estate markets reveal that most investors hold a cautionary outlook for 2016 due to the tight credit that adversely affects tenants, owners and investors and the continuing uncertainty of the government conditions. The stabilizing supply and demand fundamentals will result in 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 neighborhood where the subject property is located in the northwest sector of Tucson. The neighborhood boundaries as defined by the appraiser are the Tortolita Mountains to the north, Linda Vista Boulevard to the south, La Cañada Drive to the east, and Interstate 10 to the west. The neighborhood consists primarily of single-family residences, vacant land, and limited commercial development. The central portion of the neighborhood consists primarily of single-family residences in newer subdivisions, with most subdivisions developed in the last decade. The subdivisions in the southern portion of the neighborhood are located primarily on smaller lots of 0.15 to 0.30 acres. The northern portion of the neighborhood contains some subdivisions with larger lots (one or more acres of land). There are also planned subdivisions in this area that are being held for future development when market

conditions improve as well as some subdivisions currently under construction. Homes in far northern parts of the neighborhood are higher-end homes that have mountain views that range from average to very good. Homes in the northern portion of the neighborhood at higher elevations have better views and are developed with custom homes. Some of these subdivisions are located within the Dove Mountain Community at Dove Mountain Boulevard and Tangerine Road, with the Tangerine Crossing subdivision located north of Tangerine at Thornydale, and Sky Ranch located directly south of the neighborhood at Tangerine Road at Thornydale. Saguaro Ranch is located north of Moore Road, east of Thornydale, and Stone Canyon and La Cholla Airpark subdivisions are located in the eastern portion of the neighborhood. The eastern portion of the neighborhood consists primarily of single-family residences on larger lots of 1 acre to 3.3 acres or even larger. The Rancho Vistoso Planned Area Development is located directly east of the neighborhood and consists of a mix of larger lots and homes on smaller lots. The northwest portion of the neighborhood contains undeveloped, low-density land. Some areas of undeveloped land would have high development costs due to steeply sloping land. There is some commercial development at the corner of Tangerine Road at Thornydale and Tangerine Road and Dove Mountain Boulevard. This commercial development provides basic commercial uses to the neighborhood, with further commercial development located outside of the neighborhood. Due to the strong location of the neighborhood with many homes having good mountain views, the availability of unsold lots and homes, and the higher-end homes in the neighborhood, there is good demand for homes in the neighborhood.

SITE DESCRIPTION:

The subject property is a rectangular shaped interior parcel of land with 69.93 feet of frontage on Tangerine Road along the south property line and a depth of 195.04 feet along the east property line according to a drawing made by Psomas engineering and the Pima County Assessor's map (see Exhibits). The subject contains 0.31 acres (13,639 square feet) according to calculations made by Psomas engineering. The subject is located slightly to the west of the intersection of Tangerine Road and Dove Mountain Boulevard (which becomes Twin Peaks Road to the south of Tangerine Road).

Tangerine Road is a two-lane, asphalt-paved roadway with left and right turn lanes and no curbs, streetlights or sidewalks in the vicinity of the subject. Dove Mountain Boulevard is a four-lane, asphalt-paved roadway with a landscaped median, left and right turn lanes at the intersection of Tangerine Road and Dove Mountain Boulevard with no curbs, sidewalks or streetlights in the vicinity of the subject. Tangerine Road and Dove Mountain Boulevard is a full arterial signalized intersection with some concrete curbs and sidewalks at the intersection. Tangerine Road has a 2011 traffic count of 5,000 vehicles per day to the east of the subject and Dove Mountain Boulevard has a 2012 traffic count of 10,000 vehicles per day to the north of the subject. The land is at the existing street grade of Tangerine Road. The topography is level, generally sloping in a southwesterly direction. Soil conditions appear to be typical of the area.

Properties bordering the subject property include vacant land to the north, south, east and west.

Utilities available to the property include electric (TRICO Electric Cooperative), telephone (CenturyLink), natural gas (Southwest Gas Corporation), water (Metro Water Company), and sewer (Pima County Wastewater Management). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

Police services for the subject property are provided by the Town of Marana Police Department and fire services are through an individual contract with the Northwest Fire District. Trash collection services would also be through an individual contract with a local trash collection service.

According to FEMA Flood Insurance Rate Map 04019C1065L, dated June 16, 2011, the subject site being appraised for purposes of this report is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits).

The property is not in a seismic zone. There is an existing Pima County sewer easement for an 8 inch underground sewer line which runs to the subject property's west and east property lines. There are no known easements or encumbrances that adversely affect the subject property.

CURRENT USE:

The subject property is currently improved with a sewer lift station, storage tanks, electrical equipment, security lighting, concrete slabs, gravel drive, masonry walls, wrought iron gates, and perimeter chain link fencing. Based on inspection of the subject property and the location of the acquisition related to the main improvements, it has been determined by the appraiser that the functional utility of the main improvements is not impacted by the proposed acquisition. Based on this determination, this is an appraisal of the physical segment of land only of the subject property. Site improvements (concrete, fencing, etc.) located within the acquisition area, if any, will be valued as part of the appraisal process and the property owner will be compensated for these improvements.

ZONING:

The subject property is zoned Zone F (Specific Plan) under the Town of Marana Zoning Code. This designates the subject property as being located within a specific plan which then guides the allowable uses for the subject property. The subject is located in the Dove Mountain Specific Plan.

The Dove Mountain Specific Plan calls for the subject to be developed under the Mixed Use Commercial (MUC) designation. Permitted uses under the Mixed Use Commercial designation include "professional, commercial, retail commercial, commercial recreation, financial institutions, restaurant/drinking facilities, public services, religious facilities, campus park/light industrial, medical enter/hospital/doctors offices/clinics/seniors care

facilities, educational facility, veterinary services, hotel/motel, medium density residential, research and development, major employment center, and helistop.”

Development standards under the MUC designation consist of a maximum building coverage of 50 percent at ground level, no minimum lot area, no minimum lot width, maximum building height of forty-five (45) feet, 4 stories with optional theme towers to sixty-five (65) feet, and minimum building setbacks equal to 60 percent of building height, but not less than 15 feet.

Following is the commercial market profile section of this report.

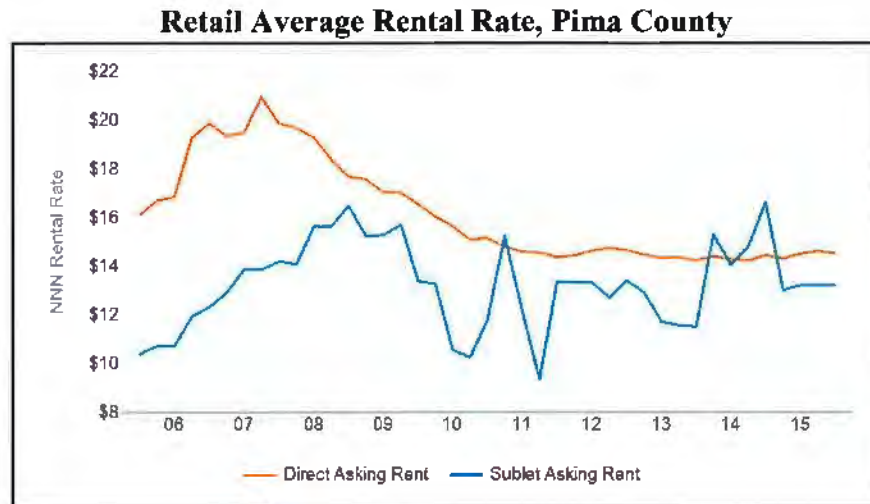
MARKET PROFILE - RETAIL:

The subject property consists of 0.31 acres of land as if vacant for purposes of this appraisal and is located on the north side of Tangerine Road, west of Dove Mountain Boulevard in Marana, Arizona. The property has all utilities available to the site and has physical and legal access from Tangerine Road. The subject property is zoned Zone F (Specific Plan) under the Town of Marana Zoning Code. The subject is located in the Dove Mountain Specific Plan. The Dove Mountain Specific Plan calls for the subject to be developed under the Mixed Use Commercial (MUC) designation.

The following is the vacancy rate for retail properties in Pima County, according to CoStar. This data indicates that the vacancy rate increased from 2006 and peaked in the beginning of 2012. Since the peak, vacancy rates declined until the beginning of 2014, where they have remained mostly stable through 2015. Vacancy rates remain well above 2006 levels.



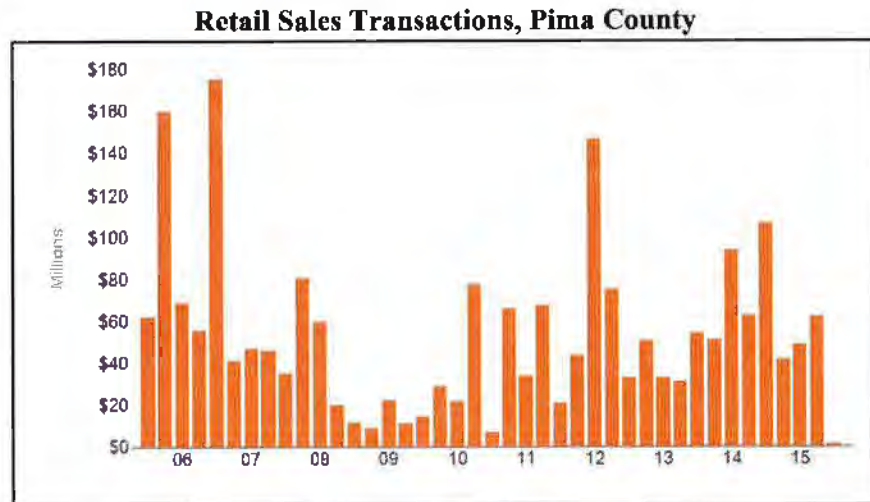
The following is the average rental rate for retail properties in Pima County, according to CoStar. This data indicates that the average rental rate peaked in the fourth quarter 2007 and has steadily declined. Results from 2012 through 2015 have been mostly stable. Retail rental rates remain below peak market levels.



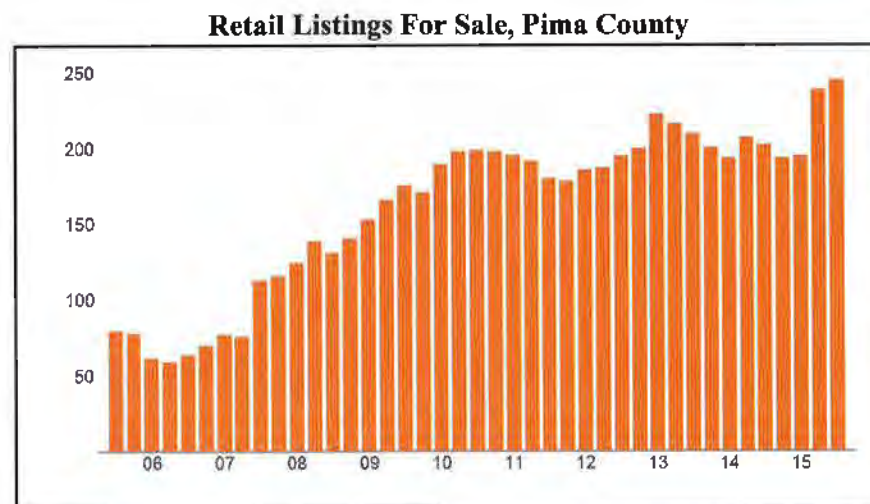
The following is the available space for lease in Pima County, according to CoStar. There has been a significant increase in the amount of retail space available for lease in Pima County. The amount of retail space available for lease has increased from 2006 to a peak at the end of 2010. Then the available space remained relatively stable from the beginning of 2011 through 2015. Available space remains well above 2006 levels. As market conditions improve, this space will begin to be absorbed.



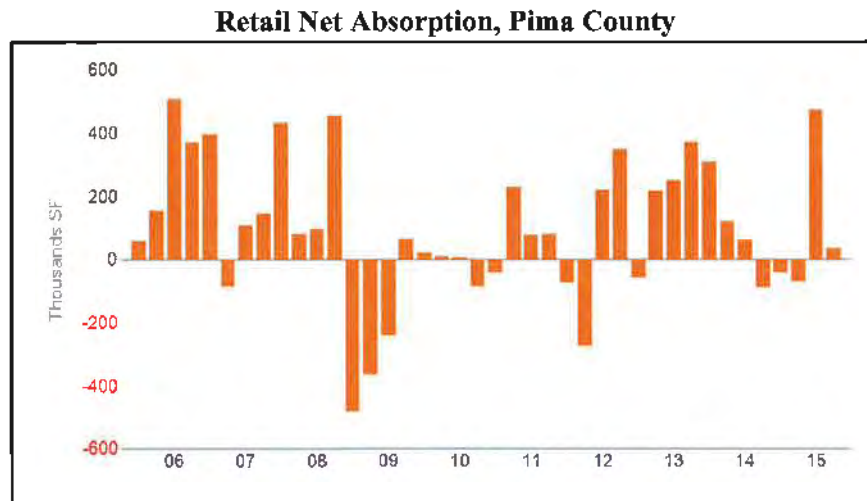
The following is the number of retail sales transactions in Pima County, according to CoStar. While there have been increased levels of sales in certain quarters, there was an overall downward trend in sales from 2008 through 2010. From 2010, through 2015, overall sales volume had a slight overall upward trend, with several quarters of increased sales activity.



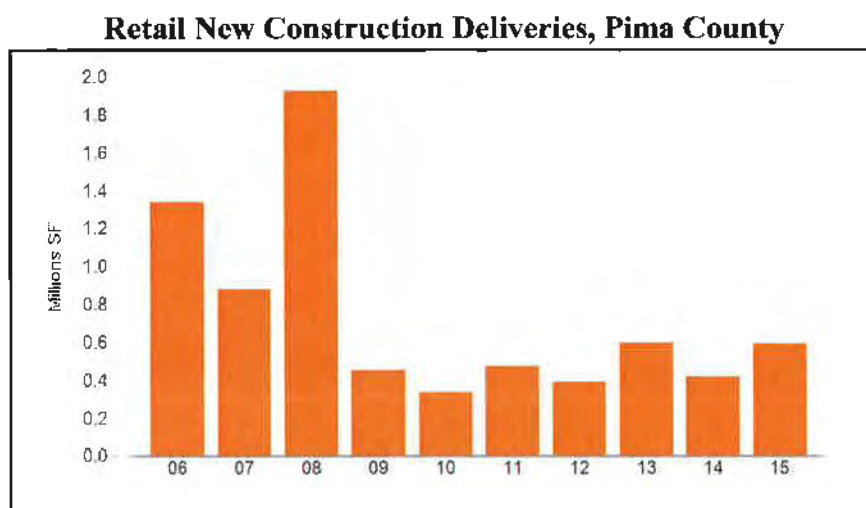
The following is the number of retail listings for sale in Pima County, according to CoStar. There has been an increase in the amount of retail space available for sale in Pima County. Although the amount of available space has remained fairly stable from the 2011 through 2015, with a jump in the third quarter of 2015 continuing through the fourth quarter of 2015, there remains an oversupply of available retail space.



The following is the net absorption for retail properties in Pima County, according to Costar. This indicates that there has been a mix of net positive and net negative absorption in the Tucson market since 2006. Three of the last four quarters have seen a net negative absorption rate.



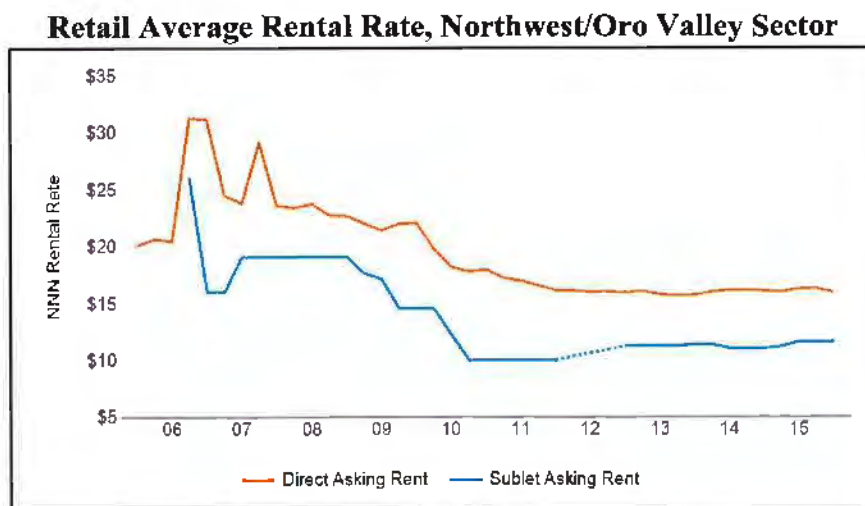
The following is the number of construction deliveries in Pima County, according to Costar. There has been a significant decrease in retail construction deliveries since 2008 through 2015. As market conditions improve and the oversupply of available retail properties is absorbed, new construction will increase, however this is not projected to occur for at least several years.



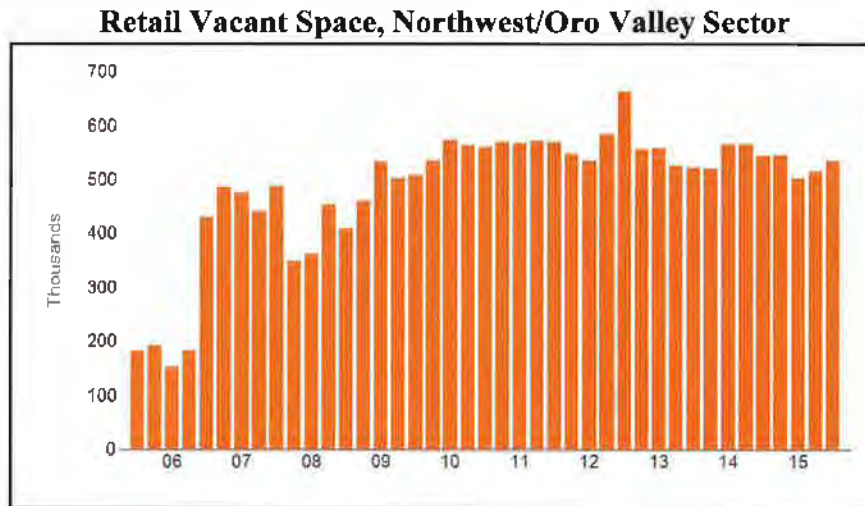
The following is the vacancy rate for retail properties in the subject sector, Northwest/Oro Valley, according to CoStar. The vacancy rate in the subject sector increased from mid 2006, peaking in the beginning of 2013. Vacancy rates have dropped from the peak in 2013 through 2015. Vacancy rates in the sector remains high compared to peak market levels.



The following is the average rental rates for retail properties in the subject sector, Northwest/Oro Valley, according to CoStar. The average asking rental rate for retail properties in the subject sector has remained mostly flat from 2011 through 2015, but is significantly lower than peak market levels of 2006 and 2007.



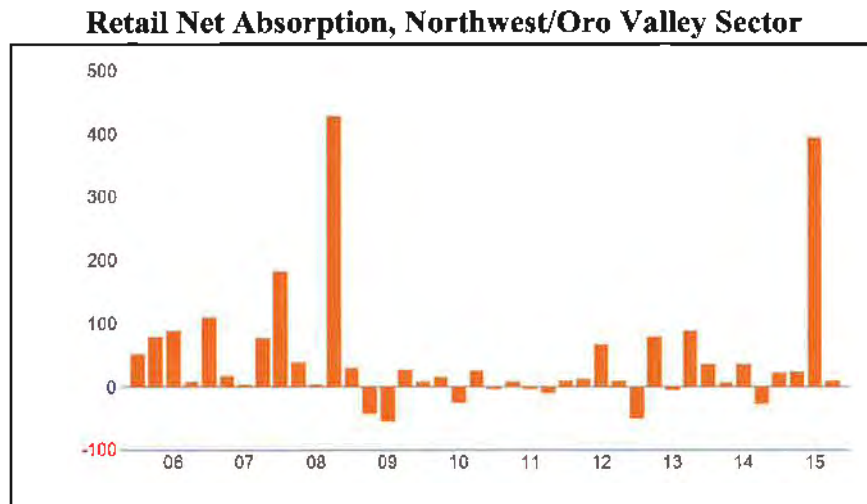
The following is the amount of retail space available for lease in the subject sector, Northwest/Oro Valley, according to CoStar. The amount of available retail space in the subject sector increased from 2006 through the beginning of 2007. From that time until the end of 2015, the available space remained relatively stable.



The following is the number of retail listings available for sale in the subject sector, Northwest/Oro Valley, according to CoStar. The number of listings remained relatively stable from 2009 through 2011, with a slight downward trend occurring in 2012. Sales listings in the subject sector have increased between 2012 through 2015.



The following is the net absorption for retail properties in the subject sector, Northwest/Oro Valley, according to Costar. This indicates that there has been a mix of net positive and net negative absorption in the subject neighborhood from 2006 through 2015. The last four quarters have seen a net positive absorption rate., with the third quarter of 2015 having a large increase in absorption.



The following is the retail construction deliveries in the subject sector, Northwest/Oro Valley, according to Costar. Retail construction deliveries in the subject sector was very limited between 2009 and 2014. There was increased activity in 2015.



Overall, the commercial and industrial real estate markets have stabilized and are expected to slowly recover over the next few years. In the short term, limited growth and stable values are projected for Tucson over the next one to two years. 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.

There are indications that market conditions started to stabilize in 2012. These conditions are projected to continue for several years, with the potential for recovery to start by the end of 2016 or later. Even with a recovery the market is projected to be less than robust for a period of time before supply and demand are in balance.

EXPOSURE/MARKETING TIME:

Marketing Time, as utilized in this appraisal, is defined as:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede 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 estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.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 Fifth Edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2010), defines highest and best use as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. Alternatively, the probable use of land or

1. *The Dictionary of Real Estate Appraisal* (Chicago: Appraisal Institute, Fifth Edition, 2010), p. 121

2. *Ibid*, p. 73

improved property - specific with respect to the user and timing of the use - that is adequately supported and results in the highest present value.

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 zoned Zone F (Specific Plan) under the Town of Marana Zoning Code. This designates the subject property as being located within a specific plan which then guides the allowable uses for the subject property. The subject is located in the Dove Mountain Specific Plan. The Dove Mountain Specific Plan calls for the subject to be developed under the Mixed Use Commercial (MUC) designation. Permitted uses under the Mixed Use Commercial designation include "professional, commercial, retail commercial, commercial recreation, financial institutions, restaurant/drinking facilities, public services, religious facilities, campus park/light industrial, medical center/hospital/doctors offices/clinics/seniors care facilities, educational facility, veterinary services, hotel/motel, medium density residential, research and development, major employment center, and helistop." Development standards under the MUC designation consist of a maximum building coverage of 50 percent at ground level, no minimum lot area, no minimum lot width, maximum building height of forty-five (45) feet, 4 stories with optional theme towers to sixty-five (65) feet, and minimum building setbacks equal to 60 percent of building height, but not less than 15 feet.

There is an existing Pima County sewer easement for an 8 inch underground sewer line which runs to the subject property's west and east property lines and electric easements along the west property line and in the southeast portion of the subject site. There are no other legal restrictions for development on this property.

Physical Considerations

The subject property contains 13,639 square feet (0.31 acres) of land. The subject land is an interior parcel and is rectangular in shape. All public utilities are available to the subject property. The land is at the existing street grade of Tangerine Road. The topography of the land is level, generally sloping in a southwesterly direction. The property has frontage on and legal access from Tangerine Road which is a section line road.

From among the uses of the subject property which are legally permissible, certain uses would also be physically possible. The potential physical use of the site could include development of any of the permitted uses under the Mixed Use Commercial (MUC) designation recommended for the subject by the Dove Mountain Specific Plan.

Financial Feasibility

The subject property could potentially be developed with various commercial uses based on the legally permissible uses under the commercial zoning and its location near a signalized section line intersection adjacent to other commercial uses to the west of Tangerine Road and Dove Mountain Boulevard. The northeast corner of Tangerine Road and Dove Mountain Boulevard is a commercial area that includes a convenience store, a neighborhood shopping

center, a Walgreens drug store, a bank branch, and strip office and retail uses. There is a medium density of residential housing proximate to the intersection that supports these various commercial uses. Based on market data, the subject property is of a sufficient size to support a small commercial use such as an office or retail use. Recent market activity indicates that there is improving demand for commercial parcels of land that are of a sufficient size to support these types of uses. Therefore, the most financially feasible use for the subject property is for eventual development of a small office or retail use that could benefit from a location near a commercial intersection with growing surrounding residential neighborhoods.

There is a significant supply of potential and existing commercially zoned land within two miles of the subject property, however, the subject site is located adjacent to an existing neighborhood shopping center with growing surrounding residential neighborhoods, indicating it is highly likely there would be immediate demand for a commercial use of the subject site within a year. This was confirmed with market participants including Mr. Jon Jump, broker and Mr. Aaron Mendenhall, broker.

The subject property is suitable for development with commercial uses. Demand for commercial uses in the subject neighborhood has begun to increase for prime commercial locations with all utilities available indicating that the immediate financially feasible use of the subject property is for commercial development. The most financially feasible future use of the subject is for development of the property with a commercial use such as an office or retail use within the next year.

Maximally Productive

Therefore, the maximally productive highest and best use of the subject site is for development of a commercial use such as an office or retail use within the next year.

SECTION B - VALUATION OF LAND, BEFORE

SALES COMPARISON APPROACH SUMMARY

PROPERTY VALUE, BEFORE ACQUISITION.

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 property. 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. A summary of the land sales used in this report is illustrated below (see the following pages for the specific adjustments made to each comparable).

Table of Comparable Land Sales

Sale No.	Sale Date	Property Location	Sale Price	Site Size (Sq. Ft.)	Price Per Sq. Ft.	Zoning
1.	7/13	Southwest corner of Alvernon Way and Kleindale Road	\$96,000	15,290	\$6.28	MU
2.	11/13	Southeast corner of Stone Avenue and Fifth Street	\$98,000	12,197	\$8.03	C-3
3.	6/14	North side of Vuelta Caminata Del Rio, west of Oracle Road	\$240,300	35,445	\$6.78	C-2
4.	7/14	Southwest corner of Grant Road and 10th Avenue	\$156,400	17,153	\$9.12	C-2
5.	3/15	Southwest corner of Broadway Boulevard and Old Spanish Trail	\$202,500	26,180	\$7.73	C-1
Subject Property				13,639		F (SP)

ADJUSTMENT SUMMARY OF COMPARABLE LAND SALES

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Sale Date		7/2013	11/2013	6/2014	7/2014	3/2015
Site Size (Sq. Ft.)	13,639	15,290	12,197	35,445	17,153	26,180
Zoning	F (SP)	MU	C-3	C-2	C-2	C-1
Utility	Average	Average	Average	Good	Average	Good
Sale Price		\$96,000	\$98,000	\$240,300	\$156,400	\$202,500
Price per Sq. Ft.		\$6.28	\$8.03	\$6.78	\$9.12	\$7.73

Summary of Adjustments

Unadjusted Price / Sq. Ft.	\$6.28	\$8.03	\$6.78	\$9.12	\$7.73
Property Rights	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Price	\$6.28	\$8.03	\$6.78	\$9.12	\$7.73
Financing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Price	\$6.28	\$8.03	\$6.78	\$9.12	\$7.73
Conditions of Sale	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Price	\$6.28	\$8.03	\$6.78	\$9.12	\$7.73
Date/Market Conditions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Price	\$6.28	\$8.03	\$6.78	\$9.12	\$7.73
Physical Adjustments (%)					
Location	-5	-20	-5	-25	-25
Zoning	0	0	0	0	0
Site Size	0	0	10	0	10
Site Utility	<u>0</u>	<u>0</u>	<u>-10</u>	<u>0</u>	<u>-10</u>
Net Adjustment	-5%	-20%	-5%	-25%	-25%
Indicated Value / Sq. Ft.	\$5.97	\$6.42	\$6.44	\$6.84	\$5.80

Market Sales Analyses

This analysis compares five sales of similar vacant land parcels to the subject property as if vacant on a price per square foot basis. This is the sale price divided by the square footage of the site. Sales prices range from \$6.28 to \$9.12 per square foot 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 indicated no adjustment for date and market conditions. Market data indicates that there was no change in prices between the date of this sale and the date of value based on sales used in this report and conversations with market participants.

Physical adjustments include a downward adjustment for location to reflect the comparable's superior location on Alvernon Way which is partially offset due to the comparable not having physical access from Alvernon Way compared to the comparable's access from Tangerine Road. Overall, this comparable's price per square foot is adjusted downward in comparison to the subject property.

Comparable Sale Two indicated no adjustment for date and market conditions. Market data indicates that there was no change in prices between the date of this sale and the date of value based on sales used in this report and conversations with market participants.

Physical adjustments include a downward adjustment for location to reflect the comparable's superior location in an area of greater demand for potential development to occur in this location compared to the subject's location. Overall, this comparable's price per square foot is adjusted downward in comparison to the subject property.

Comparable Sale Three indicated no adjustment for date and market conditions. Market data indicates that there was no change in prices between the date of this sale and the date of value based on sales used in this report and conversations with market participants.

Physical adjustments include a downward adjustment for location to reflect the comparable's superior location in an area of greater demand for potential development to occur in this location compared to the subject's location, however, this is partially offset by the comparable's backage location. The comparable's site size is larger than the subject, indicating an upward adjustment since larger parcels sell for less per square foot than smaller parcels with all else being equal. The comparable has superior utility due to its shape compared to the subject's shape, indicating a downward adjustment. Overall, this comparable's price per square foot is adjusted downward in comparison to the subject property.

Comparable Sale Four indicated no adjustment for date and market conditions. Market data indicates that there was no change in prices between the date of this sale and the date of value based on sales used in this report and conversations with market participants.

Physical adjustments include a downward adjustment for location to reflect the comparable's superior general location with a significantly higher traffic count than the subject. Overall, this comparable's price per square foot is adjusted downward in comparison to the subject property.

Comparable Sale Five indicated no adjustment for date and market conditions. Market data indicates that there was no change in prices between the date of this sale and the date of value based on sales used in this report and conversations with market participants.

Physical adjustments include a downward adjustment for location to reflect the comparable's superior general location with a significantly higher traffic count than the subject. The comparable's site size is larger than the subject, indicating an upward adjustment since larger parcels sell for less per square foot than smaller parcels with all else being equal. The comparable has superior utility due to it's shape compared to the subject's shape, indicating a downward adjustment. Overall, this comparable's price per square foot is adjusted downward in comparison to the subject property.

Sales Comparison Approach Summary

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Adjusted Sale Price/ Sq. Ft.	\$5.97	\$6.42	\$6.44	\$6.84	\$5.80

Land Market Value As Vacant Before Acquisition.

These five comparable sales indicate a price range of \$5.80 to \$6.84 per square foot after adjustment for the subject land as if vacant. Primary emphasis is given to Comparables One, Two and Four which are all similar in zoning, size and utility as the subject. These three sales indicated an adjusted price per square foot range of \$5.97 to \$6.84. Comparable Three is given considerable weight due to it's general location in Oro Valley. Comparable Five requires the most net adjustments, but lends support to the overall adjusted price per square foot range. Therefore, based on the above analysis, the estimated market value of the subject land as if vacant, by the sales comparison approach, as of March 10, 2016, is \$6.50 per square foot, times 13,639 square feet, equaling \$88,654, rounded to \$88,700.

SECTION C - THE PROPERTY TO BE ACQUIRED

Description of Tangerine Road Corridor Project. The Town of Marana is seeking to acquire a portion of the subject property as part of the Tangerine Road Corridor Project. As proposed, the Tangerine Road Corridor Project will widen Tangerine Road from the existing two-lane, asphalt paved roadway to a four-lane, asphalt paved roadway with a raised concrete/-landscaped median. Dove Mountain Boulevard and Twin Peaks Road will continue to be a four-lane road with a median and single left and right turn lanes at the subject property. The Tangerine Road and Dove Mountain Boulevard/Twin Peaks Road intersection at the subject property will have two southbound lanes, two northbound lanes, one north left turn lane, and one south right turn lane along Dove Mountain Boulevard/Twin Peaks Road and it will have two eastbound lanes, two westbound lanes, two east left turn lanes, two west left turn lanes, one south right turn lane and one north right turn lane along Tangerine Road. Additional project improvements will include a multi-use path located on the north side of the Tangerine Road right of way (but stops east of the subject property), landscaping on both the north and south sides of Tangerine Road, and drainage structures at various locations to carry storm water under Tangerine Road. The property being acquired by the Town of Marana includes a fee simple interest of a portion of the subject land.

The Town of Marana is seeking to acquire a portion of the subject property in fee according to Psomas Engineering drawings dated March 15, 2016. A map and legal description of the acquisition area can be found in the Exhibits section of this report.

Any natural desert vegetation (trees, bushes and cacti (except landscaped areas), etc.) which may be located in the area to be acquired is native vegetation of which their value is included in the market value of the subject land.

The area being acquired in fee [RW 2] contains a total land area of 6,501 square feet according to information provided by the Town of Marana based on plans completed by Psomas Engineering and is rectangular in shape. It has a length of 69.93 feet located along the entire south property line on the north side of Tangerine Road and a width of 92.92 feet at the west end of the acquisition, and a width of 92.97 feet at the east end of the acquisition.

The value of the part to be acquired on a fee simple basis is based on the "part of the whole" theory which states that the sum of the value of the parts equals, but does not exceed the value of the whole; therefore, the value per square foot applicable to the land before the acquisition is applicable to the land to be acquired. The estimated market value of the subject property before the acquisition is \$6.50 per square foot.

Land Value, Fee Simple Part To Be Acquired.

The total land area for the fee acquisition is 6,501 square feet. The land to be acquired will be purchased in fee with all rights transferring to the Town of Marana. Following is an estimate of the market value of the land to be acquired:

Fee Simple Land Area to be Acquired:

6,501 square feet x \$6.50 per square foot = \$42,257

Rounded to: \$42,300

Improvements To Be Acquired.

There are site improvements located within the area to be acquired. These improvements include chain link fencing and gates, and a gravel parking lot.

The replacement cost new of the subject site improvements located in the area to be acquired includes builder's overhead and profit (known as entrepreneurial incentive), and takes into account any evident depreciation.

Replacement cost information for the fencing and gates located in the area to be acquired and to modify existing entry gates was provided by Mr. Frank Valencia with Canyon Fence Company, Inc. Replacement cost information for the gravel parking lot located in the acquisition area was provided by Mr. Bruce Wilson, PE, engineer with Engineering and Environmental Consultants (EEC).

Mr. Jordan Simon of Venture West indicated that entrepreneurial incentive typically ranges from 10 to 12 percent. Mr. Dean Cotlow with The Cotlow Company indicated that a typical entrepreneurial incentive is 10 percent for major projects. However, for smaller projects, the entrepreneurial incentive is 11 to 12 percent. Based on the above information, the entrepreneurial incentive is estimated to be 12 percent.

Accrued depreciation is typically deducted from the cost new. Based on observation of the improvements to be acquired, there is no accrued depreciation observed for the subject fencing or gravel parking lot.

The estimated market value of the improvements located in the area to be acquired and taking into account any evident depreciation, is estimated on the following page.

MARKET VALUE OF IMPROVEMENTS TO BE ACQUIRED:

Chain link fencing and gates, modify existing gates cost estimate per Canyon Fence Company	\$4,775
Gravel parking lot cost estimate per Bruce Wilson, engineer	<u>2,500</u>
Total Cost of All Improvements to be Acquired	\$7,275
Plus Entrepreneurial Incentive (12% times \$7,275)	<u>873</u>
Total Cost & Incentive, Improvements To Be Acquired	\$8,148
Less Accrued Depreciation From All Causes (0%)	(0)
Estimated Market Value of Improvements To Be Acquired	\$8,148
Rounded to:	\$8,200

TOTAL OF ALL PROPERTY TO BE ACQUIRED:

The combined total market value of all property to be acquired is as follows:

Market Land to be Acquired (Fee Simple)	\$42,300
Market Value of Site Improvements to be Acquired	<u>8,200</u>
Total of All Property to be Acquired	\$50,500

SECTION D - VALUATION OF THE REMAINDER PROPERTY, BEFORE

Remainder Property Before:

The market value of the remainder property before the acquisition is the difference between the value of the entire property before the acquisition less the value of the part to be acquired (land only). This step reflects the value of the remainder property without recognizing any increase or decrease in value as the result of any special benefits or severance damages.

Value of Property Before Acquisition:	\$88,700
Value of Property To Be Acquired (Land Only):	<u>(42,300)</u>
Value of Remainder Property Before:	\$46,400

SECTION E - THE REMAINDER LAND, AFTER ACQUISITION

Description.

After the acquisition, the remainder land will consist of a rectangular shaped parcel totaling 7,138 square feet (or 0.16 acres) per Psomas Engineering. The site will continue to have frontage on and access from Tangerine Road, which is the same as in the before condition. The shape of the remaining land remains similar to that which existed before the acquisition, only lacking the portion located in the fee simple area to be acquired.

The entry gates which existed before the acquisition will be modified to better allow the property owner's vehicles to enter onto the remainder parcel after completion of the project.

The physical characteristics of the subject property are considered to be reasonably similar to the characteristics that existed prior to the acquisition. Tangerine Road will be raised slightly above the current elevation of the paved road. The final finished elevation of the road will not increase any discernable level of noise from the road based on previous noise level studies completed by Pima County for a road project in the area of Craycroft Road and Sunrise Drive. The new road will be paved with rubberized asphalt which has been determined to reduce road noise. Therefore, there is no diminution to the subject property value due to a change in noise level. The subject property will continue to be located on a major traffic artery (Tangerine Road) in the after condition which is the same as the before condition. A 12 foot asphalt paved driveway in the new right of way will provide all weather access to the remainder site.

The remainder land maintains the same long term developability and use which is for development of a small office or retail use within the next year. The subject site size is reduced by the size of the acquisition to a total of 7,138 square feet which can be developed with small office or retail use.

Hypothetical Condition - Value of the Remainder Land, After (No. 22). This appraisal report includes the appraisal of the market value of the remainder land, as if the Tangerine Road Corridor Project, Dove Mountain Boulevard to La Canada Drive was complete and all improvements were in place. As the project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project is completed based upon the plans provided to the appraiser by the Town of Marana. If the project is not completed as indicated by the plans provided by the Town of Marana to the appraiser, then the value indicated in this report is subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

Highest and Best Use, After, as Vacant.

After the acquisition, the subject has a highest and best use that is the same as in the before condition. The maximally productive highest and best use of the subject site is development of the property with a commercial use such as an office or retail use within the next year. This use is considered to be the most feasible use based on the location of the property, the

zoning, surrounding development, and the supply of vacant land with all utilities in the neighborhood.

Land Value after Acquisition.

The remainder land is being appraised using the same comparable sales, the same adjustments, and the same value conclusion used to value the property in the before condition. After the acquisition, the remainder land will consist of a rectangular shaped parcel totaling 7,138 square feet (or 0.16 acres) per Psomas Engineering. The site will continue to have frontage on and access from Tangerine Road. The shape of the remaining land remains similar to that which existed before the acquisition, just lacking the portion that was acquired. The land maintains the same or similar developability and use. The highest and best use of the property is considered to be the same as in the before condition.

Based on the same highest and best use, the same comparable sales are utilized for the estimate of land value after the acquisition. The sales indicate a fee value of \$6.50 per square foot for the subject land.

Therefore, the conclusion of market value of the property after the acquisition is estimated as follows:

Fee Simple Land, After

$$\begin{array}{rcl} 7,138 \text{ square feet} \times \$6.50 \text{ per square foot} & = & \$46,397 \\ & & \text{Rounded to: } \$46,400 \end{array}$$

SECTION F - SEVERANCE DAMAGES

Description.

Severance damages are a loss in value to the remainder property not acquired which arises as the result of a partial acquisition or construction of public improvements which have a negative impact on the remaining property. Severance damages are typically estimated by deducting the value of the remainder property after the acquisition from the value of the remainder property before the acquisition.

Conclusion.

The market value of the land, before the acquisition, is \$88,700. The market value of the land to be acquired of \$42,300 is deducted from the market value of \$88,700 to arrive at the market value of the remainder, before, of \$46,400. The market value of the remainder, after, is estimated at \$46,400. Therefore, there are no severance damages reflected to the subject property.

Value of Remainder Property, Before:	\$46,400
Value of Remainder Property, After:	<u>(46,400)</u>
Severance Damages:	-0-

SECTION G - SUMMARY OF VALUE CONCLUSIONS

Market Value of Land, Before Acquisition	\$88,700
Market Value of Land To Be Acquired	\$42,300
Market Value of Remainder Land, Before	\$46,400
Market Value of Remainder Land, After	\$46,400
Severance Damages	\$0
Market Value of Improvements To Be Acquired	\$8,200
TOTAL COMPENSATION	\$50,500

AUDIT BREAKDOWN:

LAND TO BE ACQUIRED	\$42,300
SEVERANCE DAMAGES	0
VALUE OF IMPROVEMENTS TO BE ACQUIRED	<u>8,200</u>
TOTAL COMPENSATION	\$50,500

Hypothetical Condition - Value of the Remainder Land, After (No. 22). This appraisal report includes the appraisal of the market value of the remainder land, as if the Tangerine Road Corridor Project, Dove Mountain Boulevard to La Canada Drive was complete and all improvements were in place. As the project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project is completed based upon the plans provided to the appraiser by the Town of Marana. If the project is not completed as indicated by the plans provided by the Town of Marana to the appraiser, then the value indicated in this report is subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

ASSUMPTIONS AND LIMITING CONDITIONS - PART IV

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 a Summary 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. ***Value of the Remainder Land, After.*** This appraisal report includes the appraisal of the market value of the remainder land, as if the Tangerine Road Corridor Project, Dove Mountain Boulevard to La Canada Drive was complete and all improvements were in place. As the project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project is completed based upon the plans provided to the appraiser by the Town of Marana. If the project is not completed as indicated by the plans provided by the Town of Marana to the appraiser, then the value indicated in

this report is subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

23. ***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 V

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 reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
8. My reported 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, and any other specifications submitted by the Client, including Title XI, FIRREA.
9. The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.
10. 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.
11. As of the date of this report, I have completed requirements of the continuing education program of the Appraisal Institute.
12. The effective date of this appraisal is March 10, 2016.

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



William D. Peterson, MAI
Certified General Real Estate Appraiser
Certificate Number 30216

EXHIBITS - PART VI

Exhibit A	Title Report
Exhibit B	Subject Plat Map
Exhibit C	Zoning Map
Exhibit D	General Plan Land Use Map
Exhibit E	Aerial Photograph
Exhibit F	Flood Plain Map
Exhibit G	Maps and Legal Description of Area to be Acquired
Exhibit H	Subject Photographs
Exhibit I	Acquisition Photographs
Exhibit J	Inspection Letter
Exhibit K	Comparable Land Sales Location Map
Exhibit L	Comparable Land Sales, Plat Maps, and Aerial Photographs
Exhibit M	Cost Estimate
Exhibit N	Qualifications

EXHIBIT A - TITLE REPORT

ALTA Commitment Form

COMMITMENT FOR TITLE INSURANCE

Issued by



STEWART TITLE[®] GUARANTY COMPANY

STEWART TITLE GUARANTY COMPANY, a Texas Corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements, all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate six months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

This Commitment shall not be valid or binding until countersigned by a validating officer or authorized signatory.

IN WITNESS WHEREOF, Stewart Title Guaranty Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

Countersigned by:

John Rafferty

Authorized Signature
Stewart Title & Trust of Tucson
Company
Tucson, AZ 85710
City, State



Robert J. Smith
Senior Vice President
Michael J. Smith
President
Robert J. Smith
President

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquires actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and the Conditions and Stipulations, and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.

As to ALTA 2006 Policy forms:

5. The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <http://www.alta.org/>.

STEWART TITLE® GUARANTY COMPANY

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at P.O. Box 2029, Houston, Texas 77252.

SCHEDULE A

Order Number: 13420451, Amend. No. 1

Escrow Officer: Kim Moss

Effective Date: January 27, 2015 at 5:00 p.m.

Title Officer: Gail Franklin

1. Policy or Policies to be issued:

	Amount of Insurance
(a) Owner's: LTAA Standard Coverage Owner's Policy	\$ 0.00
Proposed Insured:	
Town of Marana, a municipal corporation	
(b) Lender's: None	\$ 0.00
Proposed Insured:	
(c) Lender's: None	\$ 0.00
Proposed Insured:	
2. The estate or interest in the land described or referred to in this Commitment and covered herein is:
FEE
3. Title to said estate or interest in said land is at the effective date hereof vested in:
Pima County, a body politic and corporate and a political subdivision of the State of Arizona
4. The land referred to in this Commitment is described as follows:
See Exhibit A attached hereto and made a part hereof.
5. The Deed of Trust to be insured and the assignments thereof, if any are described as follows:
n/a

Order Number: 13420451, Amend. No. 1

Exhibit A

TORTALITA MOUNTAIN PROPERTIES LIFT STATION:

All of that portion of the Southeast quarter of Section 35, Township 11 South, Range 12 East, Gila and Salt River Meridian, Pima County, Arizona, said portion being more particularly described as follows:

COMMENCING at the Southeast corner of said Section 35;

THENCE North 89 degrees 58 minutes 51 seconds West along the South line of said Section 35, a distance of 958.58 feet;

THENCE North 0 degrees 01 minutes 09 seconds East a distance of 50.00 feet to a 5/8 inch diameter iron reinforcing rod on the Northerly right-of-way line of Tangerine Road, as recorded in Book 7 of Road Maps at Page 83, said point also being the TRUE POINT OF BEGINNING;

THENCE North 0 degrees 00 minutes 38 seconds West a distance of 194.99 feet to a 5/8 inch diameter iron reinforcing rod;

THENCE North 89 degrees 58 minutes 18 seconds East a distance of 70.09 feet to a 5/8 inch diameter iron reinforcing rod;

THENCE South 0 degrees 00 minutes 40 seconds West a distance of 195.04 feet to a 5/8 inch diameter iron reinforcing rod on the Northerly right-of-way line of said Tangerine Road;

THENCE North 89 degrees 58 minutes 51 seconds West, along said Northerly right-of-way line, a distance of 70.02 feet to the TRUE POINT OF BEGINNING.

(jv arb: 8)

SCHEDULE B

Order Number: 13420451, Amend. No. 1

Showing matters which will be excepted in the Policy unless the same are disposed of to the satisfaction of the Company.

- i. Defects, liens, encumbrances, adverse claims or other matters, if any, created first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
- ii. Subject to the usual printed exclusions and exceptions contained in the regular form of policy, reprinted for reference on the Addendum attached hereto.

The following matters will be excepted in Schedule B of the policy to be issued:

1. Water rights, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records.

This exception is not limited by reason of the disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.
2. Reservations, exceptions, easements or rights in Patents or in Acts authorizing the issuance thereof.
3. Liabilities and obligations imposed upon said land by reason of its inclusion within the Town of Marana General Plan..
4. Liabilities and obligations imposed upon said land by reason of its inclusion within the Red Hawk Specific Plan.
5. Easement for right of way and rights incident thereto, as set forth in instrument recorded in Docket 4781, Page 230.
6. Restrictions, Conditions, Covenants, Reservations, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument recorded in Docket 7981, Page 2660.
7. All right, title or interest in all coal and other minerals as described and set forth in instrument recorded in Docket 8004, Page 610.
8. Terms and conditions as contained in Annexation Petition recorded in Docket 8281, Page 1537 and re-recorded in Docket 8347, Page 1895.

SCHEDULE B (Continued)

Order Number: 13420451, Amend. No. 1

9. Provisions within Ordinance No. 88.15 relating to annexation recorded in Docket 8347, Page 1889.
10. Terms and conditions as contained in Agreement by and between Pima County and Tortolita Mountain Properties recorded in Docket 8388, Page 1525.
11. Terms and conditions as set forth in Development Agreement as recorded in Docket 8776, Page 2248 and in Docket 8558, Page 1450 and as amended by the following instruments:

Recorded in Docket 9969, Page 1923
Recorded in Docket 10075, Page 356
Recorded in Docket 10529, Page 1578
Recorded in Docket 10626, Pages 620, 628 and 636
Partial Assignment recorded in Sequence No. 2014-0100129;
Amendments to Development Agreements disclosed in Sequence No. 2014-0100129.
12. Provisions within Resolution of Establishment and Advance Acquisition under Resolution No. 89-07-A-62 recorded in Docket 8609, Page 1063
13. Provisions within Resolution No.89-31 relating to Development Agreement recorded in Docket 8650, Page 2178.
14. Terms and conditions as contained in Pre-Annexation Development Agreement recorded in Docket 9211, Page 369 and amendment recorded in Docket 11594, Page 3834.
15. Easement for electric distribution facilities and rights incident thereto, as set forth in instrument recorded in Docket 9239, Page 883.
16. Terms and conditions as contained in Notice of Formation of Red Hawk Canyon Community Facilities District No. 2 recorded in Docket 9981, Page 1557 and corrected in Docket 10578, Page 2209
17. Terms and conditions as contained in Intergovernmental and Development Agreement for Water Line Oversizing recorded in Docket 10075, Page 372
18. Provisions within Resolution and Order No. 1995-293, relating to Joint Project Administration and Shared Funding for Asphaltic Road Overlay on Tangerine Road recorded in Docket 10196, Page 201
19. Easement for sewer lines and rights incident thereto, as set forth in instrument recorded in Docket 10264, Page 666.

SCHEDULE B (Continued)

Order Number: 13420451, Amend. No. 1

20. Terms, conditions, obligations and assessments by reason of inclusion within the Redhawk Canyon Community facilities District No. 2 as recorded in Docket 10428, Page 2065 and Docket 10738, page 1686; Assignment disclosed in Sequence No. 2014-2690475.
21. Matters as disclosed by Assignment and Assumption of Ancillary Contracts by Bay Colony-Gateway, Inc., a Delaware Corporation the seller and Redhawk Marana, L.L.C., an Arizona limited liability company as to an undivided 15% interest and Rita Land Corporation an Arizona corporation as to an undivided 85% interest the buyer, recorded in Docket 10437, Page 1728.
22. Terms and conditions as contained in Red Hawk Trails Agreement recorded in Docket 10453, Page 157.
23. Restrictions, Conditions, Covenants, Reservations, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument recorded in Docket 10660, Page 1083.
24. Terms, conditions, and reverter rights as contained in instrument recorded in Docket 10519, Page 290
25. Provisions within Ordinance No. 97.32, relating to Renaming Redhawk Specific Plan recorded in Docket 10667, Page 1505.
26. Terms and conditions as contained in License Agreement recorded in Docket 10722, Page 813
27. Easement for electric distribution facilities and rights incident thereto, as set forth in instrument recorded in Docket 10890, Page 1061.
28. Terms, conditions and restrictions as contained in Interim Conservation Agreement recorded November 29, 2000 in Docket 11434, Page 1466
29. All matters as disclosed by survey map attached to Use Restrictions recorded in Docket 13230, Page 3459, and in Docket 13371, Page 544, and in Docket 13375, Page 422.
30. Terms and conditions of Franchise to Trico Electric Cooperative, Inc. recorded in Sequence No. 2011-1530134.
31. Matters shown on survey recorded in Book 2012 of Maps, page 0260013 and in Book 2012 of Record of Surveys at page 2980200.
32. Any easements or rights of way not disclosed by those public records which impart constructive notice and which are not visible and apparent from an inspection of the surface of said land.

SCHEDULE B (Continued)

Order Number: 13420451, Amend. No. 1

33. Terms, conditions, covenants, restrictions, easements, liabilities and obligations set forth in Assignment of Development Agreements and disclosure of additional Development Agreements recorded in Sequence No. 2014-2690475.

REQUIREMENTS

Order Number: 13420451, Amend. No. 1

The County Recorder may not accept documents for recording which do not comply with Arizona Revised Statutes 11-480 which, among other things, requires the following:

- a) Print must be ten-point type (pica) or larger.
- b) Margins of at least one-half inch along the left and right sides, one-half inch across the bottom, and on the first page at least two inches on top for recording and return address information. (NOTE: Nothing must be contained in the margin areas, including initials.)
- c) Each instrument shall be no larger than 8-1/2 inches in width and 14 inches in length.

Due to changes in Arizona Revised Statutes the County Recorder may not accept for recording any documents containing any more than five numbers that are reasonably identifiable as being part of an individual's Social Security Number, Credit Card, Charge Card or Debit Card Numbers, Retirement Account Numbers, Savings, Checking or Securities Entitlement Account Numbers.

THIS COMMITMENT IS NOT AN ABSTRACT, EXAMINATION, REPORT, OR REPRESENTATION OF FACT OR TITLE AND DOES NOT CREATE AND SHALL NOT BE THE BASIS OF ANY CLAIM FOR NEGLIGENCE, NEGLIGENT MISREPRESENTATION OR OTHER TORT CLAIM OR ACTION. THE SOLE LIABILITY OF COMPANY AND ITS TITLE INSURANCE AGENT SHALL ARISE UNDER AND BE GOVERNED BY THE CONDITIONS OF THE COMMITMENT.

The following requirements must be met and completed to the satisfaction of the Company before its policy of title insurance will be issued:

- 1. PROVIDE a legal description and boundary survey prepared by a Registered Land Surveyor of the property to be conveyed herein. Further requirements and/or additional matters may be deemed necessary upon review of said information.
- 2. Proper disposition of Escrow No. 10007555.
- 3. PROPER SHOWING that all assessments levied by any owners association have been paid, pursuant to Restrictions recorded in Docket 10660, Page 1083.
- 4. PROPER SHOWING that all assessments have been paid pursuant to Assessment Authorization, recorded in Docket 10428, page 2065 and Docket 10738, page 1686.
- 5. RECORD PARTIAL RELEASE AND RECONVEYANCE of Deed of Trust in the original amount of \$155,000,000.00, and any other amounts payable under the terms thereof, dated July 24, 1995, recorded July 26, 1995 in Docket 10093, Page 1859, Bay Colony-Gateway, Inc., a Delaware corporation, as Trustor, Chicago Title Insurance Company, a Missouri corporation, as Trustee, and The First National Bank of Boston, a national banking association, as Beneficiary.

REQUIREMENTS (Continued)

Order Number: 13420451, Amend. No. 1

Partial Release recorded May 9, 1996 in Docket 10291, Page 385.

NOTE: Upon the recordation of said release, Collateral Assignment of Leases and Rents recorded in Docket 10093, Page 1893 Assignment of Loan Documents recorded in Docket 10093, Page 1982 will automatically terminate.

6. RECORD PARTIAL RELEASE AND RECONVEYANCE of Deed of Trust in the original amount of \$155,000,000.00, and any other amounts payable under the terms thereof, dated July 24, 1995, recorded July 26, 1995 in Docket 10093, Page 1918, Bay Colony-Gateway, Inc., a Delaware corporation, as Trustor, Chicago Title Insurance Company a Missouri corporation, as Trustee, and The First National Bank of Boston as Collateral Agent, as Beneficiary.

Partial Release recorded May 9, 1996 in Docket 10291, Page 371 .

NOTE: Upon the recordation of said release, Assignment of Loan Documents recorded in Docket 10093, Page 1982 will automatically terminate.

7. RECORD PARTIAL RELEASE of Financing Statement between Bay Colony-Gateway, Inc., as Debtor and The First National Bank of Boston, as Agent, as Secured Party, recorded July 28, 1995 in Docket 10095, Page 2337.

Partial Termination recorded September 1, 1995 in Docket 10120, Page 1292 and recorded May 9, 1996 in Docket 10291, page 425 .

8. RECORD PARTIAL RELEASE of Financing Statement between Bay Colon-Gateway, Inc., as Debtor and The First National Bank of Boston as Collateral Agent, as Secured Party, recorded July 28, 1995 in Docket 10095, Page 2354.

Assignment to The First National Bank of Boston, as Agent recorded February 19, 1995 in Docket 10485, Page 657

Partial Terminations rccorded September 1, 1995 in Docket 10120, Page 1291 and recorded May 9, 1996 in Docket 10291, Page 437 .

9. RECORD an Affidavit by Bay Colony-Gateway, Inc., a defunct Delaware corporation, their heirs or assigns relinquishing any reverter rights as to caption property. Said reverter rights established in Vesting Deed recorded in Docket 10519, page 209.
10. RECORD Deed from **Pima County, a body politic and corporate and a politcal subdivision of the State of Arizona to Town of Marana, a municipal corporation**

REQUIREMENTS (Continued)

Order Number: 13420451, Amend. No. 1

TAX NOTE:

Year: 2014
Parcel No.: 218-54-002C
Total Amount: \$0.00 Taxes shown exempt

(Property tax notices are mailed on or about September 1st for the tax year due. First half taxes are due October 1st of the tax year shown and delinquent November 1st of that same year. Second half taxes are due March 1st of the following year and delinquent May 1st of the following year.)

Escrow personnel **MUST VERIFY ANY DELINQUENT TAX** information with the Pima County Treasurer's office at (520) 740-8341.

CHAIN OF TITLE (5 YEAR)

1. Deed by and between Bay Colony-Gateway, Inc., a Delaware corporation the grantor and Pima County, a body politic and corporate and a political subdivision of the State of Arizona the grantee recorded April 8, 1997 in Docket 10519, Page 290.

POLICY NOTE:

Unless specified otherwise on Schedule A, ALTA 2006 coverage policy(s) will be issued in connection with this transaction.

WIRING NOTE:

Arizona Revised Statutes Section 6-483 regulates the disbursement of funds by escrow agents. Funds received by Stewart Title & Trust of Tucson via wire transfer may be disbursed upon receipt. Other types of payments may delay closing of your transaction. You should contact your escrow officer directly to obtain wiring instructions.

SEARCH NOTE:

All searches required pursuant to issuance of this commitment for title insurance were performed through a dedicated title plant, including a search of the geographically posted indices affecting the subject real property and any matters disclosed in the general index relating to the parties being insured herein. Accordingly those matters, if any, are shown herein.

ADDENDUM TO COMMITMENT FOR TITLE INSURANCE

The policy or policies to be issued will contain exceptions to or exclusions from coverage as to the following matters unless the same are disposed of to the satisfaction of or by agreement with the Company.

EXCEPTIONS TO STANDARD POLICIES AND ALTA OWNER'S POLICIES

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interest or claims which are not shown by the Public Records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the Public Records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the Public Records.
5. (a) Unpatented mining claims;
(b) reservations or exceptions in patents or in Acts authorizing the issuance thereof;
(c) water rights, claims or title to water.
6. Any right, title, interest, estate or easement in land beyond the lines of the area specifically described or referred to in Schedule A, or in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing in this paragraph shall modify or limit the extent to which the ordinary right of an abutting owner for access to a physically open street or highway is insured by this policy.
7. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

EXCLUSIONS FROM STANDARD POLICIES, ALTA OWNER'S POLICIES AND ALTA LOAN POLICIES (EXCEPT 2006 POLICY FORMS)

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of the violation of any of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the Public Records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the Public Records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction (vesting in the insured the estate or interest)(creating the interest of the mortgagee) insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the (estate or interest insured by this policy)(interest of the insured mortgagee) being deemed a fraudulent conveyance or fraudulent transfer, or
 - (b) the subordination of the insured mortgage (if applicable) as a result of the application of the doctrine of equitable subordination; or
 - (c) the transaction creating the (estate or interest insured by this policy)(interest of the insured mortgagee) being deemed a preferential transfer except where the preferential transfer results from the failure:

- (i) to timely record the instrument of transfer, or
- (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

In addition, as to an ALTA Loan Policy only:

- 5. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
- 6. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
- 7. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.

NOTE: Exceptions numbered 1 through 7 above will be eliminated from an ALTA (Extended Coverage) Owner's or Loan Policy. Exclusions 1 through 7 are exclusions from coverage in the regular form of the policy and said items cannot be eliminated.

EXCLUSIONS FROM ALTA 2006 OWNER'S POLICY:

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
- 4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
- 5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attached between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

NOTE: Exceptions numbered 1 through 7 above will be eliminated from an ALTA (Extended Coverage) Owner's or Loan Policy. Exclusions 1 through 5 are exclusions from coverage in the regular form of the policy and said items cannot be eliminated.

EXCLUSIONS FROM ALTA 2006 LOAN POLICY:

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or crated subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

NOTE: Exceptions numbered 1 through 7 above will be eliminated from an ALTA (Extended Coverage) Owner's or Loan Policy. Exclusions 1 through 7 are exclusions from coverage in the regular form of the policy and said items cannot be eliminated.

(All references to ALTA policies shall mean those as revised 10/17/92, unless otherwise noted)

EXCLUSIONS FROM 10/22/03 ALTA HOMEOWNER'S POLICIES

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. building
 - b. zoning
 - c. land use
 - d. improvements on the land
 - e. land division
 - f. environmental protection

This exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
 - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records,
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date.
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in Paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

EXCLUSIONS FROM 01/01/08 ALTA HOMEOWNER'S POLICIES

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation concerning:
 - a. building
 - b. zoning
 - c. land use
 - d. improvements on the land
 - e. land division
 - f. environmental protection

This Exclusion does not limit the coverage described in Covered Risk 8a, 14, 15, 16, 17, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8e, 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in Paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

Title Department

STG Privacy Notice 1 (Rev 01/26/09) Stewart Title Companies

WHAT DO THE STEWART TITLE COMPANIES DO WITH YOUR PERSONAL INFORMATION?

Federal and applicable state law and regulations give consumers the right to limit some but not all sharing. Federal and applicable state law regulations also require us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand how we use your personal information. This privacy notice is distributed on behalf of the **Stewart Title Guaranty Company** and its affiliates (the Stewart Title Companies), pursuant to Title V of the Gramm-Leach-Bliley Act (GLBA).

The types of personal information we collect and share depend on the product or service that you have sought through us. This information can include social security numbers and driver's license number.

All financial companies, such as the Stewart Title Companies, need to share customers' personal information to run their everyday business—to process transactions and maintain customer accounts. In the section below, we list the reasons that we can share customers' personal information; the reasons that we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do we share?	Can you limit this sharing?
For our everyday business purposes —to process your transactions and maintain your account. This may include running the business and managing customer accounts, such as processing transactions, mailing, and auditing services, and responding to court orders and legal investigations.	Yes	No
For our marketing purposes – to offer our products and services to you.	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes —information about your transactions and experiences. Affiliates are companies related by common ownership or control. They can be financial and nonfinancial companies. <i>Our affiliates may include companies with a Stewart name: financial companies, such as Stewart Title Company.</i>	Yes	No
For our affiliates' everyday business purposes —information about your creditworthiness.	No	We don't share
For our affiliates to market to you	Yes	No
For nonaffiliates to market to you. Nonaffiliates are companies not related by common ownership or control. They can be financial and nonfinancial companies.	No	We don't share

We may disclose your personal information to our affiliates or to nonaffiliates as permitted by law. If you request a transaction with a nonaffiliate, such as a third party insurance company, we will disclose your personal information to that nonaffiliate. (We do not control their subsequent use of information, and suggest you refer to their privacy notices.)

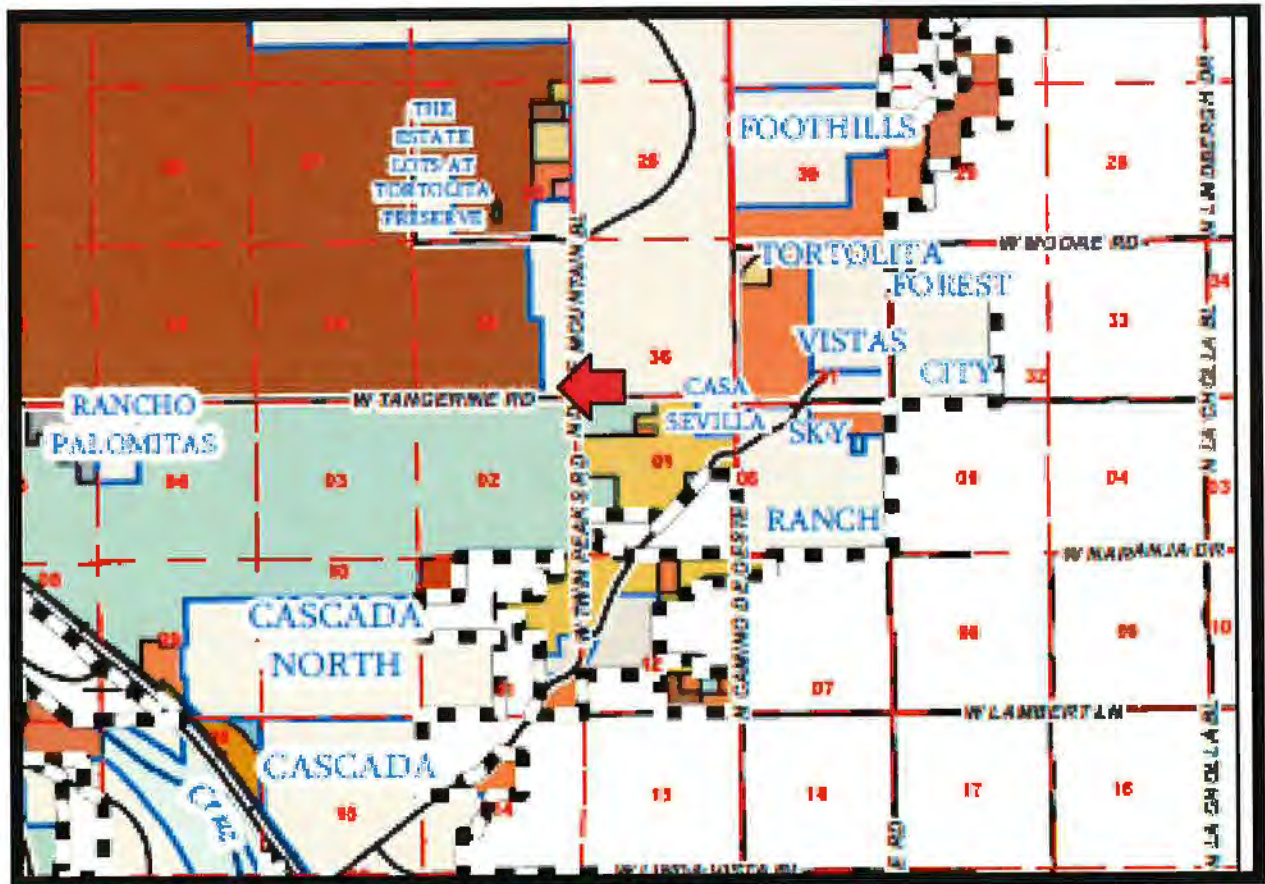
Sharing practices	
How often do the Stewart Title Companies notify me about their practices?	We must notify you about our sharing practices when you request a transaction
How often do the Stewart Title Companies protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal and state law. These measures include computer, file, and building safeguards.
How often do the Stewart Title Companies collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> request insurance-related services provide such information to us <p>We also collect your personal information from others, such as the real estate agent or lender involved in your transaction, credit reporting agencies, affiliates or other companies.</p>
What sharing can I limit?	Although federal and state law give you the right to limit sharing (e.g., opt out) in certain instances, we do not share your personal information in those instances.

Contact Us

If you have any questions about this privacy notice, please contact us at: Stewart Title Guaranty Company, 1980 Post Oak Blvd., Privacy Officer, Houston, Texas 77056

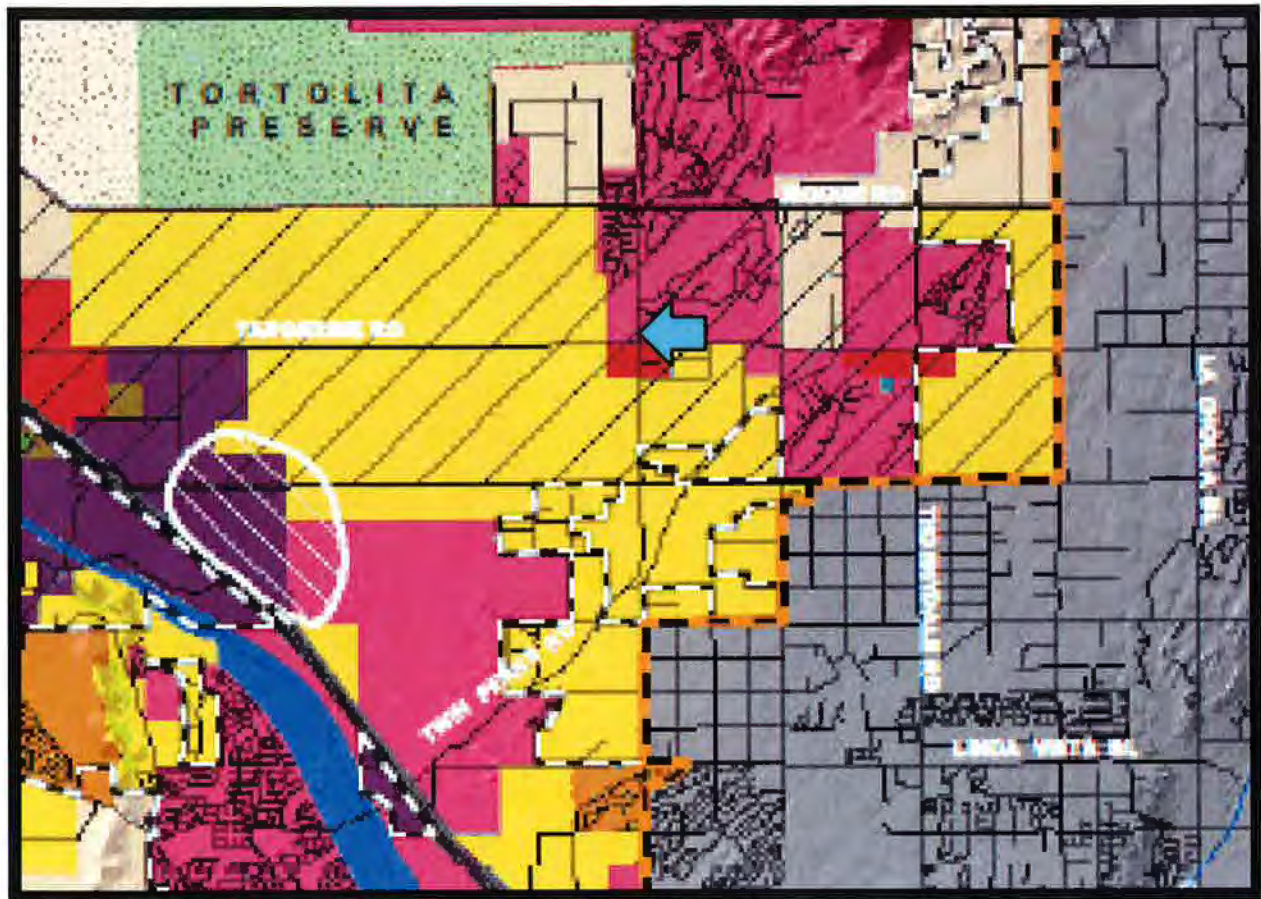
CCS

EXHIBIT C - ZONING MAP (TOWN OF MARANA)



Marana Zoning	
	A Small Lot Zone
	B Medium Lot Zone
	C Large Lot Zone
	D Designated Floodplain Zone
	E Transportation Corridor Zone
	AG Agricultural
	R-3.5 Single Family Residential
	R-5 Single Family Residential
	R-7 Single Family Residential
	R-8 Single Family Residential
	R-10 Single Family Residential
	R-16 Single Family Residential
	R-38 Single Family Residential
	R-60 Single Family Residential
	R-144 Single Family Residential
	RD-160 Rural Development
	MH Manufactured Housing
	MR-1 Multi-Family (High Density)
	MR-2 Multi-Family (Med/High Density)
	MU-1 Mixed Use Zone
	CO Commercial (Office)
	NC Neighborhood Commercial
	VC Village Commercial
	RR Recreational Resort
	RV Recreational Vehicle
	LI Light Industrial
	HI Heavy Industrial
	Specific Plans
	Marana Town Limits

EXHIBIT D - GENERAL PLAN LAND USE MAP (TOWN OF MARANA)



MARANA 2010 General Plan

5.1.D

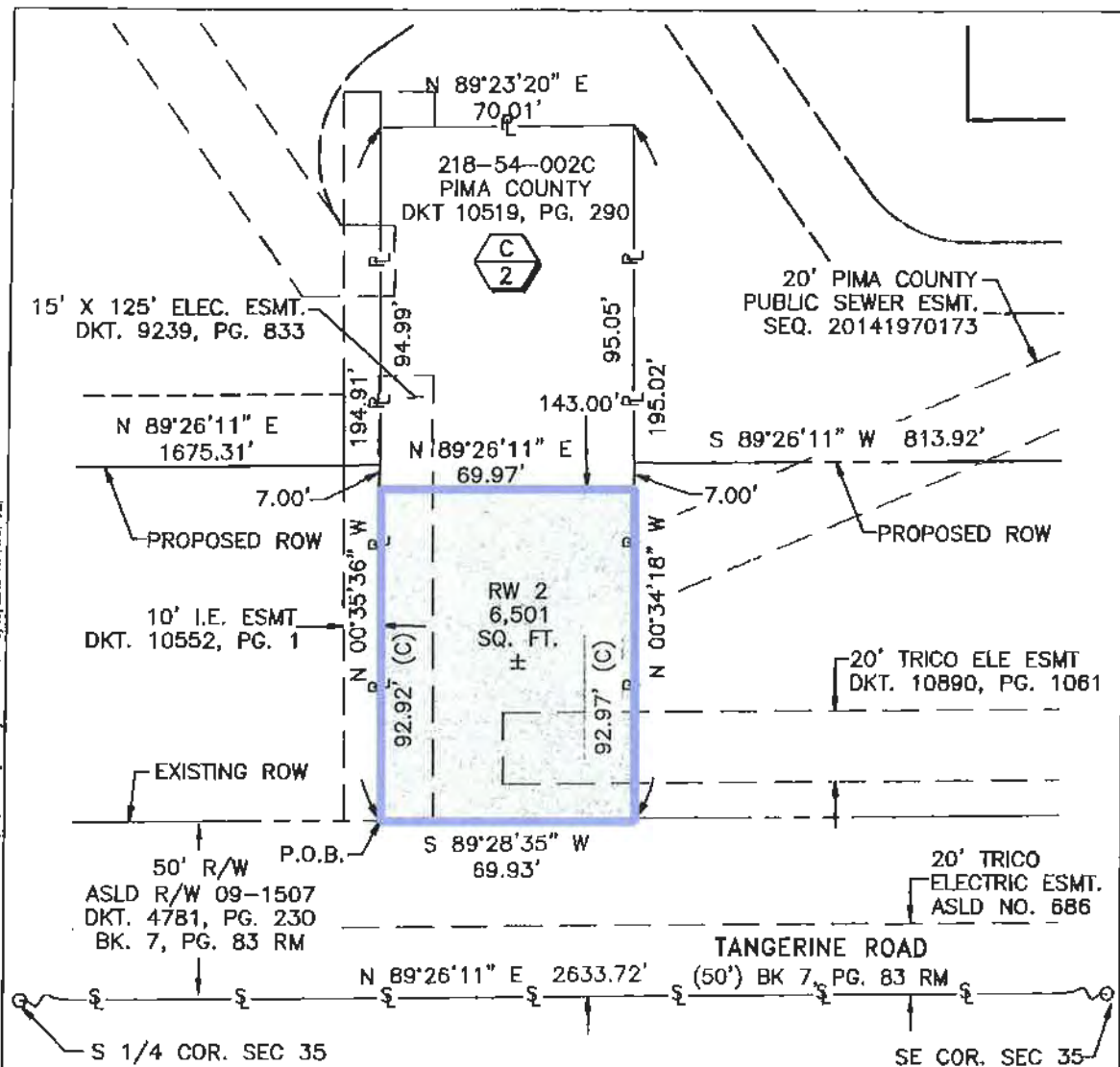
Land Use

- Airport
 - Commercial
 - Industrial
 - I-10 Corridor
 - Rural Density Residential
 - Low Density Residential
 - Medium Density Residential
 - High Density Residential
 - Master Plan Area
 - Mixed Rural
 - Parks/Open Space
 - Public/Institutional
 - Rivers, Major Washes, and Drainageways
- Special Planning Areas**
- Avra Valley Eastern Connection
 - Tangerine Road
 - No Extension of Urban Services (Rural Density Residential)
 - Planning Area Boundary
 - Marana Town Limits
 - Pima/Pinal County Boundary

[illegible]

EXHIBIT G - MAP AND LEGAL DESCRIPTION OF AREA TO BE ACQUIRED

➔ Right of Way



NOTE:

(C): CALCULATED

THE SECONDARY DESCRIPTION AND DEFINITION ARE SECONDARY TO THE PRIMARY PROPERTY DESCRIPTION AND IS INCLUDED AS AN AID TO DETERMINING THE AREA OF THE PROPERTY DESCRIBED. DIMENSIONS SHOWN ARE A MIXTURE OF RECORD, SURVEYED AND CALCULATED DATA. RECORD INFORMATION WAS COMPILED FROM TOWN OF MARANA RIGHT-OF-WAY PLAN NO. 2013-007, PROJECT NO. ST021, TANGERINE ROAD CORRIDOR, AND PUBLIC RECORDS IN THE OFFICE OF THE PIMA COUNTY RECORDER, PIMA COUNTY, ARIZONA, PARTICULARLY IN SEQ. 20122900200, AND THE VESTING DEED OF THE SUBJECT PROPERTY.



PSOMAS

333 E. Wetmore Road,
Suite 450, Tucson, AZ 85705
Tel(520) 292-2300
7TMA130101

EXHIBIT "B"
PIMA COUNTY TAX PARCEL 218-54-002C
RIGHT-OF-WAY
SE 1/4, SEC. 35, T11S, R12E
GILA & SALT RIVER MERIDIAN, PIMA COUNTY, AZ

DATE: 3/15/2016 DRAWN BY: CL

RW 2

EXHIBIT 2/2

March 15, 2016

EXHIBIT "A"
RIGHT-OF-WAY
PIMA COUNTY TAX PARCEL 218-54-002C

The south ninety three (93) feet of the of that property described in Docket 10519, page 290, recorded in the Pima County Recorder's Office, Pima County, Arizona, located in the southeast quarter of Section 35, Township 11 South, Range 12 East, Gila and Salt River Meridian, Pima County, Arizona,

SECONDARILY described as follows:

BEGINNING at the southwest corner of said property, upon the north right-of-way of Tangerine Road;

THENCE upon the west line of said property, North 0 degrees 35 minutes 36 seconds West, a distance of 92.92 feet to a line 143.00 feet north of and parallel with the south line of said southeast quarter;

THENCE upon said line, North 89 degrees 26 minutes 11 seconds East, a distance of 69.97 feet to the east line of said property;

THENCE upon said east line, South 0 degrees 34 minutes 18 seconds East, a distance of 92.97 feet to the southeast corner of said property and said north right-of-way;

THENCE upon said north right-of-way, South 89 degrees 28 minutes 35 seconds West, a distance of 69.93 feet to the **POINT OF BEGINNING**.

As a corollary, containing approximately 6,501 square feet.

See Exhibit B attached hereto.

Prepared for the Town of Marana by PSOMAS
Project No. 7TMA130101



EXPIRES 9/30/16

RW-2

EXHIBIT H - SUBJECT PHOTOGRAPHS
PHOTO 1 - VIEW OF SUBJECT PROPERTY LOOKING
NORTHEAST FROM TANGERINE ROAD



PHOTO 2 - VIEW OF SUBJECT PROPERTY LOOKING
NORTHWEST FROM TANGERINE ROAD



PHOTO 3 - VIEW OF SUBJECT PROPERTY LOOKING SOUTHWEST
FROM ADJACENT PROPERTY NORTH



PHOTO 4 - VIEW OF SUBJECT PROPERTY LOOKING SOUTHEAST
FROM ADJACENT PROPERTY NORTH



PHOTO 5 - VIEW LOOKING EAST ALONG TANGERINE ROAD



PHOTO 6 - VIEW LOOKING WEST ALONG TANGERINE ROAD



EXHIBIT I - ACQUISITION PHOTOGRAPHS
PHOTO 1 - VIEW OF RW 2 ACQUISITION AREA
LOOKING EAST



PHOTO 2 - VIEW OF RW 2 ACQUISITION AREA
LOOKING EAST



PHOTO 3 - VIEW OF RW 2 ACQUISITION AREA
LOOKING WEST



PHOTO 4 - VIEW OF RW 2 ACQUISITION AREA
LOOKING WEST



EXHIBIT J - OWNER ACCOMPANIMENT LETTER

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

REAL ESTATE APPRAISERS - CONSULTANTS

4547 E. FT. LOWELL ROAD • SUITE 401

TUCSON, AZ 85712

FAX (520) 325-3108

(520) 881-1700

admin@bakerpeterson.com

February 25, 2016

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

RE: *Project:* Tangerine Road Corridor Project - Phase 1
Tax Parcel No.: 218-54-002C

Dear Property Owner:

The Town of Marana is considering the acquisition of certain property rights in connection with the above referenced project. This will involve real property which our records indicate is presently in your ownership.

In order to estimate the market value, I have been requested to appraise the property sought by the Town of Marana. Please give the name and telephone number of the person to contact to arrange a time to inspect the property.

NAME Jeff Teplitsky TELEPHONE NO. 729-6306

It is Town of Marana policy to offer the owner an opportunity to talk with and/or meet with the appraiser. Check the appropriate box below.

- 1) ☒ I do wish to accompany and/or talk to the appraiser.
2) ☐ I do not wish to accompany and/or talk to the appraiser.

Regardless of whether you wish to be present at the inspection, please return this letter to our office in the enclosed stamped, self-addressed envelope.

Should you have any questions, please feel free to contact me at (520) 881-1700 ext. 18.

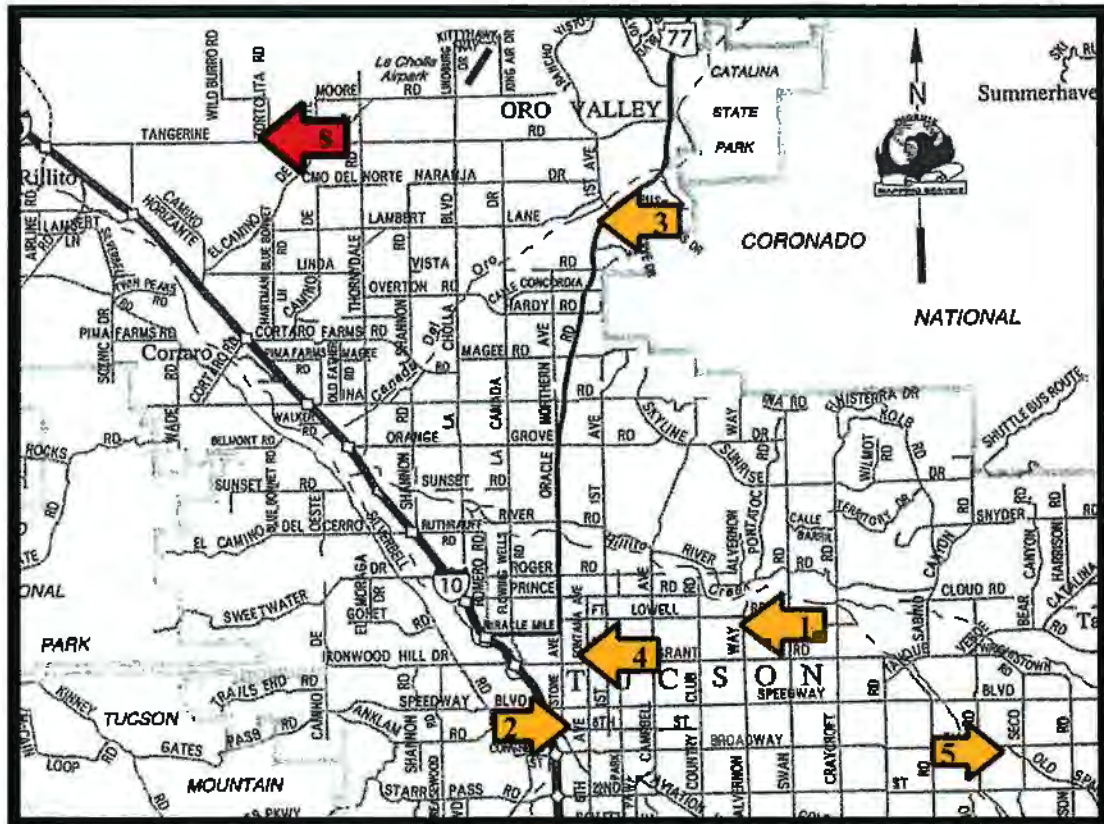
Sincerely,



William D. Peterson, MAI
Certified General Real Estate Appraiser
Certificate Number 30216

(7061)

EXHIBIT K - COMPARABLE LAND SALES LOCATION MAP



- Subject:** The north side of Tangerine Road, west of Dove Mountain Boulevard
- Sale 1:** Southwest corner of Alvernon Way and Kleindale Road
- Sale 2:** Southeast corner of Stone Avenue and Fifth Street
- Sale 3:** North side of Vuelta Caminata Del Rio, west of Oracle Road
- Sale 4:** Southwest corner of Grant Road and 10th Avenue
- Sale 5:** Southwest corner of Broadway Boulevard and Old Spanish Trail

EXHIBIT L - COMPARABLE LAND SALES

LAND COMPARABLE NUMBER ONE (SALE)

ID: MU 0058 6890

LOCATION: Southwest corner of Alvernon Way and Kleindale Road

LEGAL DESCRIPTION: A portion of Lot 1, Block 1, Lohrum Addition, Tucson, Pima County, Arizona

STATE TAX PARCEL: 111-04-002C

RECORD DATA: Fee Number 2013-1960639

DATE OF SALE: July 15, 2013

SELLER: The Hermitage No-Kill Cat Shelter

BUYER: Cotlow Development, LLC

CONFIRMED BY: Dean Cotlow, buyer (520-881-8180)
SRB; May, 2014

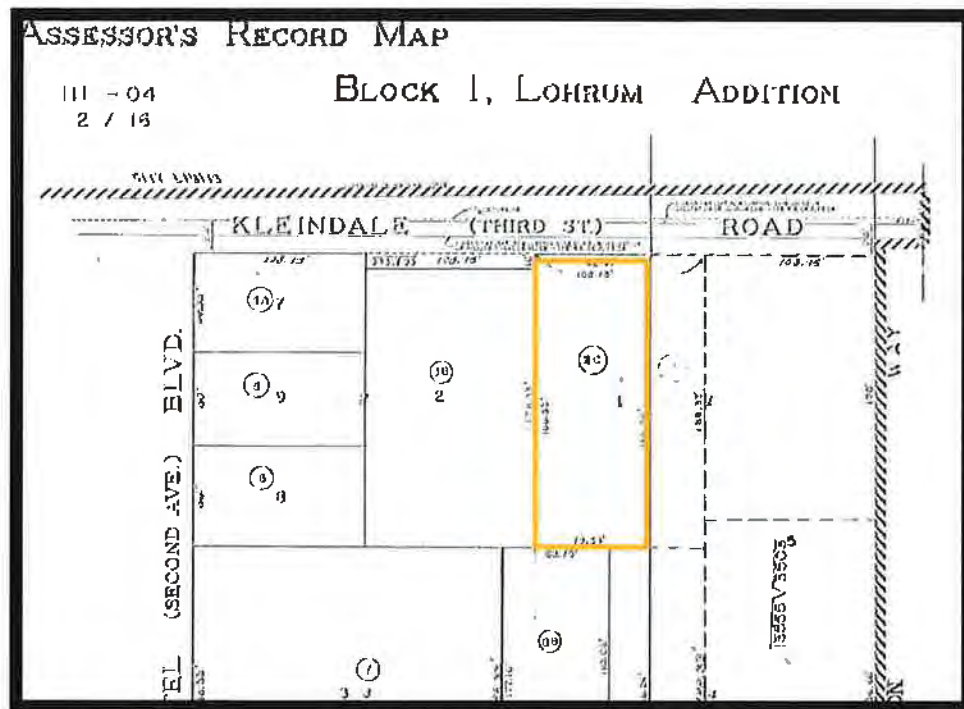
LAND DESCRIPTION: This site is a rectangular shaped corner property with approximately 82 feet of frontage on Kleindale Road and 166 feet of frontage on Alvernon Way. This property is located at the southwest corner of Kleindale Road and Alvernon Way. This property has access from Kleindale Road. The property has frontage on, but no access from, Alvernon Way. Kleindale Road is a two-lane, asphalt-paved roadway in the vicinity of this property. No traffic count is available for Kleindale Road near this site. Alvernon Way is a two-lane, asphalt-paved roadway with concrete curbs and sidewalks streetlights in the vicinity of this property. Alvernon Way has a 2012 traffic count of 18,000 vehicles per day near this site. The topography is level. All utilities are available to the property. According to FEMA Flood Insurance Rate Map 04019C1693L, dated June 16, 2011, 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.

LAND SIZE: 15,290 square feet or 0.35 acres

ZONING: MU

REPORTED SALE PRICE:	\$96,000
PRICE PER SQ. FT.:	\$6.28
MARKETING TIME:	Approximately 120 days
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.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Development of an office building.
COMMENTS:	The property had frontage on Alvernon Way but no access from Alvernon. Access is from Kleindale which is a minor street. The buyer received approval for development of a 5,200 square foot office building.

COMPARABLE LAND SALE ONE - PLAT MAP AND AERIAL PHOTOGRAPH



LAND COMPARABLE NUMBER TWO (SALE)

ID: C-3 0086 6911

LOCATION: Southeast corner of Stone Avenue and Fifth Street

LEGAL DESCRIPTION: Lot 2, Block 58, City of Tucson, Pima County, Arizona

STATE TAX PARCEL: 117-04-2160

RECORD DATA: Fee number 2011-3270313

DATES OF SALE: November 23, 2013

SELLER: Arizona Department of Transportation

BUYER: 5th 7th Center LLC

CONFIRMED BY: Didi Rogers, buyer representative (520-325-3390)
DFO; August, 2014

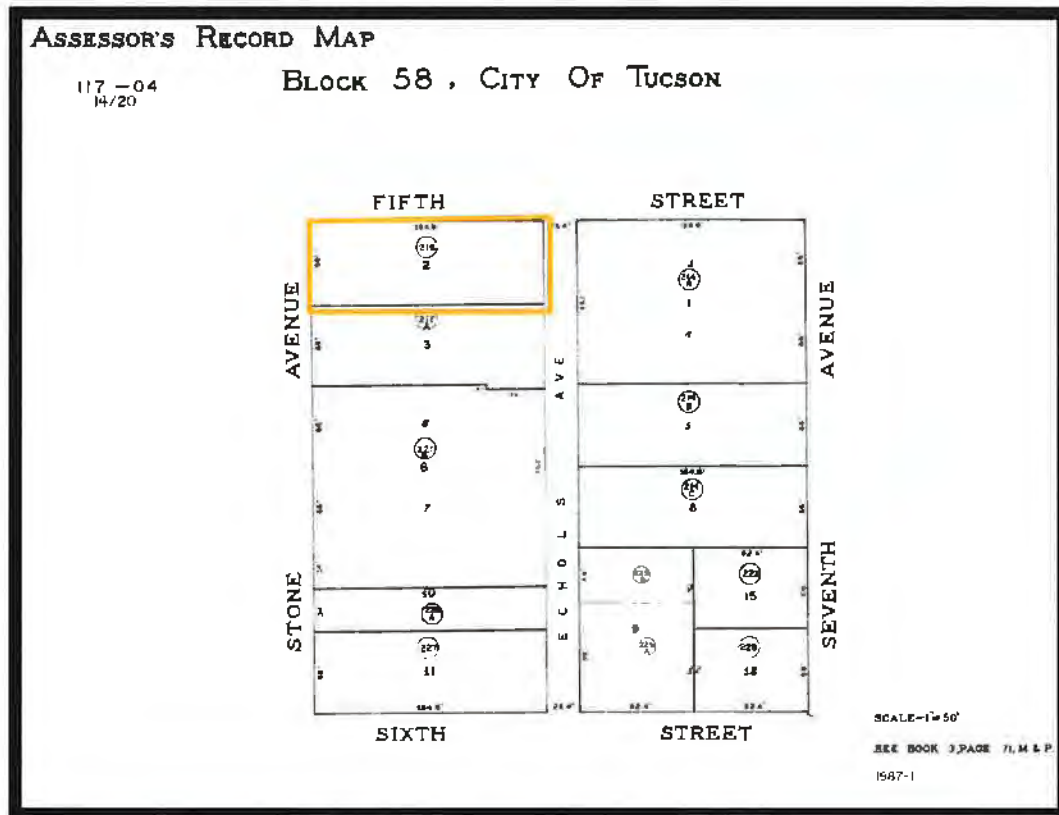
LAND DESCRIPTION: This site is a rectangular shaped corner property with 66 feet frontage on Stone Avenue along the western border, 184.8 feet of frontage on Fifth Street along the northern border, and 66 feet of frontage on Echols Avenue along the eastern property line. Stone Avenue is a two-lane, asphalt-paved roadway with center turn lane, concrete curbs, sidewalks, and streetlights in the vicinity of this property. Stone Avenue has a 2010 traffic count of 21,000 vehicles per day in the area of this property. Fifth Street is a two-lane, asphalt-paved roadway with concrete curbs, sidewalks, but no streetlights in the vicinity of this property. There is no traffic count available for Fifth Street in the area of this property. Echols Avenue is essentially a two-lane, asphalt-paved alley with no concrete curbs, sidewalks, or streetlights in the vicinity of this property. There is no traffic count available for Echols Avenue in the area of this property. The topography is mostly level. All utilities are available to the property. Direct access to the site is from Echols Avenue and Fifth Street. While the site has visibility from Stone Avenue, there is no direct access available from Stone.

According to FEMA Flood Insurance Rate Map 04019C2276L, dated June 16, 2011, the land is identified as being in Special Flood Hazard Zone X (shaded) which are areas of 500-year flood, areas of

100-year flood with average depths of less than 1 foot or with drainage areas of less than 1 square mile; and areas protected by levees from 100-year flood.

LAND SIZE:	12,197 square feet
ZONING:	C-3 (City of Tucson)
REPORTED SALE PRICE:	\$98,000
PRICE PER SQ. FT.:	\$8.03
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash transaction to the seller.
PRIOR SALE:	Records of the Pima County Assessor indicate that no prior transactions have occurred within 3 years of the date of sale.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions. There were no real estate agents involved in this sale.
INTENDED USE:	Investment
COMMENTS:	<p>This property was purchased directly from ADOT for the offering price. There was no appraisal completed by the buyer and no real estate agents involved in the sale.</p> <p>The buyer owns the adjacent properties to the east on the east side of Echols Avenue.</p>

COMPARABLE LAND SALE TWO - PLAT MAP AND AERIAL PHOTO



LAND COMPARABLE NUMBER THREE (SALE)

ID: ORO 0181 7115

LOCATION: North side of Vuelta Caminata Del Rio, west of Oracle Road

LEGAL DESCRIPTION: Lot 6, Mercado Del Rio, Oro Valley, Pima County, Arizona

STATE TAX PARCEL: 224-28-2580

RECORD DATA: Fee Number 2014-1530346

DATE OF SALE: June 2, 2014

SELLER: MDR LOT 6, LLC

BUYER: Dental Creations Laboratory, Inc.

CONFIRMED BY: Armando Vasquez, buyer (520-825-8702)
DFO; May, 2015

LAND DESCRIPTION: This site is a mostly rectangular shaped property with 162 feet of frontage on Vuelta Caminata Del Rio Street. The site has a depth of 208 feet on the western property line and 230 feet on the eastern property line. Vuelta Caminata Del Rio is a two-lane, asphalt-paved roadway with concrete curbs, sidewalks and streetlights in the vicinity of this property. No traffic count is available for Vuelta Caminata Del Rio. The topography is mostly level, sloping slightly in a westerly direction. All utilities are available to the property. According to FEMA Flood Insurance Rate Map 04019C1089L, dated June 16, 2011, the land is identified as being located in Zone X (shaded) which are areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 100-year flood. The Canada del Oro Wash is located to the north of this property. The property is located within a riparian area with a designation of Xeroriparian C.

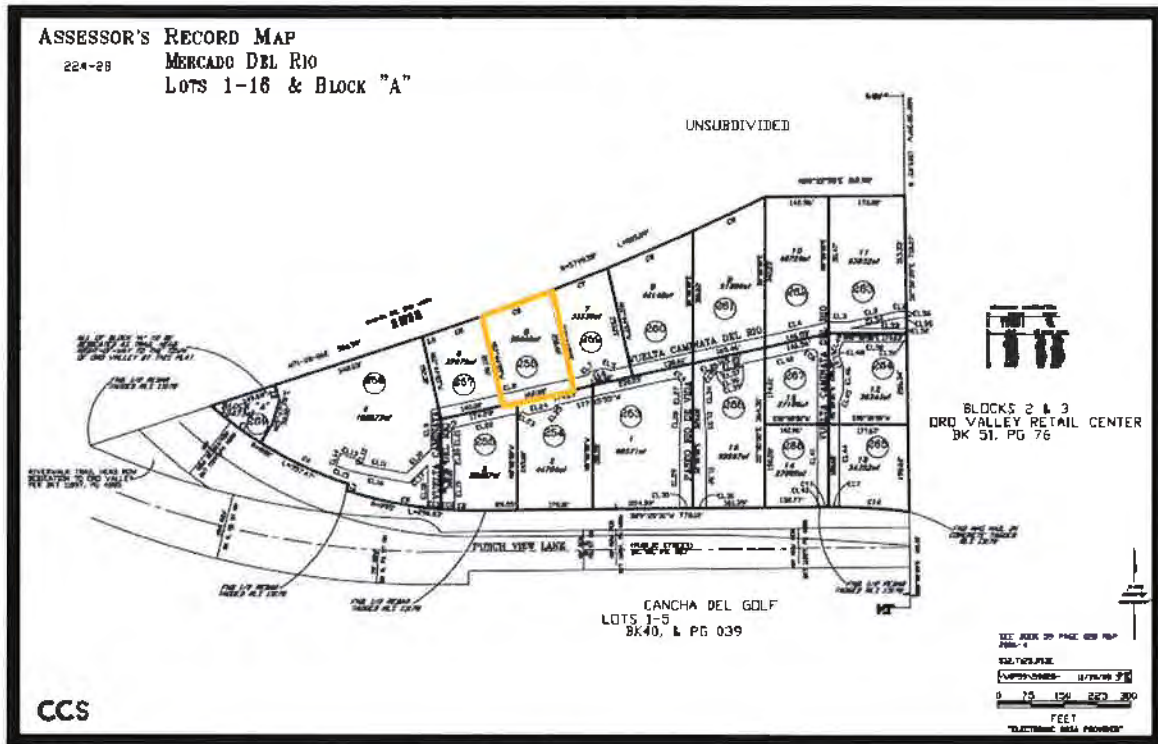
LAND SIZE: 35,445 square feet or 0.81 acres

ZONING: C-2, Oro Valley

REPORTED SALE PRICE: \$240,300

PRICE PER SQ. FT.:	\$6.78
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 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:	Development of a dental lab building.
COMMENTS:	Buyer plans to construct a new building and move his business (Dental Creations Laboratory) to the site, in the future. There are no extraordinary development costs.

COMPARABLE LAND SALE THREE - PLAT MAP AND AERIAL PHOTO



LAND COMPARABLE NUMBER FOUR (SALE)

ID: C-2 0325 6898

LOCATION: Southwest corner of Grant Road and 10th Avenue

LEGAL DESCRIPTION: Portions of Lots 5, 6, 7 and 8, Block 5, Bronx Park Addition, Pima County, Arizona

STATE TAX PARCEL: 115-05-063A, 064A and 065A

RECORD DATA: Fcc number 2014-1980391

DATE OF SALE: July 17, 2014

SELLER: City of Tucson

BUYER: Unrein Investments, LLC

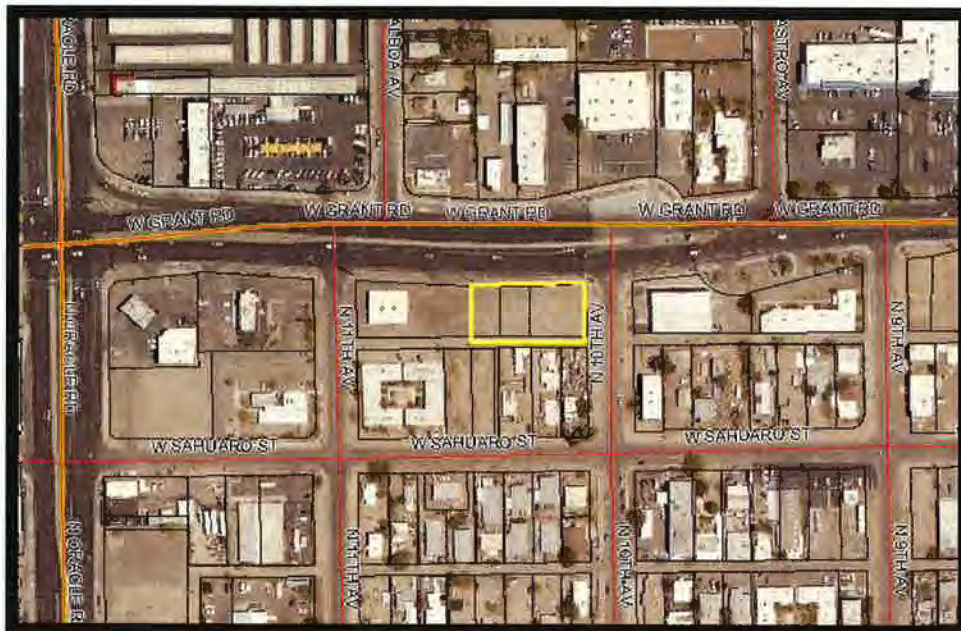
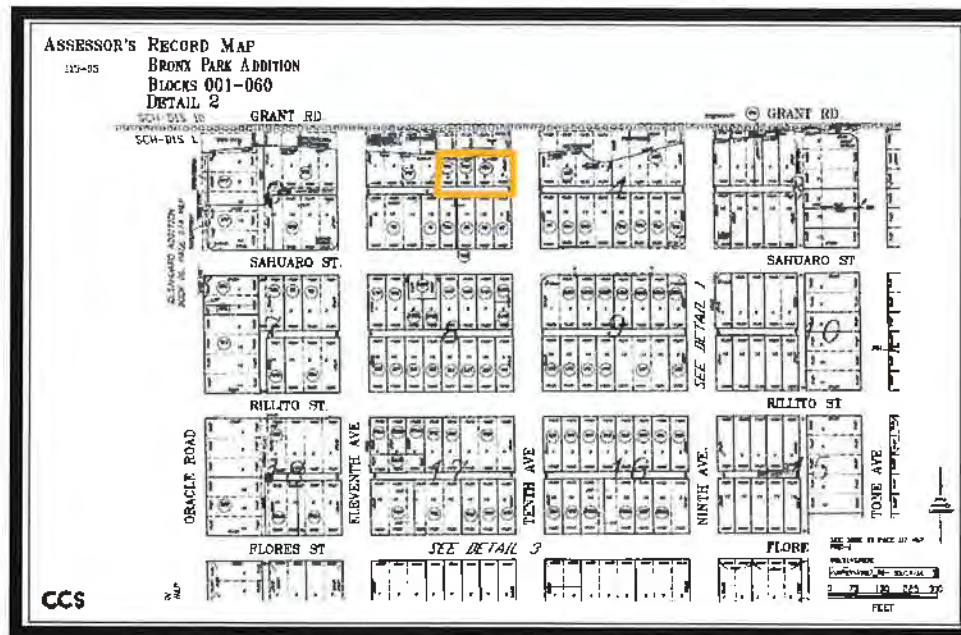
CONFIRMED BY: George Cardieri, listing agent (520-869-8084)
DFO; August, 2014
Robert Tait, buyer representative (520-618-2904)
DFO; August, 2014

LAND DESCRIPTION: This site is a mostly rectangular shaped property with approximately 200 feet of frontage on Grant Road along the northern border and approximately 88 feet of frontage along 10th Avenue on the eastern border. Grant Road is a six-lane, asphalt-paved roadway with a center median, turn lane for eastbound traffic to make an indirect turn for Oracle Road, concrete curbs, sidewalks, but no streetlights in the vicinity of this property. Grant Road has a 2012 traffic count of 37,000 vehicles per day near this site. Tenth Avenue is a two-lane, asphalt-paved roadway with concrete curbs but no sidewalks, or streetlights in the vicinity of this property. There is no traffic count available for 10th Avenue near this site. The intersection of Grant Road and 10th Avenue is not a traffic light controlled intersection. Direct access to the site is from 10th Avenue only. Currently, there is no direct access from Grant Road, however, the property owner may apply for access to Grant Road from the City of Tucson in the future and believed they could get access from Grant Road. The topography is level. All utilities are available to the property. According to FEMA Flood Insurance Rate Maps 04019C2276L and 04019C1688L, dated June 16, 2011, 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.

LAND SIZE:	17,153 square feet, or 0.39 acres (per survey)
ZONING:	C-2 (City of Tucson)
REPORTED SALE PRICE:	\$156,400
PRICE PER SQ. FT.:	\$9.12
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 the City of Tucson purchased the property for the Grant Road widening project on January 24, 2011. There is no affidavit of sale to confirm the sales price. There is also a transaction that took place on October 21, 2011, however, this was an internal transfer of ownership and not a market transaction.
CONDITIONS OF SALE:	This was an all cash transaction to the seller. This property was purchased by an adjacent property owner.
INTENDED USE:	Parking for adjacent property on the east side of 10th Avenue and eventual commercial development.
COMMENTS:	<p>The buyer owns adjacent property on the east side of 10th Avenue and is currently using this property as parking for this property.</p> <p>Currently, there is no direct access from Grant Road, however, the property owner may apply for access to Grant Road from the City of Tucson in the future and believed they could get access from Grant Road.</p> <p>The buyer representative indicated that felt he paid market value for the site. In the future, the buyer indicated that they may apply to have 10th Avenue abandoned and create a contiguous parcel for eventual commercial development.</p>

COMPARABLE LAND SALE FOUR - PLAT MAP AND AERIAL PHOTOGRAPH



LOCATION: Southwest corner of Broadway Boulevard and Old Spanish Trail

LEGAL DESCRIPTION: A portion of Block B, Desert Steppes Estates, Pima County, Arizona

STATE TAX PARCEL: 134-09-0030

RECORD DATA: Fee Number 2015-0890265

DATE OF SALE: March 30, 2015

SELLER: Ameristate Investors, LLC

BUYER: Dahlstrom 8400 Broadway, LLC

CONFIRMED BY: Roger Breckenridge, seller's agent (520-977-7792)
TAB; September, 2015

LAND DESCRIPTION: This site is a mostly rectangular shaped corner property with approximately 175 feet of frontage, including a spandrel, on Broadway Boulevard and approximately 150 feet of frontage, including a spandrel, on Old Spanish Trail. The property is located at the southwest corner of Broadway Boulevard and Old Spanish Trail, which is not a signalized intersection. Broadway Boulevard is a six-lane, asphalt-paved roadway with a center median and concrete curbs. There are no sidewalks or streetlights in the vicinity of this property. Broadway Boulevard has a 2012 traffic count of 36,000 vehicles per day near this site. Old Spanish Trail is two-lane asphalt-paved roadway with concrete curbs directly in front of the property. There are no sidewalks or streetlights in the vicinity of this property on Old Spanish Trail. There is no traffic count for Old Spanish Trail near this site. Direct access to the site is from Broadway Boulevard and Old Spanish Trail. The topography is mostly level. All utilities are available to the property. According to FEMA Flood Insurance Rate Maps 04019C2302L and 04019C2306M, dated June 16, 2011, 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.

LAND SIZE:	26,180 square feet or 0.60 acres
ZONING:	C-1
REPORTED SALE PRICE:	\$202,500
PRICE PER SQ. FT.:	\$7.73
MARKETING TIME:	Approximately 1,200 days
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.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions. The property contained a gas station building that was demolished at the time of purchase. The demolition cost of \$17,000 was split between the buyer and seller.
INTENDED USE:	Investment
COMMENTS:	There was a gas station building (convenience store and 2 auto bays) on the site at time of purchase which was demolished at the time of sale, with the demolition cost of \$17,000 split between buyer and seller. All environmental studies were completed and the site is considered clean.

COMPARABLE LAND SALE FIVE - PLAT MAP AND AERIAL PHOTO

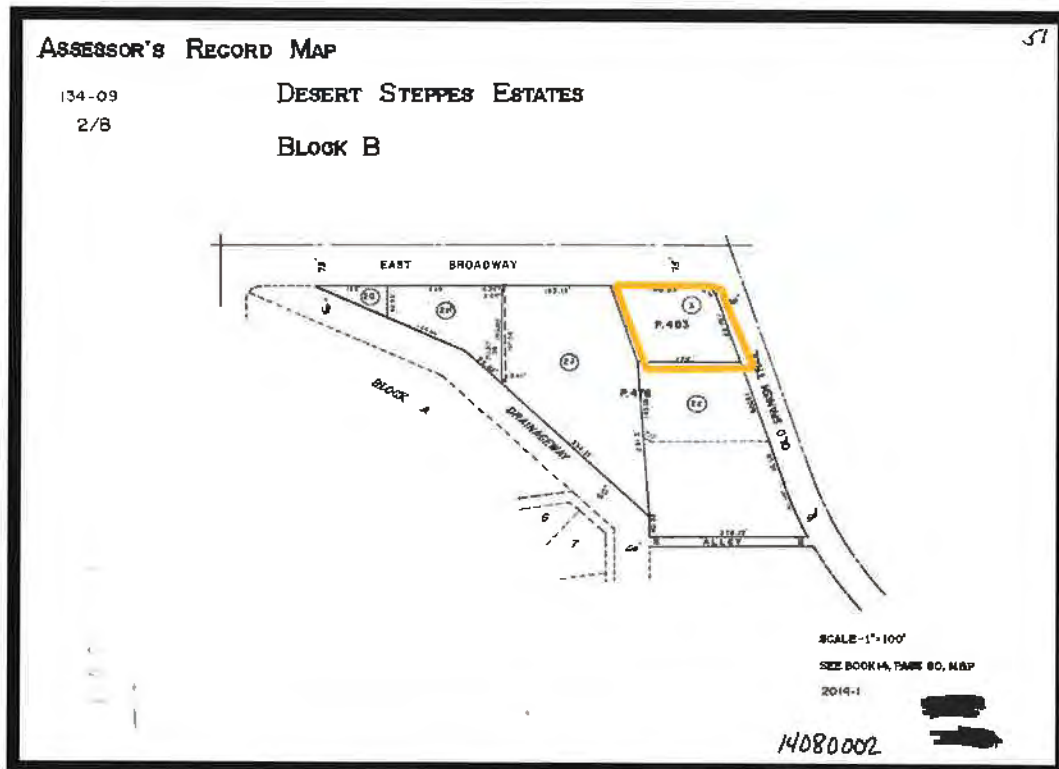


EXHIBIT M - COST ESTIMATE

CANYON FENCE COMPANY, INC.

850 East 36th Street
Tucson, Arizona 85713-4803
(520) 623-4800 Fax (520) 623-7895

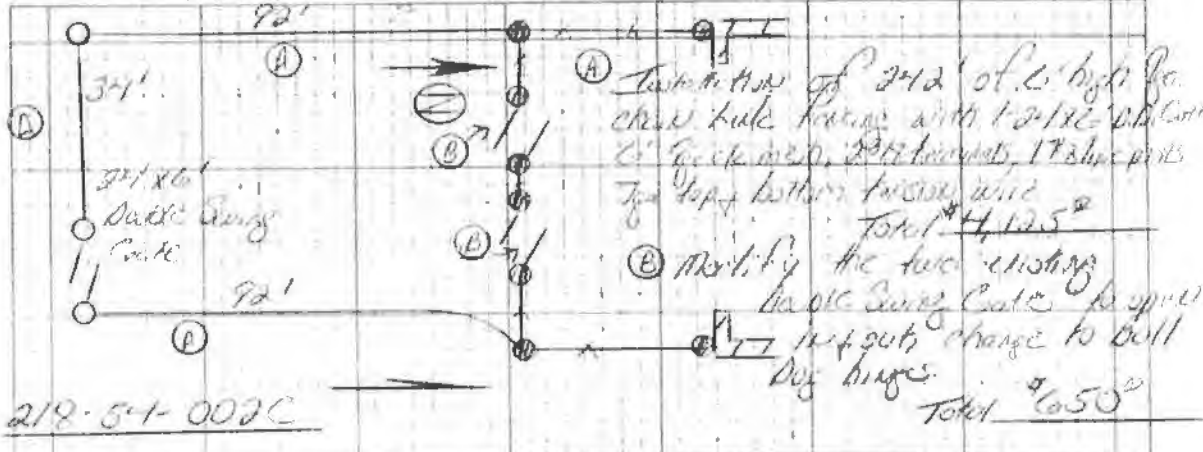
REMIT TO:
P.O. BOX 7548
Tucson, AZ 85725-7548

AGREEMENT

LIC ROC # C-14-086713-010
ROC # L-14-073180-007

PHONE <u>221-1700</u>	DATE <u>3/11/16</u>	JOB NO.
FAX	ATTN: <u>Bill</u>	SALESMAN <u>Frank</u>

TO Baker Peterson, Belong, Arizona
JOB
ADDRESS _____ CITY Tucson STATE AZ ZIP _____
NEAR Freemont Hwy and Potosi
BILLING ADDRESS (if different) _____ CITY / ZIP _____



SPECIAL TOOLS JACKHAMMER <input type="checkbox"/> CORE DRILL <input type="checkbox"/> AIR DRILL <input type="checkbox"/>	CLOSERS KS <input type="checkbox"/> SPRING <input type="checkbox"/>	SPECIAL INSTRUCTIONS	INSTALL: LEVEL <input type="checkbox"/> STRAIGHT TOP <input type="checkbox"/> CONTOUR <input type="checkbox"/>
--	--	-----------------------------	--

CHAIN LINK FENCE										GATES									
Fig.	Hgt.	Gauge	Line Posts	Top Rail	Barbs	MS.	No.	Up	Out	In	No.	No.	No.	Width	Height	CA	Style		
212	6'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'		
CHAIN LINK FENCE										GATES									
Fig.	Hgt.	Gauge	Line Posts	Top Rail	Barbs	MS.	No.	Up	Out	In	No.	No.	No.	Width	Height	CA	Style		
212	6'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'		
CHAIN LINK FENCE										GATES									
Fig.	Hgt.	Gauge	Line Posts	Top Rail	Barbs	MS.	No.	Up	Out	In	No.	No.	No.	Width	Height	CA	Style		
212	6'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'	10'		

WOOD FENCE							WROUGHT IRON						
Fig.	Height	Line Post O.D. Spaced	Top Rail	Middle Rail	Bottom Rail	Pickets	Fig.	Hgt	Spaced	Top Rail	Bottom Rail	Pickets	
			X	X	X	X				X	X		
			X	X	X	X				X	X		
			X	X	X	X				X	X		

POSTS			BRACE TYPE		SLATS	
No.	O.D. or Size	Type	Brace Type	Slats	Color	Wire Size
3	2 1/2\"	2 1/2\"	15/16			

<input type="checkbox"/> REMOVAL	<input type="checkbox"/> HAULING	BLUE STAKE #
----------------------------------	----------------------------------	--------------

BUYER MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT.

PLEASE READ THE TERMS ON THE REVERSE SIDE WHICH ARE A PART OF THIS AGREEMENT.

FOR THE SUM OF	\$
TAX	\$
TOTAL	\$ <u>4,775</u>
DOWN PAYMENT	\$
BALANCE DUE	\$

SELLER: CANYON FENCE COMPANY, INC.
Submitted by _____
Accepted by _____
(Officer of Seller)

Buyer(s) _____
By _____
By _____

CANYON FENCE COMPANY, INC. IS NOT RESPONSIBLE FOR ANY DAMAGE TO UNDERGROUND SPRINKLER OR UTILITY LINES

EXHIBIT N - QUALIFICATIONS OF WILLIAM D. PETERSON, MAI

EDUCATION:

Bachelor of Science in Business Administration, University of Arizona, 1969

American Institute of Real Estate Appraisers (courses and/or examinations)

- Real Estate Appraisal Principles (1A1) - Tucson, 1970
- Basic Valuation Procedures (1A2), University of Colorado, 1972
- Capitalization Theory & Techniques (1BA/1BB), San Francisco, 1972
- Residential Valuation, Tucson, 1971
- Litigation Valuation, San Francisco, 1977
- Standards of Professional Practice (SPP), Las Vegas, 1987
- Standards of Professional Practice - Update (SPP), Reno, 1990
- Standards of Professional Practice - Parts A & B (SPP), Tucson, 1994
- Standards of Professional Practice - Part C (SPP), Tucson, 1999
- Standards of Professional Practice - Part C (SPP), Tucson, 2004

Society of Real Estate Appraisers (courses and/or examinations)

- An Introduction to Appraising Real Property (101), Tucson, 1969
- Applied Residential Valuation (102), Tucson, 1969
- Principles of Income Property Appraising, Tucson, 1974
- Market, Investment, & Feasibility Analysis, University of Wisconsin, 1973

*Seminars and Conferences*³

- “Subdivision Analysis”, AI, 2001
- “Data Confirmation & Verification Methods”, AI, 2001
- “Full Disclosure & How Stigmas Affect Value”, 2002
- “Appraisal Consulting”, AI, 2003
- “Pima County Commercial Real Estate Market Forecast”, 2005
- “Valuation, Assessment & Real Estate Taxation”, 2005
- “Re-Appraising, Re-Addressing, Re-Assigning”, AI, 2005
- “Practical Issues in Fair Housing”, 2005
- “Business Practices and Ethics”, AI, 2006
- “Sierra Vista Economic Focus”, 2009 and 2011
- “Pima County Real Estate Forecast”, AI, 2009 and 2010
- “National USPAP Update”, AI, 2011, 2012, 2014 and 2016
- “Uniform Appraisal Standards for Federal Land Acquisitions”, 2009
- “Private Water Wells”, 2011
- “Commercial Appraisal Review”, 2011
- “Condemnation Summit XI”, 2012, 2014 and 2015
- “Restructuring Commercial Tenancies”, 2012
- “Complex Litigation Appraisal Case Studies”, 2013

1. AI refers to the Appraisal Institute.

PROFESSIONAL DESIGNATIONS:

MAI Awarded by the American Institute of Real Estate Appraisers (now the Appraisal Institute), 1974.

GRI (Graduate, Realtor Institute) awarded by the National Association of Realtors, 1974.

LICENSURE:

Certified General Real Estate Appraiser, State of Arizona
Certificate #30216

AFFILIATIONS:

Appraisal Institute, Southern Arizona Chapter

International Right-of-Way Association (Affiliate Member)

Tucson Association of Realtors & Arizona Association of Realtors

EXPERIENCE:

American Institute of Real Estate Appraisers, Arizona Chapter (President, 1982)

Society of Real Estate Appraisers, Tucson Chapter (President, 1977-78)

Licensed Real Estate Broker, State of Arizona

Expert Witness, Qualified in Superior Courts of Pima, Pinal and Cochise Counties; in Bankruptcy Courts of Tucson, Arizona and Los Angeles, California

Approved Appraiser for Federal Home Loan Bank Board, and Federal Deposit Insurance Corporation

Guest Lecturer, Real Estate Appraisal, University of Arizona

Since 1969, specializing in valuation of residential, commercial, industrial, land, and special-purpose properties in Pima, Cochise, Pinal, Santa Cruz, Yuma, Graham, Greenlee, Apache, and Navajo Counties.