

APPRAISAL REPORT

OF

9.49 ACRES OF CHANNEL AND OPEN SPACE LAND

**LOCATED WEST OF THE SANTA CRUZ RIVER, NORTH OF
IRVINGTON ROAD, EAST OF MISSION ROAD,
PIMA COUNTY, ARIZONA**

FOR

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

**MR. JEFF TEPLITSKY
APPRAISAL SUPERVISOR**

**OWNERSHIP: PIMA COUNTY FLOOD CONTROL DISTRICT
TAX PARCEL NUMBER: 119-42-007D; -007E; -007F
SECTION 35, TOWNSHIP 14 SOUTH, RANGE 13 EAST**

EFFECTIVE DATE OF APPRAISAL

FEBRUARY 20, 2019

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

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

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March 5, 2019

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

RE: An appraisal report of 9.49 acres of channel and open space/vacant land located west of the Santa Cruz River, north of Irvington Road, east of Mission Road, Pima County, Arizona

<i>Ownership:</i>	Pima County Flood Control District
<i>Tax Parcel No.:</i>	119-42-007D; -007E; -007F
<i>Effective Date of Appraisal:</i>	February 20, 2019
<i>Date of Report:</i>	March 5, 2019

Dear Mr. Teplitsky:

In response to your authorization, I have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled me to form an opinion of the market value of the fee simple and easement interest in the above-named property, both before and after the acquisition of the property rights associated with an aerial easement over a portion of the subject property, and the estimated damages which may accrue to the remainder property not being acquired.

This report is intended for use only by the intended users, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended users in the determination of the just compensation due for the potential sale of an aerial easement from the subject property. It is not intended for any other use.

I have formed the opinion that, as of the effective date of appraisal, February 20, 2019, 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 aerial easement interest of the part acquired and any severance damages is:

Market Value of Land, Before Acquisition	\$99,700
Market Value of Easement Interest To Be Acquired	\$700
Market Value of Remainder Land, Before	\$99,000
Market Value of Remainder Land, After	\$99,000
Severance Damages	-0-

TOTAL COMPENSATION:

Market Value of Easement Interest To Be Acquired	\$700
Severance Damages	<u>-0-</u>
TOTAL COMPENSATION	\$700

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

Respectfully submitted,



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

C197688

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PART I - GENERAL INFORMATION

INTENDED USER

Pima County Public Works, Real Property Services

APPRAISER

Sara R. Baker, MAI, SRA

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

SUBJECT PROPERTY

The subject of this appraisal is 9.49 acres of channel and open space vacant land, located west of the Santa Cruz River, north of Irvington Road, east of Mission Road, Pima County, Arizona. The property contains some improvements including a paved linear path and landscaping. Because the improvements are not impacted by the proposed acquisition, this is an appraisal of the physical segment of land only of the subject property. Only improvements located in the area to be acquired have been valued in order to determine the just compensation to the property owner.

LAND AREA

Before: 9.49 acres (per assessor)

Acquisition: 0.13 acres (aerial easement)

After: 9.49 acres total
9.36 acres unencumbered with an aerial easement
0.13 acres encumbered with an aerial easement

ZONING

R-1, City of Tucson

TAX PARCEL NUMBER

119-42-007D; -007E; -007F

FULL CASH VALUE

119-42-007D:	\$500 (2018)	119-42-007D:	\$94,000 (2019)
119-42-007E:	\$500	119-42-007E:	\$77,000
119-42-007F:	<u>\$500</u>	119-42-007F:	<u>\$34,000</u>
Total:	\$1,500 (2018)	Total:	\$205,000 (2019)

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

119-42-007D:	\$500 (2018)	119-42-007D:	\$525 (2019)
119-42-007E:	\$500	119-42-007E:	\$525
119-42-007F:	\$500	119-42-007F:	\$525
Total:	\$1,500 (2018)	Total:	\$1,575 (2019)

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

REAL ESTATE TAXES

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

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

DELINQUENT TAXES

None

INTENDED USE OF REPORT

This report is intended for use only by the intended users, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended users in the determination of the just compensation due for the potential sale of an aerial easement from the subject property. It is not intended for any other use.

INTEREST APPRAISED

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

Fee Simple Interest, as defined in The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 90, 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."

Easement, as defined in The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 71, is "The right to use another's land for a stated purpose."

MARKET VALUE DEFINITION

Market value, as utilized in this appraisal, and pursuant to Arizona Revised Statutes Sec. 3, Section 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.

TITLE REPORT INFORMATION

The client did not provide a title report for the subject property

LEGAL DESCRIPTION

A portion of Block 7, Casitas Del Sol, Pima County, Arizona

OWNERSHIP

According to public records of the Pima County Assessor, title to parcel 119-42-007D is in the name of Pima County Flood Control District, according to sequence 93232768, dated December 29, 1993. Title to parcel 119-42-007E is in the name of Pima County Flood Control District, according to sequence number 20172760383, dated October 3, 2017. This was a quit claim deed. Title to parcel 119-42-007F is in the name of Pima County Flood Control District, according to sequence number 2000206064, dated October 24, 2000.

SALES HISTORY

No known sales of the subject property have occurred within the five previous years. A transaction dated October 3, 2017 was a quit claim deed for a portion of the subject property and not a market sale. The owner transferred the property through a quit claim deed to another political subdivision. No current listings, options, or agreements of sale of the subject property were discovered in the course of this analysis.

ASSUMPTIONS AND LIMITING CONDITIONS:

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

CERTIFICATION

See Part V.

EFFECTIVE DATE OF APPRAISAL

February 20, 2019

DATE OF INSPECTION

February 20, 2019

PART II - SCOPE OF THE APPRAISAL

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

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

This appraisal assignment has been completed in response to authorization by Mr. Jeff Teplitsky for Pima County Real Property Services, in a contract executed by Ms Sara R. Baker, MAI, SRA for Baker, Peterson, Baker and Associates, Inc. The assignment includes appraisal of the property herein described, and the preparation of a report which describes the property being appraised, analyzes appropriate data, and offers an opinion of the market value of the property as of the effective date specified in the report. The appraisal is prepared and reported according to the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, the standards of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and to those specifications provided by the client.

This report is intended for use only by the intended users, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended users in the determination of the just compensation due for the potential sale of an aerial easement from the subject property. It is not intended for any other use. The purpose of the appraisal is to estimate the market value in fee simple and easement interest of a specific property which has been previously identified in this report, and is referred to as the subject property, the subject, or the property.

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

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

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

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

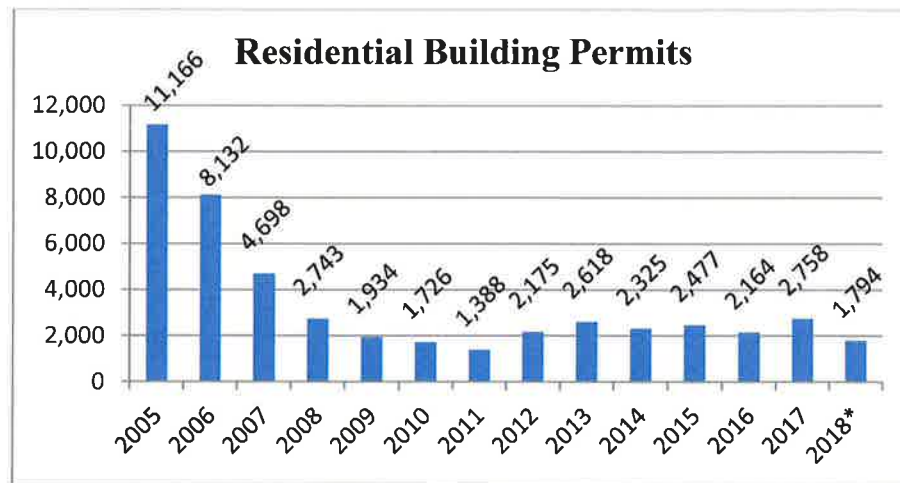
PART III - DESCRIPTION OF REAL ESTATE APPRAISED

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 remained mostly stable with some slight variations since 2013, and increased slightly in 2017. The 2018 data is for the first half of the year only.



Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases 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 a low of 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 showed a continued improvement in the market, with indications

of a slight decline in 2014. In recent years, the number of permits has remained mostly stable with a slight increase in 2017. 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 peaked in 2009 before slowly declining. The chart below shows vacancy rates in metropolitan Tucson between Second Quarter 2008 and Fourth Quarter 2018, according to Apartment Insights' *Statistics/Trends Summary*.



The vacancy rate peaked in the Second Quarter 2009 and generally declined since that time. The vacancy rate declined in late 2015 and remained mostly stable in 2016. Vacancy rates for apartment properties typically increase in the second quarter of each year due to seasonal changes in population. The current rent levels for multi-family properties have remained generally stable with small increases in most sectors in many recent quarters. 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 negative absorption of 37,265 square feet in the Fourth Quarter of 2018, according to *The CoStar Office Report, Tucson Office Market, Year-End 2018*. This compares to net positive absorption of 42,312 square feet in the Third Quarter of 2018, net positive absorption of 101,256 square feet in the Second Quarter 2018, net positive absorption of 36,970 square feet in the First Quarter of 2018, net positive absorption of 51,096 square feet in the Fourth Quarter of 2017, net positive absorption of 134,786 square feet in the Third Quarter of 2017, net positive absorption of 94,747 square feet in the Second Quarter of 2017, and net positive absorption of 79,708 square feet in the First Quarter of 2017.

No new office buildings were completed in Fourth Quarter of 2018. This compares to one new building containing 12,500 square feet in the Third Quarter 2018, one new building

containing 61,000 square feet completed in the Second Quarter of 2018, one new building containing 20,000 square feet completed in the First Quarter of 2018, two new buildings containing 12,850 square feet was completed in Fourth Quarter 2017, no new buildings in the Third Quarter 2017, two buildings containing 21,631 square feet was completed in the Second Quarter 2017, and no new buildings completed in the First Quarter 2017.

The following figure shows trends in the vacancy rates for office properties in Tucson between Second Quarter 2005 and Fourth Quarter 2018. The vacancy rate increased until late 2013 and has declined since that time. The office vacancy rate remains higher than 2005-2008 levels.



The stable but higher overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There was 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 and remain slow but stable. Market conditions for office properties have started to slowly improve, primarily for office properties in high demand areas and newer office buildings in good condition. Demand remains lower for older office buildings.

Industrial Market

Tucson experienced rapid *industrial* growth from the late 70's to the mid-80s. There has been limited new industrial space constructed recently in Tucson, with one new building containing 12,600 square feet completed in the Fourth Quarter of 2018, no new buildings completed in the Third Quarter of 2018, one new building containing 300,181 square feet completed in the Second Quarter of 2018, no new buildings completed in the First Quarter of 2018, the Fourth Quarter of 2017, or the Third Quarter of 2017, four new buildings containing 53,721 square feet completed in the Second Quarter 2017, and no new buildings completed in the First Quarter 2017, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End 2018*.

There was net positive absorption of 48,007 square feet in the Fourth Quarter 2018. This compares to net positive absorption of 274,650 square feet in the Third Quarter 2018, net positive absorption of 314,587 square feet in the Second Quarter 2018, net positive absorption of 44,854 square feet in the First Quarter 2018, net positive absorption of 257,089 square feet in the Fourth Quarter 2017, net positive absorption of 29,338 square feet in the Third Quarter 2017, net negative absorption of 171,507 square feet in the Second Quarter 2017, and net positive absorption of 72,768 square feet in the First Quarter 2017, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End 2018*.

The following chart shows trends in the industrial vacancy rate in Tucson from Second Quarter 2005 through Fourth Quarter 2018, according to CoStar.



Overall, the industrial vacancy rate increased through late 2012. The vacancy rate declined from late 2012 and continued to decline through 2016. The vacancy rate was somewhat stable from 2017 through the first half of 2018. 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 signs 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. However, in recent years, demand has increased for many types of retail properties.

There was net positive absorption of 178,424 square feet in the Fourth Quarter 2018, according to *The CoStar Retail Report, Tucson Retail Market, Year-End 2018*. This compares to net positive absorption of 223,839 square feet in the Third Quarter 2018, net positive absorption of 209,175 square feet in the Second Quarter 2018, net positive absorption of 286,892 square feet in the First Quarter 2018, net positive absorption of 168,247 square feet in the Fourth Quarter 2017, net positive absorption of 202,200 square feet in the Third Quarter 2017, net positive absorption of 44,727 square feet in the Second Quarter 2017, and net positive absorption of 126,305 square feet in the First Quarter 2017.

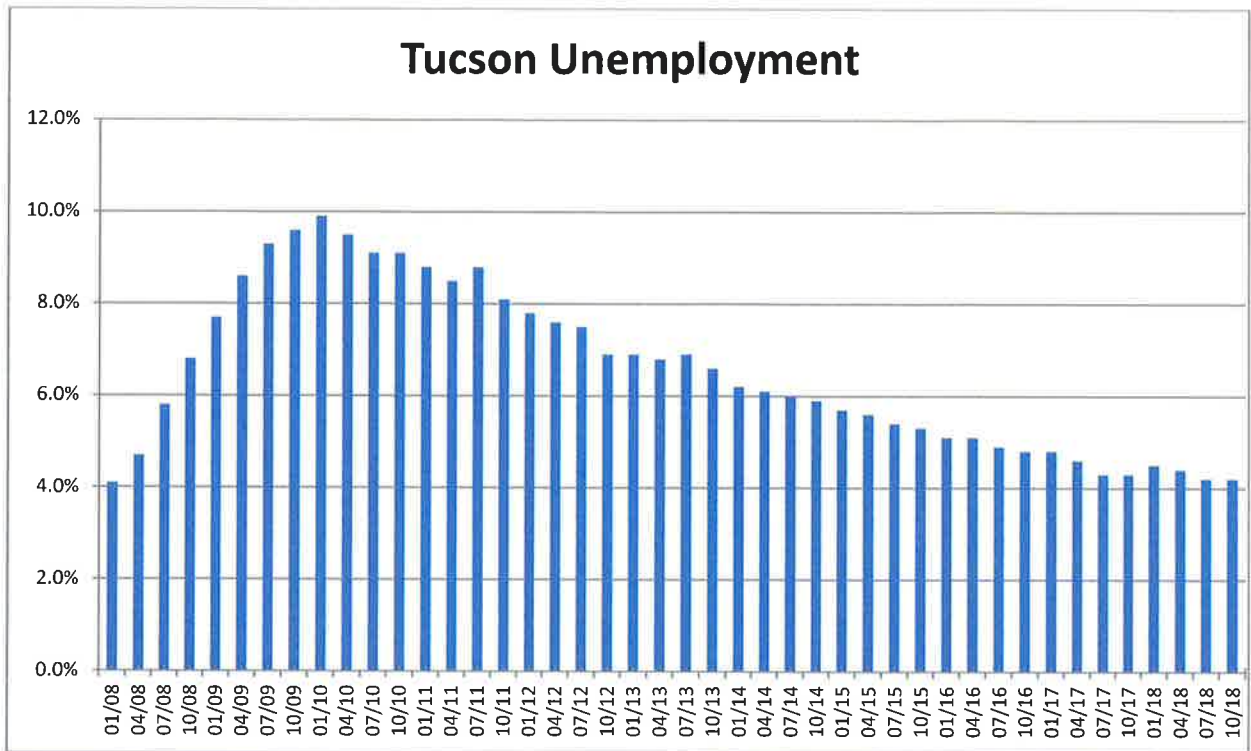
The following shows trends in the vacancy rate for retail properties in the Tucson market between Second Quarter 2005 and Fourth Quarter 2018, according to *Costar*.



This chart shows that the vacancy rate for retail properties increased through mid-2012. The retail vacancy rate declined since that time and remained mostly stable from 2016 through the 2017, with a slight decline in early 2018. The retail market has stabilized and is starting to improve in high demand areas, although there remains little demand for older retail properties in low demand areas.

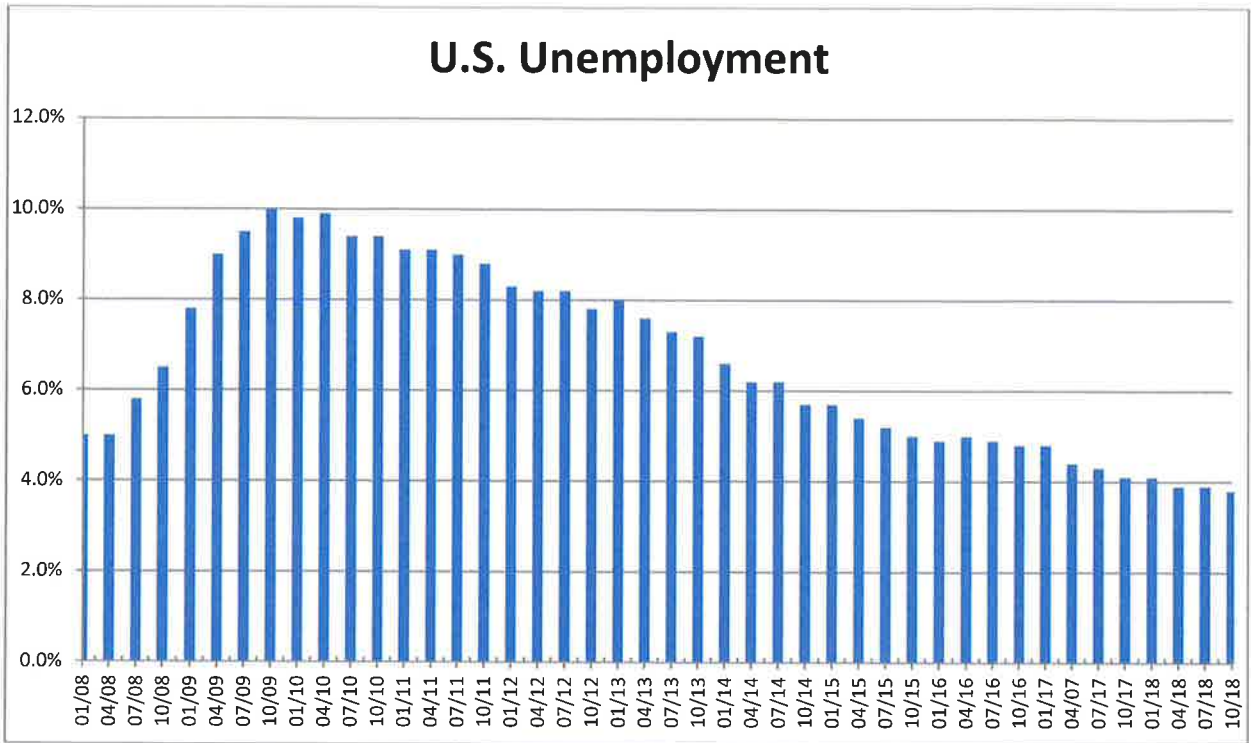
In the Fourth Quarter of 2018, six new buildings containing 74,424 square feet were completed. This compares to ten new buildings containing 162,611 square feet in the Third Quarter 2018, eight new buildings containing 185,880 square feet in the Second Quarter 2018, seventeen new buildings containing 175,497 square feet in the First Quarter 2018, seven new buildings containing 43,949 square feet in the Fourth Quarter 2017, three new buildings containing 85,155 square feet in the Third Quarter 2017, eight new buildings containing 75,267 square feet in the Second Quarter 2017, and eight new buildings containing 156,962 square feet in the First Quarter 2017.

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 slow steady decline in the unemployment rate over the last several years, with the unemployment rate remaining mostly level in the last year.

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate also increased through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined and is now close to early 2008 levels.



Overall, the commercial real estate markets reveal that most investors hold a cautionary but improving outlook due to continued oversupply of available space in many markets which 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, improving 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. There are some areas of Tucson where demand is increasing greater than the overall market. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

MARKET AREA

The subject's market area is located in an area with the approximate boundaries of Valencia Road on the south, Ajo Way on the north, Interstate-19 on the east, and Cardinal Avenue on the west. The market area is located southwest of the central business district of the City of Tucson. Uses in the market area include single and multi-family residences, retail, commercial and service-oriented properties. Commercial uses are generally located along major roadways, including Ajo Way, Irvington Road, and Valencia Road. There is more commercial development in the eastern portion of the market area, closer to I-19. There are free-standing commercial buildings as well as larger retail development. Larger retail developments include Valencia Road west of I-19, which contains a Walmart, Lowe's, and other retailers. The Tucson Spectrum is located at I-19, south of Irvington Road. The landing, a new mixed-use development at the northwest corner of I-19 and Irvington, has started construction with retail uses. The Tucson Mountains are located in the northwest portion of the market area. Single family residences are primarily located in neighborhoods with smaller lots. There is some vacant land available in the market area. Access to the market area is considered average, with some public transportation available on major routes. Access to services is also considered to be average. Demand is considered to be stable or slightly increasing for some property types.

SITE DESCRIPTION

The site is an irregular shaped property consisting of a channel for the west branch of the Santa Cruz River floodway and dedicated open space. The site has a width of approximately 315 feet on the western property line. The site wraps around the Casitas Del Sol subdivision along the northern property line and has a length of approximately 1,950 feet. The site is narrower in the northern portion. It is located west of the Santa Cruz River. It contains a total area of 9.49 acres, per Pima County Assessor's records. The topography is mostly level, sloping slightly. The channel of the west branch of the Santa Cruz (at the southwestern portion of the property) is below grade of the balance of the property. The northern portion of the property is slightly sloping in a northerly direction. Properties bordering the subject property include the Santa Cruz River to the east, residential uses to the north and northwest, and commercial uses to the south.

Public utilities are available in the immediate area. A public sewer line crosses the western portion of the subject property. As the property is vacant land, utilities have not been brought to the subject. Any development would require a study of availability of utilities. It is unknown if the subject could access utilities from the adjacent subdivisions.

According to FEMA Flood Insurance Rate Map 04019C2286L, dated June 16, 2011, the northern and eastern portions of the property are located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits). The southwest portion of the property is located in Zone A, which are areas where no base flood elevations have been determined. An eastern portion of the property is located in Zone X (shaded) within the 500 year floodplain. The southeast portion of the subject property is located within Zone AE, which are areas within the 1% annual floodplain (100-year flood), with base flood elevations determined. The west branch of the Santa Cruz River is located in the southern portion of the subject property and has a 50 foot erosion hazard setback from the

bank of the wash. There can be no development within the erosion hazard setback area. The main branch of the Santa Cruz River is directly to the east. The property is in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject property.

CURRENT USE

Open space and channel land

ZONING

Zoning of the site is R-1, according to the City of Tucson Zoning Code. This zoning classification permits uses which include low density residential single-family dwellings, schools, churches, and public buildings. The purpose of this zone is to provide for urban low density single-family residential development, together with schools, parks, and other public services necessary for a satisfactory urban residential environment. Also, restricted home occupations are allowed. Regardless of the number of stories, the minimum lot area per unit is 7,000 square feet, the minimum lot width is 30 feet, and the maximum building height is 25 feet. Additional development standards include the following:

R-1 ZONING REQUIREMENTS

Number of Stories	Minimum Yards (feet)			Sum of Both Side Yards (ft)
	Front	One Side*	Rear	
1 & 1.5	Min.†	7	Min.	16
1 & 1.5	20	5	25	18
2 & 2.5	20	8	25	20

† = Minimal

* = Minimum side yard along a street is 10 feet

The property is currently restricted to open space land.

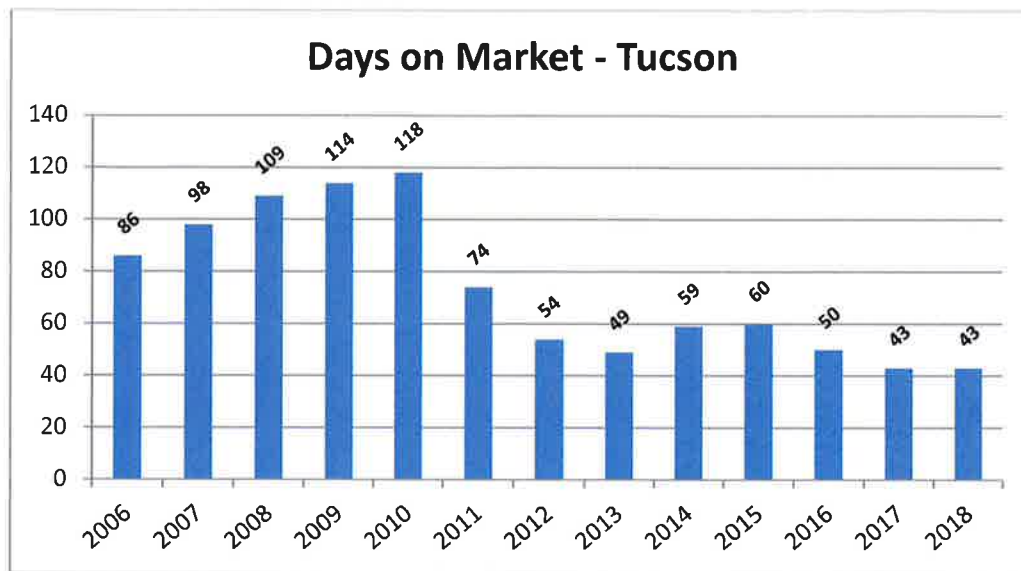
MARKET PROFILE

The residential market conditions in the Tucson area improved dramatically starting in 2004, with market prices for single family residences and residential lots increasing at a rapid rate. This trend continued throughout 2005 and into the start of 2006, with prices increasing most rapidly in 2005. This increase in sales activity and property values led to an increase in the demand for large parcels of land for development of subdivisions, with prices of land increasing rapidly, and the planning of many new subdivisions throughout the Tucson area and Pima County. Purchases of large parcels of land for large scale subdivisions were especially common in Marana and in the area southeast of Tucson. The number of permits issued in Pima County increased as an increasing number of subdivisions provided more lots and residential homes for the growing market. In 2005, properties were sold quickly, and the time spent on the market for a residential home or lot decreased.

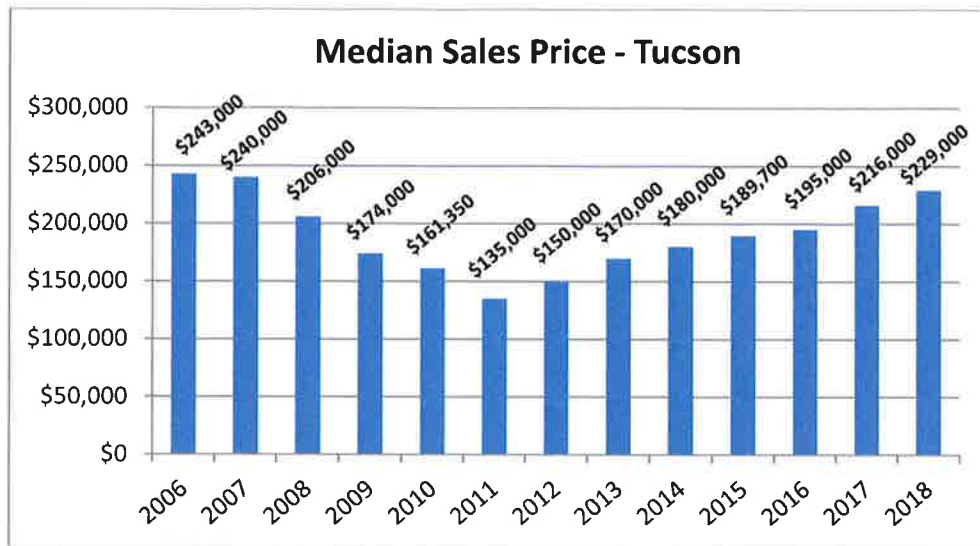
Starting in mid-2006, the market began to slow, and this trend continued into 2007, with a further slowdown in 2008 through 2010. Prices for residential properties leveled off and then

decreased in all market areas. The demand for homes began to decline and fewer homes were purchased. The median price for homes also declined during this time. Over the past year there has been the beginning of a market recovery.

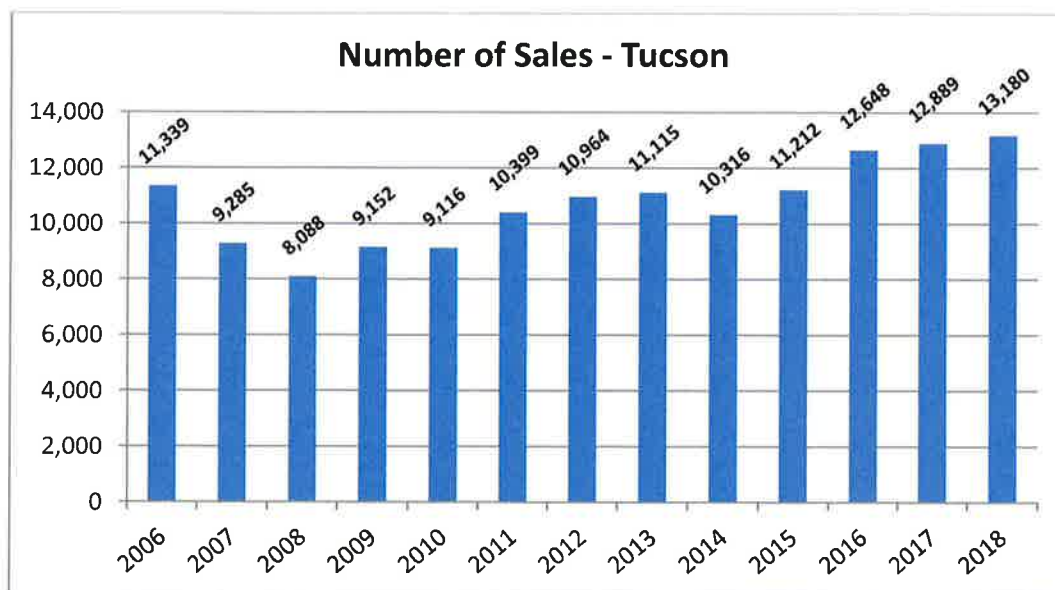
The following are the average number of days on market for single-family residences in the Tucson Market from 2006 through the third quarter of 2018, according to Multiple Listing Service (MLS). This data indicates that the average days on market for single-family residences increased from 2007 and peaked in 2010. Beginning in 2011, the number of days on market dropped significantly with results remaining relatively stable from 2012 through 2018.



The following is the median sale price for single-family residences for the Tucson market from 2006 through the first three quarters of 2018, according to MLS. The median sale price for single family residences declined yearly from 2007 through 2011. Beginning in 2011 the median sales price for single family residences in the Tucson market gradually increased on a year over year basis, continuing through 2018. The median sales price in Tucson continues to be slightly below peak market levels.



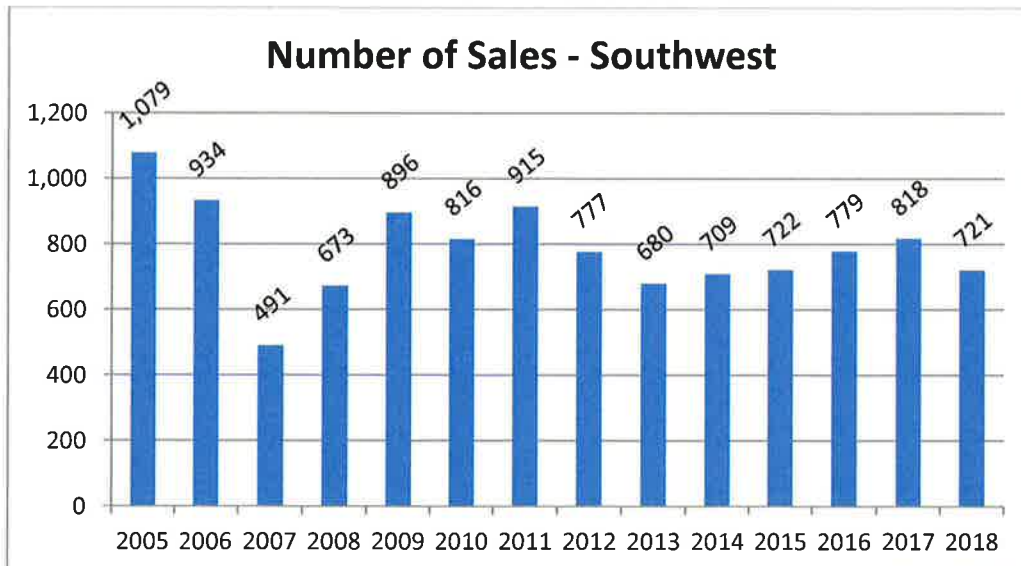
The following is the number of sales of single-family residences in the Tucson Market from 2006 through 2018, according to MLS. The number of sales declined from 2006 through 2008. Beginning in 2009, the number of sales began a gradual upward trend, which continued through 2018.



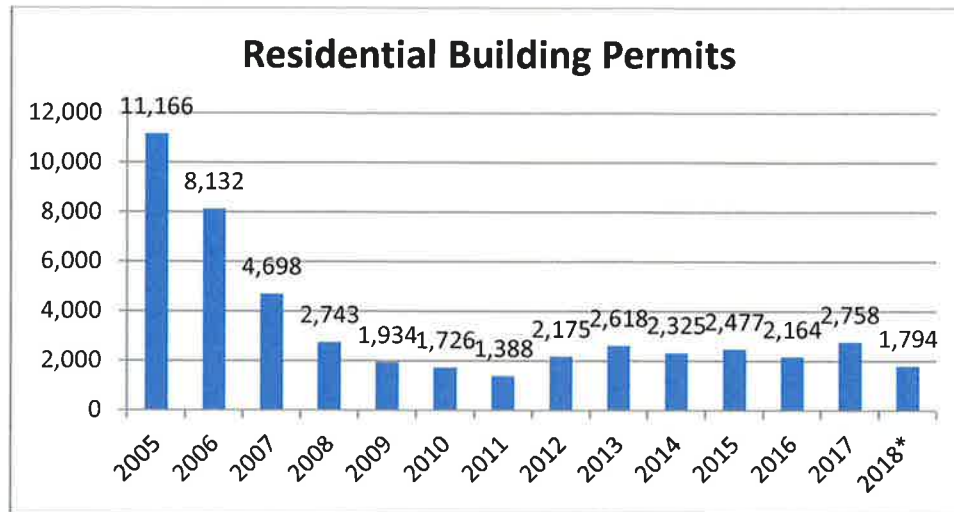
The following is the median sale price for single-family residences through 2018 in the subject sector, Southwest, according to MLS. This data indicates that the median sale price declined significantly from 2006 through 2011. Beginning in 2012 and continuing yearly through 2018, the median sales price in the subject sector has gradually increased.



The following is the number of sales of single-family residences through 2018 in the subject sector, Southwest, according to MLS. This data indicates that the number of sales declined in 2007. The number of sales in this sector then increased until 2011, and then declined again through 2013. The number of sales in this sector has remained generally level since that time, slightly increasing through 2017, followed by a slight decline in 2018.



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 remained mostly stable with some slight variations since 2013, and increased slightly in 2017. The 2018 data is for the first half of the year only.



Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases 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 a summit of 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 showed a continued improvement in the market, with indications of a slight decline in 2014. In recent years, the number of permits has remained mostly stable with a slight increase in 2017. New home sales are still well below peak or stabilized levels seen in the past.

Residential market conditions have stabilized. Prices for some types of homes, specifically in homes priced below \$250,000 had increased slightly starting in 2013, and prices have continued to increase slowly. There is an oversupply of single-family residences that exceed \$250,000, particularly those over \$500,000, causing values for these types of product to remain mostly stable. In the short term, continued slow growth is projected for Tucson over the next one to two years for residential properties, with market conditions expected to continue 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.

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 that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on 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 Sixth edition of The Dictionary of Real Estate Appraisal (Appraisal Institute; 2015, p. 109), defines highest and best use as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

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

1. The Dictionary of Real Estate Appraisal (Appraisal Institute, Sixth Edition, 2015), p. 140

2. Ibid, p. 83

Highest and Best Use as Vacant

Legal Considerations

Zoning of the site is R-1, according to the City of Tucson Zoning Code. This zoning classification permits uses which include low density residential single-family dwellings, schools, churches, and public buildings. The purpose of this zone is to provide for urban low density single-family residential development, together with schools, parks, and other public services necessary for a satisfactory urban residential environment. Also, restricted home occupations are allowed. Regardless of the number of stories, the minimum lot area per unit is 7,000 square feet, the minimum lot width is 30 feet, and the maximum building height is 25 feet.

The subject property is designated as open space and channel land. Therefore, this land can only be utilized for channel and open space uses.

Physical Considerations

The site is an irregular shaped property consisting of a channel for the west branch of the Santa Cruz River floodway and dedicated open space. The site has a width of approximately 315 feet on the western property line. The site wraps around the Casitas Del Sol subdivision along the northern property line and has a length of approximately 1,950 feet. The site is narrower in the northern portion. It is located west of the Santa Cruz River. It contains a total area of 9.49 acres, per Pima County Assessor's records. The topography is mostly level, sloping slightly. The channel of the west branch of the Santa Cruz (at the southwestern portion of the property) is below grade of the balance of the property. The northern portion of the property is slightly sloping in a northerly direction. Properties bordering the subject property include the Santa Cruz River to the east, residential uses to the north and northwest, and commercial uses to the south.

Public utilities are available in the immediate area. A public sewer line crosses the western portion of the subject property. As the property is vacant land, utilities have not been brought to the subject. Any development would require a study of availability of utilities. It is unknown if the subject could access utilities from the adjacent subdivisions.

According to FEMA Flood Insurance Rate Map 04019C2286L, dated June 16, 2011, the northern and eastern portions of the property are located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits). The southwest portion of the property is located in Zone A, which are areas where no base flood elevations have been determined. An eastern portion of the property is located in Zone X (shaded) within the 500 year floodplain. The southeast portion of the subject property is located within Zone AE, which are areas within the 1% annual floodplain (100-year flood), with base flood elevations determined. The west branch of the Santa Cruz River is located in the southern portion of the subject property and has a 50 foot erosion hazard setback from the bank of the wash. There can be no development within the erosion hazard setback area. The main branch of the Santa Cruz River is directly to the east. The property is in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject property.

Therefore, the property could be utilized for channel and open space purposes.

Financial Feasibility

This property could only be utilized for channel and open space uses. This is the only legally permissible and physically possible use for the property.

Maximally Productive

Therefore, due to legal and physical considerations, and due to the property being designated as open space and channel land, the maximally productive highest and best use of the subject site is for continued use as channel and open space land.

SECTION B - VALUATION OF PROPERTY, BEFORE

SALES COMPARISON APPROACH

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

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

Table of Comparable Land Sales

Sale No.	Sale Date	Property Location	Sale Price	Site Size (Acres)	Price/Acre	Zoning
1.	10/12	South of Edwin Rd, East Lago Del Oro Pkwy	\$189,000	15.18	\$12,451	GR-1
2.	12/12	North side of Speedway Blvd, east of Wentworth Rd	\$91,000	8.90	\$10,255	SR
3.	6/16	North side of the Lambert Ln alignment, west of Twin Peaks Rd.	\$225,000	22.50	\$10,000	F
4.	8/18	Southeast side of Cochie Canyon Trail	\$229,295	15.427	\$14,863	RH
5.	9/18	North side of Esperanza Blvd, west of La Canada Dr.	\$136,481	12.33	\$11,069	CB-1
		Subject		9.49		R-1

COMPARABLE LAND SALES ADJUSTMENT GRID

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Sale Date		10/2012	12/2012	6/2016	8/2018	9/2018
Site Size (Acres)	9.49	15.18	8.90	22.50	15.427	12.33
Zoning	R-1	GR-1	SR	F	RH	CB-1
Utility		Superior	Superior	Superior	Superior	Superior
Sale Price		\$189,000	\$91,000	\$225,000	\$229,295	\$136,481
Price per Acre		\$12,451	\$10,225	\$10,000	\$14,863	\$11,069

Summary of Adjustments

Unadjusted Price / Acre	\$12,451	\$10,225	\$10,000	\$14,863	\$11,069
Property Rights	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Price	\$12,451	\$10,225	\$10,000	\$14,863	\$11,069
Financing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Price	\$12,451	\$10,225	\$10,000	\$14,863	\$11,069
Conditions of Sale	<u>-10%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Price	\$11,206	\$10,225	\$10,000	\$14,863	\$11,069
Date/Market Conditions	<u>10%</u>	<u>10%</u>	<u>5%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$12,326	\$11,247	\$10,500	\$14,863	\$11,069
Physical Adjustments (%)					
Location	0	-10	-10	10	0
Zoning	0	0	0	0	0
Site Size	5	0	10	5	5
Utility	<u>-10</u>	<u>0</u>	<u>0</u>	<u>-25</u>	<u>-10</u>
Net Adjustment	-5%	-10%	0%	-10%	-5%
Indicated Value / Acre	\$11,710	\$10,122	\$10,500	\$13,377	\$10,516

This analysis compares five sales of similar vacant land parcels to the subject property on a price per acre basis. This is the sale price divided by the acreage of the site. Sales prices range from \$10,000 to \$14,863 per acre before adjustments. The adjustment grid reflects the adjustments. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

Comparable Sale One requires a downward adjustment for conditions of sale as the property sold at an above market price. This sale warrants an upward adjustment for market conditions. Market data indicates that prices for this type of property increased from the date of this sale to the date of value. There is an upward adjustment for site size as this sale is larger than the subject property. Larger properties tend to sell for less on a price per acre basis than smaller properties, all else being equal. This sale warrants a downward adjustment for site utility as this property has more potential usability compared to the subject property. A portion of the subject property is located within a channel of a wash with no improvements able to be developed in this area. This property does not contain a major channel and has greater potential for developability of improvements. Overall, this price per acre indicates a downward adjustment in comparison to the subject.

Comparable Sale Two requires an upward adjustment for market conditions as market data indicates that prices for this type of property increased from the date of this sale to the date of value. This sale warrants a downward adjustment for location as this property is located in an area with greater demand compared to the subject property. Overall, this price per acre indicates a downward adjustment in comparison to the subject.

Comparable Sale Three requires an upward adjustment for market conditions. Market data indicates that prices for this type of property increased from the date of this sale to the date of value. This sale warrants a downward adjustment for location as this property is located in an area with greater demand compared to the subject property. There is an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a price per acre basis than smaller properties, all else being equal. Overall, this price per acre indicates an upward adjustment in comparison to the subject property.

Comparable Sale Four does not require an adjustment for date/market conditions as market conditions for this type of property did not change between the date of this sale and the date of value. This sale warrants an upward adjustment for location as this property is located in an area with less demand compared to the subject property. There is an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a price per acre basis than smaller properties, all else equal. There is a downward adjustment for utility as this property has a greater potential for development than the subject. This property does not contain the channel of a wash, which the subject property contains, and had a greater potential for residential development than the subject. Overall, this price per acre indicates a downward adjustment in comparison to the subject.

Comparable Sale Five does not require an adjustment for date/market conditions as market conditions for this type of property did not change between the date of this sale and the date

of value. There is an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a price per acre basis than smaller properties, all else being equal. This sale warrants a downward adjustment for site utility as this property has more potential usability compared to the subject property as this property does not contain a large channel. Overall, this price per acre indicates a downward adjustment in comparison to the subject.

Sales Comparison Approach Summary.

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Adjusted Sale Price/ Acre	\$11,710	\$10,122	\$10,500	\$13,377	\$10,516

Land Value Before Acquisition. These five comparable sales indicate a price range of \$10,122 to \$13,377 per acre after adjustments. Comparable Sale Five warrants the greatest weight as this sale is the most recent and is most similar to the subject. The remaining comparable sales receive slightly less weight as they are older or require slightly greater adjustments. After analyzing the comparable sales, the conclusion of market value of the subject property, before the acquisition, as of February 20, 2019, is \$10,500 per acre, times 9.49 acres, equaling \$99,645, rounded to \$99,700.

Market Value Conclusion, Before. Therefore, based on the above analysis and subject to the assumptions and limiting conditions contained in this report, the opinion of market value of the subject property, "as vacant", as of the effective date of the appraisal, February 20, 2019, is \$99,700.

OPINION OF MARKET VALUE OF SUBJECT PROPERTY, BEFORE ACQUISITION,
"AS VACANT", AS OF FEBRUARY 20, 2019:

NINETY NINE THOUSAND SEVEN HUNDRED DOLLARS (\$99,700)

SECTION C - THE LAND TO BE ACQUIRED

DESCRIPTION

Tucson Electric Power Company is seeking to acquire the property rights associated with an aerial easement from a portion of the subject property for use as part of transmission lines overhead of the subject property.

The property to be acquired includes an aerial easement over a portion of the subject property. The easement acquisition is located in the southern portion of the subject site and runs in a southeasterly direction. It is narrow and mostly rectangular in shape, with a length of approximately 340 feet and a width of approximately 16 feet. It contains a total area of 5,472.60 square feet, or 0.13 acres according to information provided by Pima County. A legal description of this area can be found in Exhibits section of this report. There are no improvements located within the acquisition area that are being acquired.

The value of the part to be acquired on a fee simple basis is based on the "part of the whole" theory; therefore, the value per acre 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 \$10,500 per acre.

LAND VALUE, PART TO BE ACQUIRED

The land to be acquired will be acquired with some of the rights transferring to Tucson Electric Power Company. The rights of the aerial easement are considered to be 50% of the rights associated with the property. According to the Easement Valuation Matrix developed by Donald Sherwood, SR/WA, an aerial/overhead line easement typically would have a severe impact on surface use below the easement area and would indicate a greater percentage of the rights are being acquired. However, as the land is currently utilized only as open spaces, no habitable structures can be developed in this area before the easement acquisition. The land encumbered with the easement can still be developed with non-habitable open space improvements, which is the same condition as before the easement. Therefore, the rights associated with the easement area 50% of the total property rights for this area. Pima County Flood Control District will retain ownership of the property and can continue to use it as channel and open space uses. Following is an estimate of the market value of the land to be acquired:

0.13 acres x \$10,500 per acre x 50% =	\$683
Rounded to:	\$700

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. 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:	\$99,700
Value of Property To Be Acquired:	<u>(\$700)</u>
Value of Remainder Property Before:	\$99,000

SECTION E - THE REMAINDER LAND, AFTER ACQUISITION

DESCRIPTION

After the acquisition, the remainder land will continue to consist of an irregular shaped property totaling 9.49 acres (see Exhibits). Out of the total land area of 9.49 acres, 0.13 will be encumbered with an aerial easement, and 9.36 unencumbered with an aerial easement. The shape of the remaining land remains the same to that which existed before the acquisition. The land maintains the same long term developability.

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. That use is for drainage-way open space. This use is considered to be the most feasible use based on the location, the zoning, surrounding development, and the supply of vacant land 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 shape of the parcel remains the same and the site size remains 9.49 acres. 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 conclusion of land value after the acquisition. The sales indicate a value of \$10,500 per acre for the land.

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

Land Unencumbered with an Aerial Easement	
9.36 acres x \$10,500 per acre =	\$98,280
Land Encumbered with an Aerial Easement	
0.13 acres x \$10,500 per acre x 50% =	<u>\$683</u>
Total land Value, After =	\$98,963
	Rounded to: \$99,000

SECTION E - 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 \$99,700. The market value of the land to be acquired of \$700 is deducted from the market value of \$99,700 to arrive at the market value of the remainder, before, of \$99,000. The market value of the remainder, after, is estimated at \$99,000. Therefore, there are no severance damages reflected to the subject property.

Value of Remainder Property, Before:	\$99,000
Value of Remainder Property, After:	<u>(99,000)</u>
Severance Damages:	-0-

SECTION F - SUMMARY OF VALUE CONCLUSIONS

Market Value of Land, Before Acquisition	\$99,700
Market Value of Easement Interest To Be Acquired	\$700
Market Value of Remainder Land, Before	\$99,000
Market Value of Remainder Land, After	\$99,000
Severance Damages	-0-

TOTAL COMPENSATION:

Market Value of Easement Interest To Be Acquired	\$700
Severance Damages	<u>-0-</u>
TOTAL COMPENSATION	\$700

PART IV - ASSUMPTIONS AND LIMITING CONDITIONS

1. **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.
2. **Liability.** The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraisers 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 appraisers are 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.
3. **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.
4. **Survey or Engineering.** No survey or engineering analysis of the subject property has been made by the appraisers. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraisers assume 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.
5. **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.

6. ***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 appraisers assume 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 appraisers 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.
7. ***Adjustments.*** The appraisers reserve 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.
8. ***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.
9. ***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.
10. ***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.
11. ***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.
12. ***Soil Conditions.*** Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraisers. 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 subsoil which would render the subject more or less valuable by knowledge thereof.

13. **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.
14. **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.
15. **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.
16. **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.
17. **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 appraisers are 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.
18. **Americans with Disabilities Act of 1990.** The ADA became effective on January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If

so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

19. **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.
20. **Type of Report.** This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
21. **Endangered and Threatened Species.** The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.
22. **Acceptance of Report.** Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.

PART V - CERTIFICATION

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 (date of valuation) of this appraisal is February 20, 2019.

13. I have made a personal inspection of the property that is the subject of this report.
14. It is noted that Timothy Hale (Certificate T0137) assisted significantly with this report by performing the following tasks under the direction of the appraiser. Researched the subject and comparable sales information and provided assistance with the development of the report. The final analysis and value conclusion is that of Sara R. Baker, MAI, SRA.
15. This firm has not appraised the subject property in the three years prior to this appraisal.
16. I am a Certified General Real Estate Appraiser in the State of Arizona.



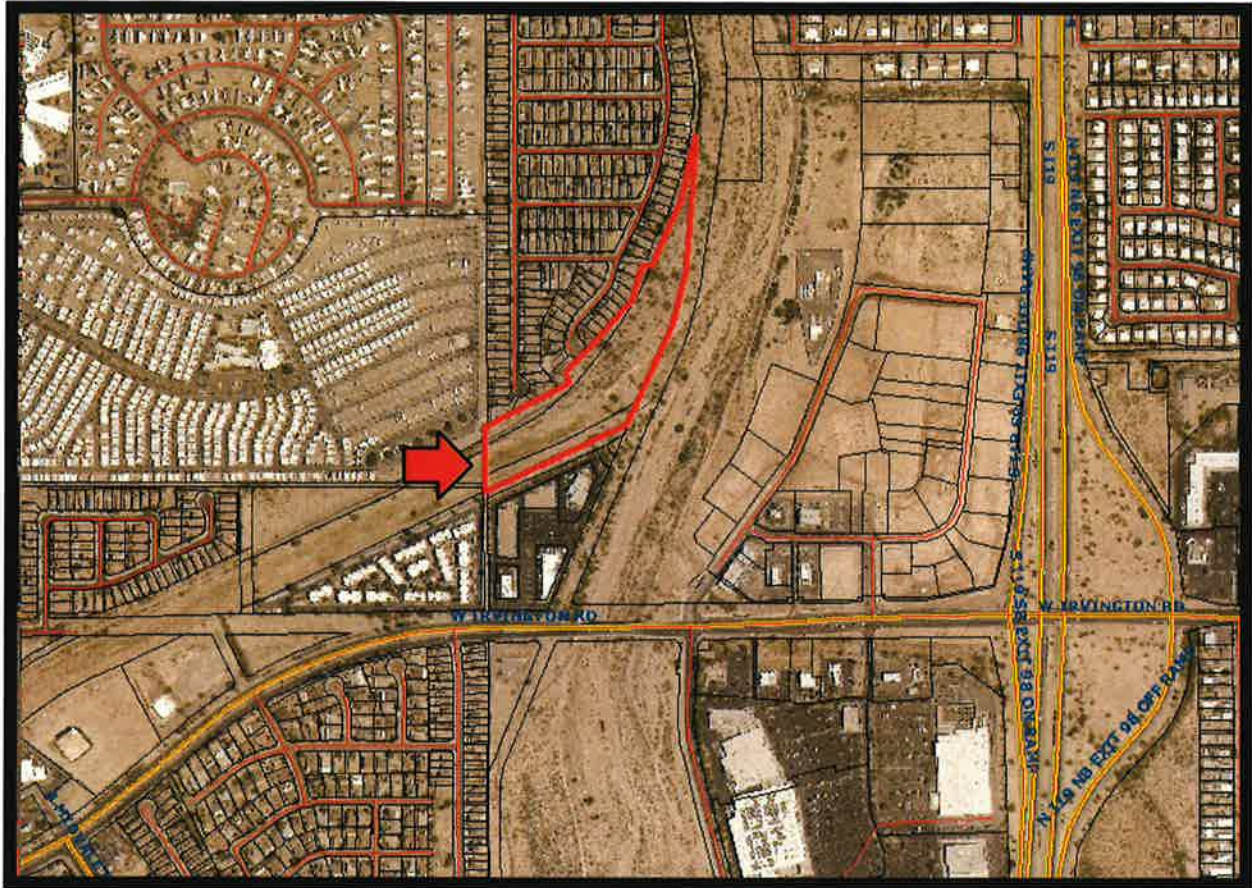
Sara R. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 31679
Designated Supervisory Appraiser
Registration Number DS0082

PART VI - EXHIBITS

Exhibit A	Subject Plat Map
Exhibit B	Aerial Photograph
Exhibit C	Zoning Map (City of Tucson)
Exhibit D	FEMA Floodplain Map
Exhibit E	Legal Description and Acquisition Maps
Exhibit F	Subject Photographs
Exhibit G	Acquisition Photographs
Exhibit H	Comparable Land Sales Location Map
Exhibit I	Comparable Land Sales, Plat Maps and Aerial Photographs
Exhibit J	Qualifications

SEE BOOK 20 PAGE 233 P. 6
2011-1
23405 FIVE FIVE
APPROPRIATE - 20/26/11 8 1/2
0 250 500 750 1000
FEET

EXHIBIT B - AERIAL PHOTOGRAPH



[illegible]

C-1
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EXHIBIT D - FEMA FLOODPLAIN MAP

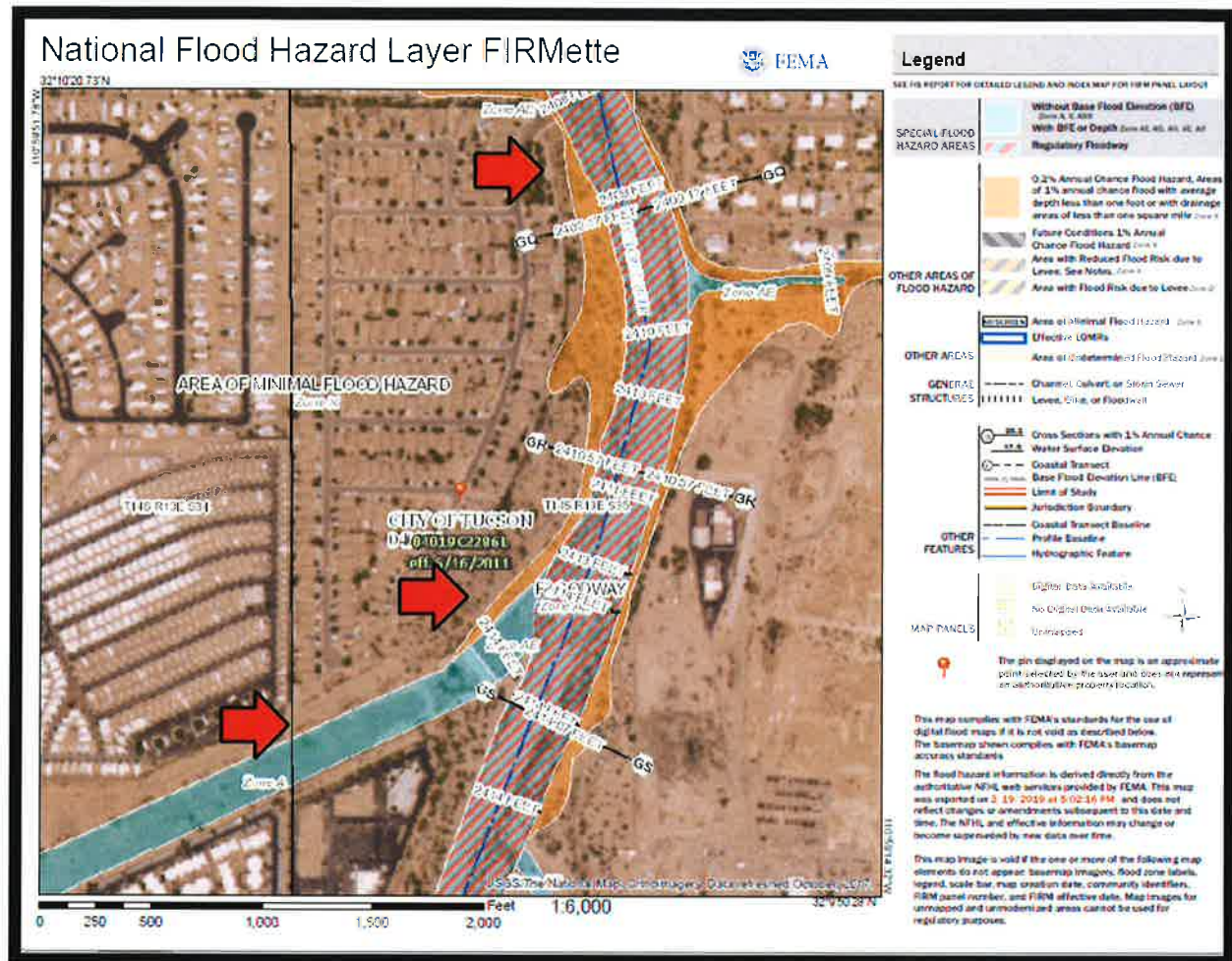


EXHIBIT E - LEGAL DESCRIPTIONS AND ACQUISITION MAPS

Tucson Electric Power Company

88 East Broadway Blvd.
Tucson, AZ 85701-1720

EXHIBIT "A" LEGAL DESCRIPTION ELECTRIC EASEMENT

A strip of land 10.00 feet in width and a strip of land 16.00 feet in width within those parcels described in Docket 11410 at Page 2086, Docket 9698 at Page 766, and Docket 7730 at Page 215, in the Office of the Recorder, Pima County, Arizona, being a part of the Southwest Quarter of Section 35, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, the center line of said 10.00 foot wide strip of land described as follows:

commencing at a 2-inch brass cap in handwell marked 34,35,3,2, City of Tucson, PLS 20373 at the southwest corner of said Section 35, from which a 3-inch brass cap marked ADOT at the northwest corner of said Section 35 bears North 00 degrees 29 minutes 34 seconds East, 5341.65 feet and is the Basis of Bearing as described for Rancho Rio II as recorded in Book 54 of Maps and Plats at Page 7 in said office of the Recorder;

thence North 00 degrees 29 minutes 29 seconds East, 999.54 feet, along the west line of said Southwest Quarter to the southwest corner of Rancho Rio II as recorded in Book 54 of Maps and Plats at Page 7 in said Office of the Recorder;

thence North 65 degrees 29 minutes 25 seconds East, 237.05 along the southeast boundary of said Rancho Rio II to the beginning of a curve concave to the northwest and having a radius of 1055.00 feet;

thence northwesterly 228.55 feet along said curve and southeast boundary through a central angle of 12 degrees 24 minutes 44 seconds to the easternmost corner of Lot 93 of said Ranch Rio II;

thence North 25 degrees 45 minutes 43 seconds West, 41.93 feet along the northeasterly line of said Lot 93, and northeasterly boundary of said Rancho Rio II;

thence North 42 degrees 42 minutes 06 seconds East, 153.63 feet along the southeasterly line of said Lot 93, and southeasterly boundary of said Rancho Rio II to the southernmost corner of an electric easement described in Docket 11642 at Page 1449 in said Office of the Recorder, said corner being the **point of beginning**;

thence South 70 degrees 23 minutes 53 seconds East, 46.89 feet to the terminus of said centerline, and the beginning of a 16.00 foot wide strip of land, the centerline of which is described as follows:

thence North 39 degrees 20 minutes 56 seconds West, 30.00 feet;

Tucson Electric Power Company

88 East Broadway Blvd.
Tucson, AZ 85701-1720

thence South 39 degrees 20 minutes 56 seconds East, 406.02 feet to a point hereinafter known as Point 'A';

thence South 61 degrees 30 minutes 58 seconds East, 441.67 feet to the terminus of said centerline and;

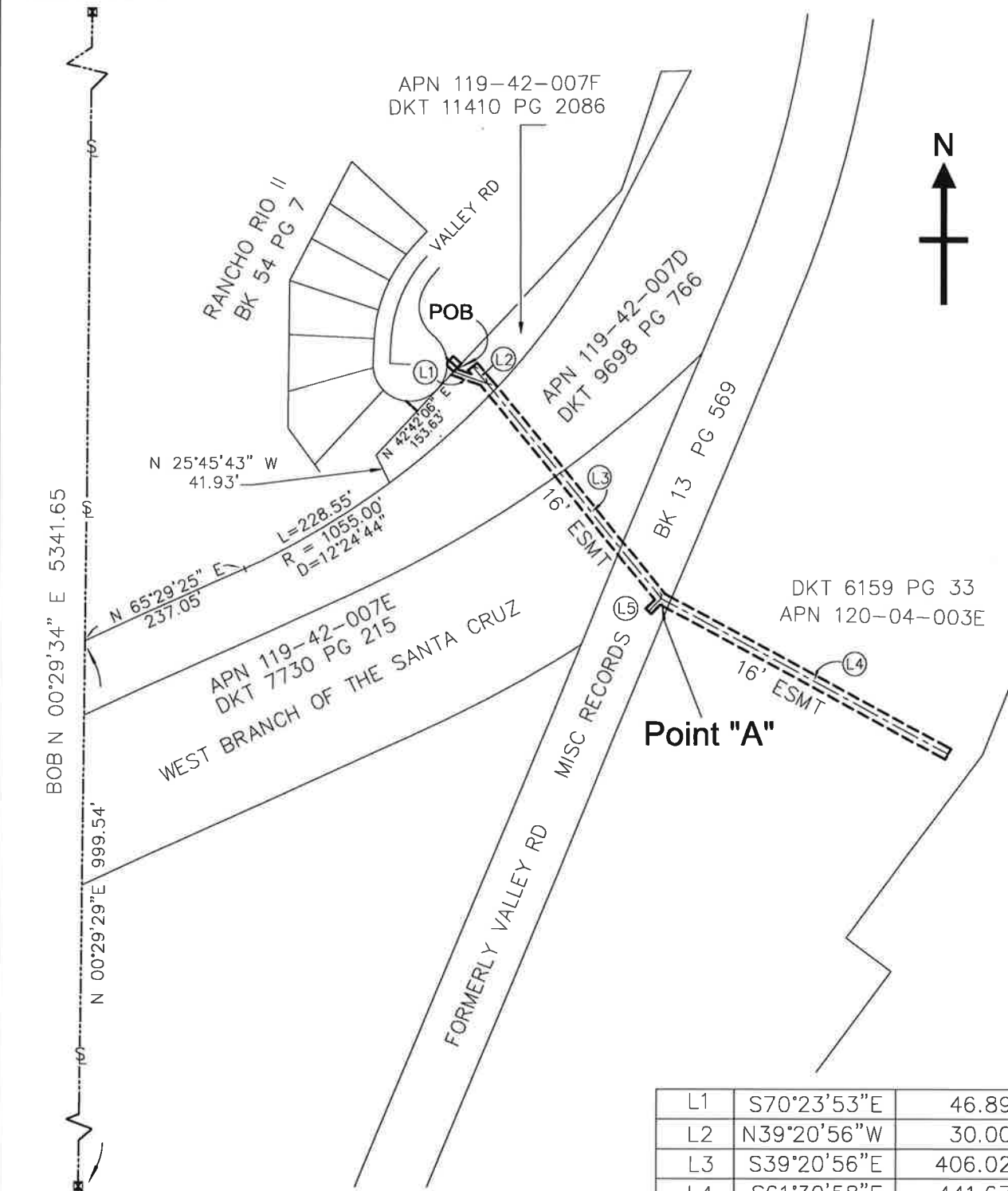
beginning at the aforesaid Point 'A', being a strip of land 10.00 feet in width, the centerline of which is described as follows:

thence South 45 degrees 31 minutes 53 seconds West, 24.00 feet to the terminus of said centerline.

Excepting therefrom any portion lying within those parcels described in Docket 6159 Page 33 in said Office of the Recorder, and that portion lying within Valley Road as recorded in Miscellaneous Records Book 13 at Page 569 in the said Office of the Recorder.

The above described strips of land contain 5472.6 square feet, more or less.

NW COR SEC 35



SW COR SEC 35

FOR: _____
 BY: _____
 SCALE: 1" = 200'
 DATE: B.J.L. 11-2018
 CHECKED: _____
 DESIGNED: _____
 SURVEYED: _____
 ETC: _____



DEPICTION OF EXHIBIT "A"
 ELECTRIC EASEMENT
 WITHIN A PORTION OF
 SW ¼ of SECTION 35, T. 14 S. - R. 13 E.
 PIMA COUNTY, ARIZONA

EXHIBIT DRAWING

T 14 R 13 S 35 Q SW

SHEET 3 OF 3
 DATE: _____
 BY: _____

EXHIBIT F - SUBJECT PHOTOGRAPHS
PHOTO 1 - VIEW EAST OF PROPERTY



PHOTO 2 - VIEW EAST OF PROPERTY



PHOTO 3 - VIEW SOUTHWEST FROM NORTHEAST CORNER



PHOTO 4 - VIEW SOUTHWEST



PHOTO 5 - VIEW SOUTHWEST



EXHIBIT G - ACQUISITION PHOTOGRAPHS
PHOTO 1 - VIEW SOUTH OF EASEMENT AREA



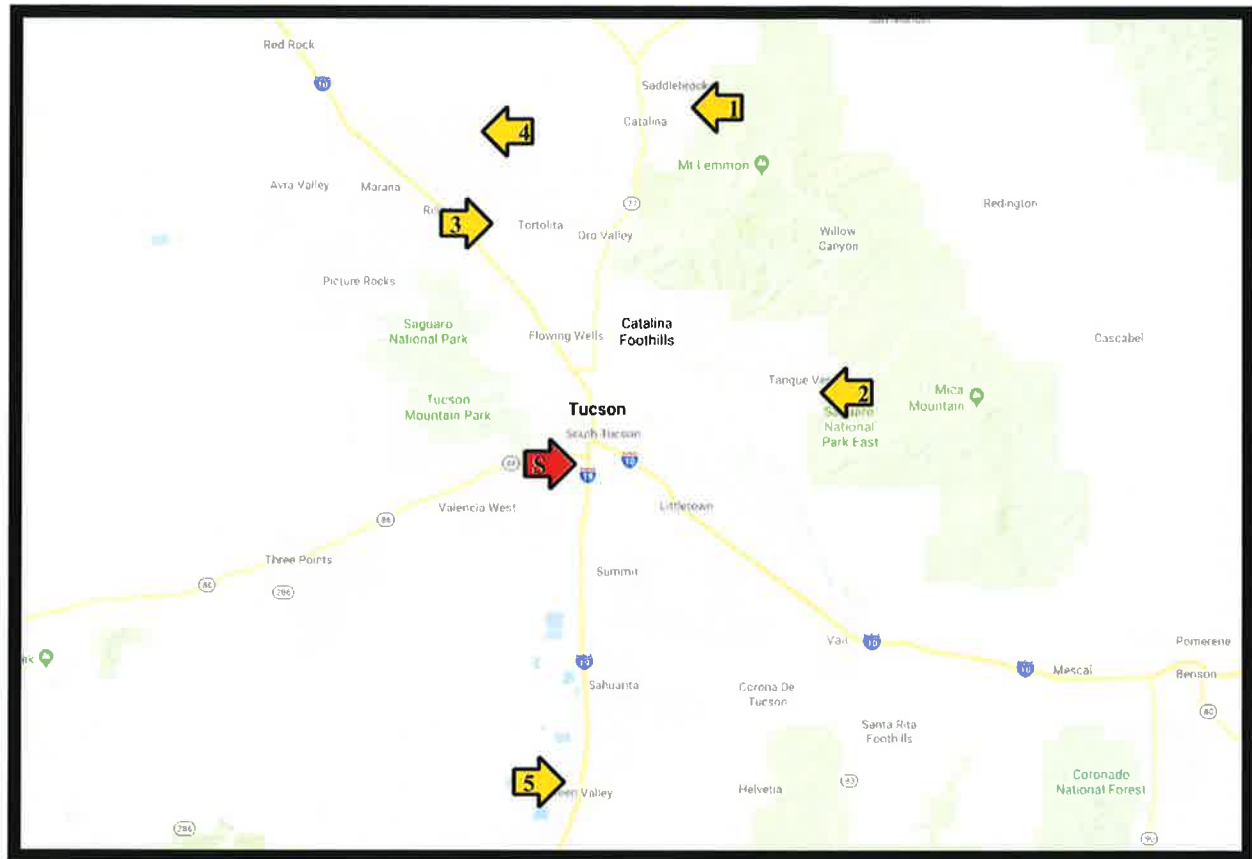
PHOTO 2 - VIEW SOUTH OF EASEMENT AREA



PHOTO 3 - VIEW NORTH OF EASEMENT AREA



EXHIBIT H - COMPARABLE LAND SALES LOCATION MAPS



Subject: **West of the Santa Cruz River, North of Irvinton Road, East of Mission Road**

Sale 1: **South of Edwin Road, east of Lago del Oro Parkway, Tucson**

Sale 2: **North side of Speedway Boulevard, east of Wentworth Road, Tucson**

Sale 3: **North side of Lambert Lane alignment, west of Twin Peaks Road, Tucson**

Sale 4: **Southeast side of Cochie Canyon Trail, Tucson**

Sale 5: **North side of Esperanza Boulevard, west of La Canada Drive, Green Valley**

EXHIBIT I - COMPARABLE LAND SALES

LAND COMPARABLE NUMBER ONE (SALE)

ID: GR-1 0196 7653

LOCATION: South of Edwin Road, east of Lago del Oro Parkway

LEGAL DESCRIPTION: A portion of Lot 4, Section 1, Township 11 South, Range 14 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 222-01-0230; -0240; -0260; -0270

RECORD DATA: Fee Number 20123050485

DATE OF SALE: October 31, 2012

SELLER: Trayers Family Trust (33.33%); RRL IRA Holding, LLC (33.33%); Gregory K. Skidmore (16.67%); and Robert and Judith Patrick (16.67%)

BUYER: Pima County Flood Control District

CONFIRMED BY: Bob Benedon, listing agent (520-975-1801)
SRB; October, 2014

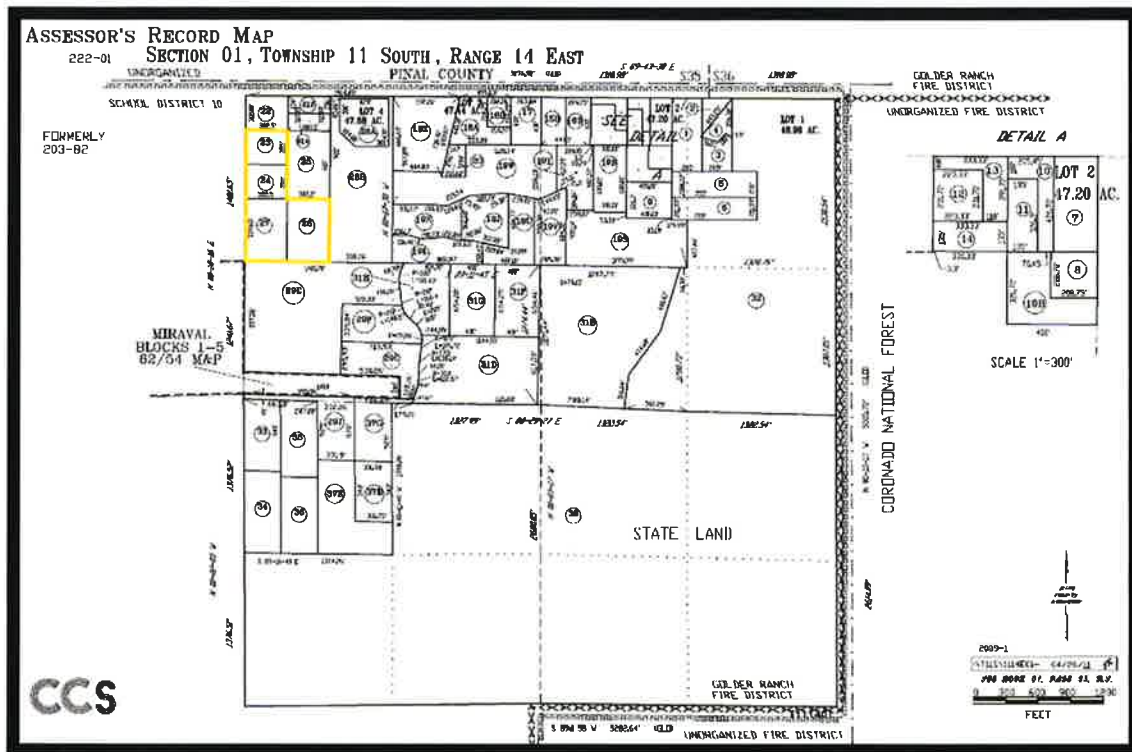
LAND DESCRIPTION: This site is an irregular "L" shaped backage property. The site has a depth of 1,170 feet on the western property line and 765 feet on the southern property line. The property has access from Edwin Road through a shared rough graded driveway. This access drive crosses a wash. The topography is sloping in a southerly direction. Electric and phone are available to the property. Public water and sewer are not available to the property. The property would require the use of a well and septic system for any development. According to FEMA Flood Insurance Rate Map 04019C0515, dated June 16, 2011, the majority of the land is identified as being located in a floodplain. The northern portion of the property is in a floodplain with a designation of Zone A. The southeast portion of the property is within Zone AE. The center and southwest portion is within light-shaded Zone X. This is 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 mile; and areas protected from 100-year flood by levees. A small portion of the western area of the

property is not within a floodplain. The Canada del Oro Wash is located near the eastern property boundary. There is a 500 foot erosion hazard setback from the edge of bank of this wash. The majority of the property is within the erosion hazard setback and cannot be developed with habitable structures. Only the western portion of the property is outside of this setback. The Saddlebrook Wash crosses the northern portion of the property. There is a 50 foot erosion hazard setback from the edge of this wash. The southern and central portions of the property are within a riparian area with a designation of Hydromesoriparian. The northern portion of the property is within a riparian area with a designation of Xeroriparian A.

LAND SIZE:	15.18 acres
ZONING:	GR-1 and RH, Pima County
REPORTED SALE PRICE:	\$189,000
PRICE PER ACRE:	\$12,451
MARKETING TIME:	Over two years
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no market transaction has occurred within three years of the date of valuation. A transaction dated October 28, 2010 was a trustees deed and was not a market transaction.
CONDITIONS OF SALE:	This sale is reported to have sold at an above market sale price. Conversations with a representative of the property owner indicate that the sale price was based upon a hypothetical condition that there was a potential home site on the property. However, due to the changes in the erosion hazard setback during the listing period, it is not probable that the property contained a usable buildable area.
INTENDED USE:	Open space
COMMENTS:	The property was listed on the market for over two years. At the start of the listing period, it was estimated that the property could be developed with four homes.

However, during the listing period, the erosion hazard setback for the Canada del Oro Wash was expanded to 500 feet. It is probable that the property contained no potential home sites after the expansion of the erosion hazard setback. The sale price was based upon a hypothetical condition that the property contained only one potential home site, with a low probability for a second home. Any other use of the property, such as an equestrian facility, was limited due poor access to the property. The access roadway crosses a large wash, which limits development on the property. Due to the erosion hazard setback and limited development potential of the property, Pima County purchased the property to retain as open space.

COMPARABLE LAND SALE ONE - PLAT MAP AND AERIAL PHOTO
(222-01-0230, -0240, -0260, -0270)



LAND COMPARABLE NUMBER TWO (SALE)

ID: SR 0674 7653

LOCATION: North side of Speedway Boulevard, east of Wentworth Road

LEGAL DESCRIPTION: A portion of Lot 9, Section 4, Township 14 South, Range 16 East, G&SRB&M, Pima County, Arizona.

STATE TAX PARCEL: 205-46-021E

RECORD DATA: Fee Number 2012-3420166

DATE OF SALE: December 7, 2012

SELLER: The Rincon Institute

BUYER: Pima County Flood Control District

CONFIRMED BY: Carolyn Holiday, buyer's representative (520-724-6303)
TAB; October, 2015

LAND DESCRIPTION: The site is an irregular shaped interior property with 1,181.33 feet of frontage on Speedway Boulevard. The site has a depth of 462.88 feet along the west property line. It contains a total area of 8.90 acres according to Pima County Assessor's records and survey. Speedway Boulevard is a two-lane, asphalt-paved roadway with no curbs, sidewalks or streetlights in the vicinity of this property. Speedway Boulevard has a 2010 traffic count of 8,000 vehicles per day near this site. The topography is level, sloping in a northwesterly direction. Utilities available to the property include electric, telephone, and water. Water is provided onsite by a private well registered with the Arizona Department of Water Resources as number 55-800643. The well has a depth of 55 feet with an approximate casing diameter of 8 inches, and with a pump rate of 35 gallons per minute. Sewer is by private septic system. According to FEMA Flood Insurance Rate Map 04019C2330L, dated June 16, 2011, the property is identified as being almost entirely located in Zone AE which is a Special Flood Hazard Area subject to inundation by the 1% annual chance flood with Base Flood Elevations determined with a significant portion located in the floodway. The floodway area in Zone AE is the channel of a stream plus

any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights. The majority of the site, to within approximately 95 feet of the front boundary along Speedway Boulevard, is within the floodway of the Tanque Verde Wash. No habitable structures can be constructed in a floodway. The area not within Zone AE is located in Zone X (shaded) which is 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 property is not in a seismic zone. A portion of the site containing 7.04 acres is subject to a conservation easement. No development can occur in the conservation easement area. An area of the site containing 1.86 acres is not affected by the conservation easement. This leaves a developable land area on the property to be less than 1 acre in size and having a depth of approximately 95 feet from the southern property line.

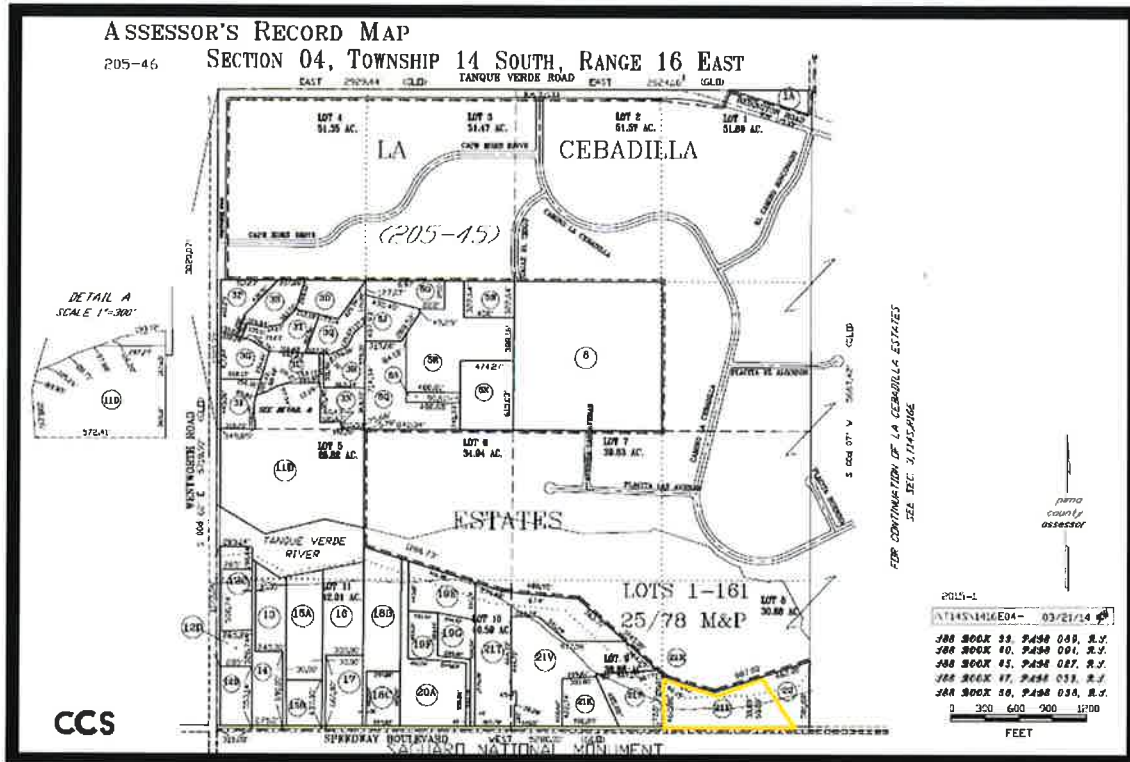
LAND SIZE:	8.90 acres
ZONING:	SR
REPORTED SALE PRICE:	\$155,000 (Land and Improvements)
VALUE ATTRIBUTED TO LAND:	\$91,000
PRICE PER ACRE:	\$10,225
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	The property was transferred by gift deed in May, 2010, and transferred by special warranty deed in June, 2009. These are not market sales. There were no known market sales of the property within five years of the date of sale.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Open space

COMMENTS:

The value of the property as improved was appraised for \$155,000. Of the value, \$91,000 was attributed to land value and \$64,000 was attributed to the uninhabited single-family residence located on the property. The improvements were in poor condition and required renovation, however, due to floodplain requirements, the amount of renovation allowed for the improvements are limited to 50% of the improvements value, or \$32,000. The poor condition of the single-family residence located on the property would require at least that amount to make the property habitable.

The amounts attributed to the land and the existing improvements were agreed upon by both the buyer and seller.

COMPARABLE LAND SALE TWO - PLAT MAP AND AERIAL PHOTO (205-46-021E)



LAND COMPARABLE NUMBER THREE (SALE)

ID: MAL 0288 7653

LOCATION: North side of Lambert Lane alignment, west of Twin Peaks Road

LEGAL DESCRIPTION: A portion of Common Area Lot D-2, Cascada, Pima County, Arizona

STATE TAX PARCEL: 216-19-579B

RECORD DATA: Fee number 20161820642

DATE OF SALE: June 30, 2016

SELLER: Fidelity National Title, Trust 60327

BUYER: Metro Water District

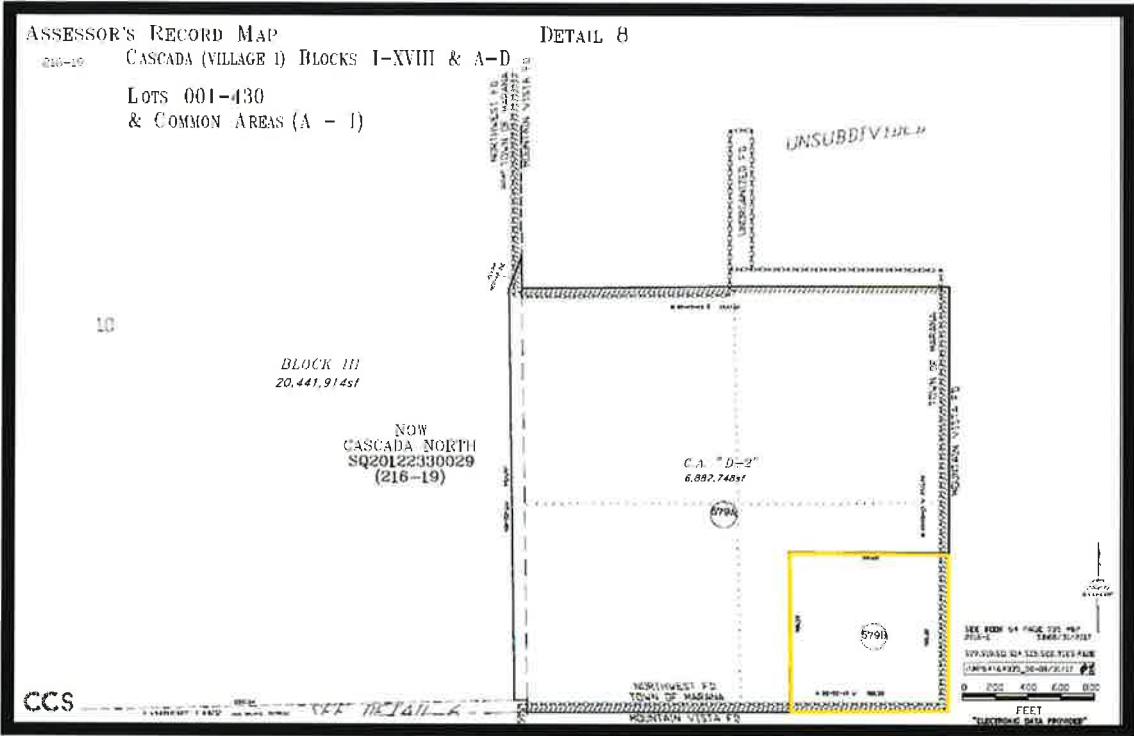
CONFIRMED BY: Myrlene Francis, Tierra Right of Way, buyer's representative (520-319-2106)
WDP; March 31, 2016

LAND DESCRIPTION: This site is a rectangular shaped backage property which is located on the north side of Lambert Lane alignment about 1,000 feet west of Twin Peaks Road. The site size is about 985 feet by about 995 feet and contains 22.5 acres per a survey. There is an existing rough graded dirt easement which terminates at the southeast corner of the property, however, this easement is private property and does not provide legal access to the site. Legal access to the site is south and west of the property through the Cascada subdivision, however, there is no physical access from the subdivision because the roads have not been developed, nor is planned to be developed in the foreseeable future. Legal and physical access will need to be purchased from private properties between the site and Twin Peaks Road, east of the property. Twin Peaks Road a four-lane, asphalt-paved roadway with a median, concrete curbs, asphalt paved and concrete sidewalks but no streetlights in the vicinity of this property and has a 2014 traffic count of 10,000 vehicles per day near the site. The topography is mostly level, sloping in a southwesterly direction. Public utilities available to the south and east side of the property include electric and telephone. There is currently no public water or sewer

service to the site. According to FEMA Flood Insurance Rate Map 04019C1065L, dated June 16, 2011, a portion of the site (about 10 percent) is identified as being located in Zone X (shaded) which are areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood. The remainder of the site is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There is an unnamed wash that transverses the site that requires a 75 foot erosion hazard setback.

LAND SIZE:	22.5 acres
ZONING:	F - Specific Plan (Town of Marana)
REPORTED SALE PRICE:	\$225,000
PRICE PER ACRE:	\$10,000
MARKETING TIME:	Not on the market
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:	The buyer is Metro Water District, who intends to construct a booster site.
COMMENTS:	This property is identified as Common Area D-2 in a master planned development known as Cascada which is reserved for undisturbed open space. This restriction means that the land can only be used for open space and cannot be developed. The land may have the potential to be sold for mitigation purposes or open space requirements if the Cascada development no longer need the land set aside as mitigation land.

COMPARABLE LAND SALE THREE - PLAT MAP AND AERIAL PHOTO
(216-19-579B)



LAND COMPARABLE NUMBER FOUR (SALE)

ID: RH 0405 7653

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

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

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

RECORD DATA: Fee number 2018-2200468

DATE OF SALE: August 8, 2018

SELLER: Michael and Kelly McCully Revocable Trust

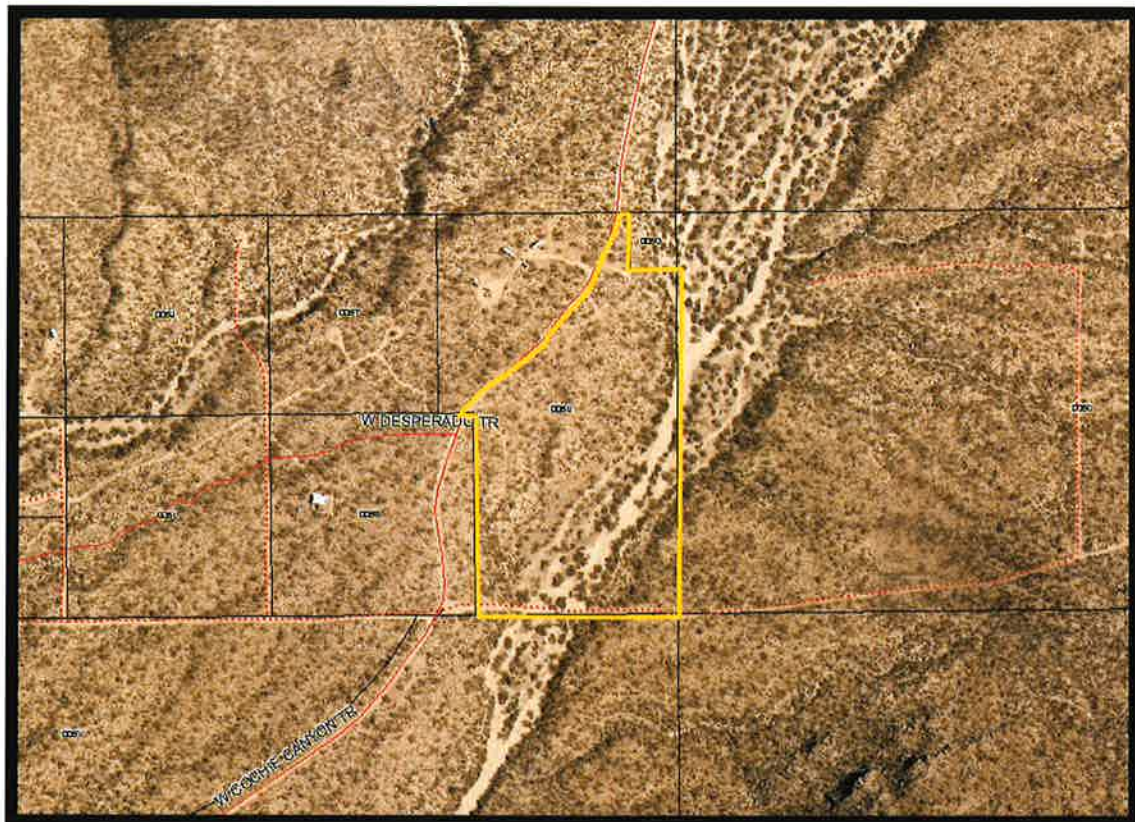
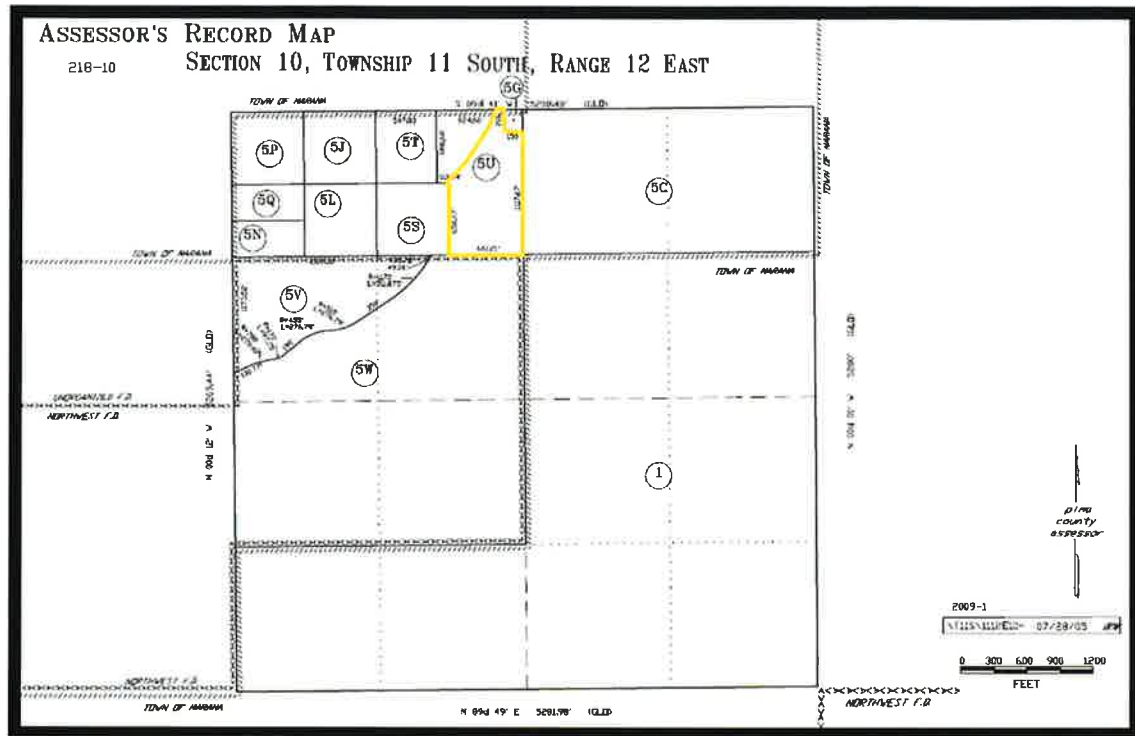
BUYER: Meritage Homes

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

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

LAND SIZE:	15.427 acres
ZONING:	RH (Pima County)
REPORTED SALE PRICE:	\$229,295
PRICE PER ACRE:	\$14,863
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation. There was a prior sale of a manufactured home on 21.02 acres of land, with this sale of 15.427 acres of land being split off of that land area. This prior sale was at \$210,000.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Mitigation land to give rights to develop other land. Donated to Pima County for open space after purchase.
COMMENTS:	No water rights were included in this sale. The property could be developed with 1 or 2 home sites outside any flood prone areas, however the buyer purchased the land as mitigation land where restrictions were placed on the land where no development could occur and the land would have to be maintained as open space. This mitigation land allowed the buyer to rezone other land and develop with housing as part of a subdivision development in Pima County. The buyer gifted the land to Pima County after the purchase, with Pima County to maintain as open space.

COMPARABLE LAND SALE FOUR - PLAT MAP AND AERIAL PHOTO (218-10-005U)



LAND COMPARABLE NUMBER FIVE (SALE)

ID: CB1 0144 7653

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

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

STATE TAX PARCEL: 304-61-274C

RECORD DATA: Fee number 2018-2500659

DATE OF SALE: September 7, 2018

SELLER: William L. Pippin and Teresa A. Pippin

BUYER: Las Campanas Community Association

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

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

LAND SIZE:	537,095 square feet or 12.33 acres
ZONING:	CB-1 (Pima County)
REPORTED SALE PRICE:	\$136,481
PRICE PER ACRE:	\$11,069
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that this property sold on March 19, 2018 for the amount of \$135,000. Transactions dated September 7, 2018 and July 5, 2018 were internal transfers and not market transactions.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Open space
COMMENTS:	This land is restricted in use to open space and cannot be developed with buildings of any kind and has to remain as open space.

COMPARABLE LAND SALE FIVE - PLAT MAP AND AERIAL PHOTO (304-61-274C)

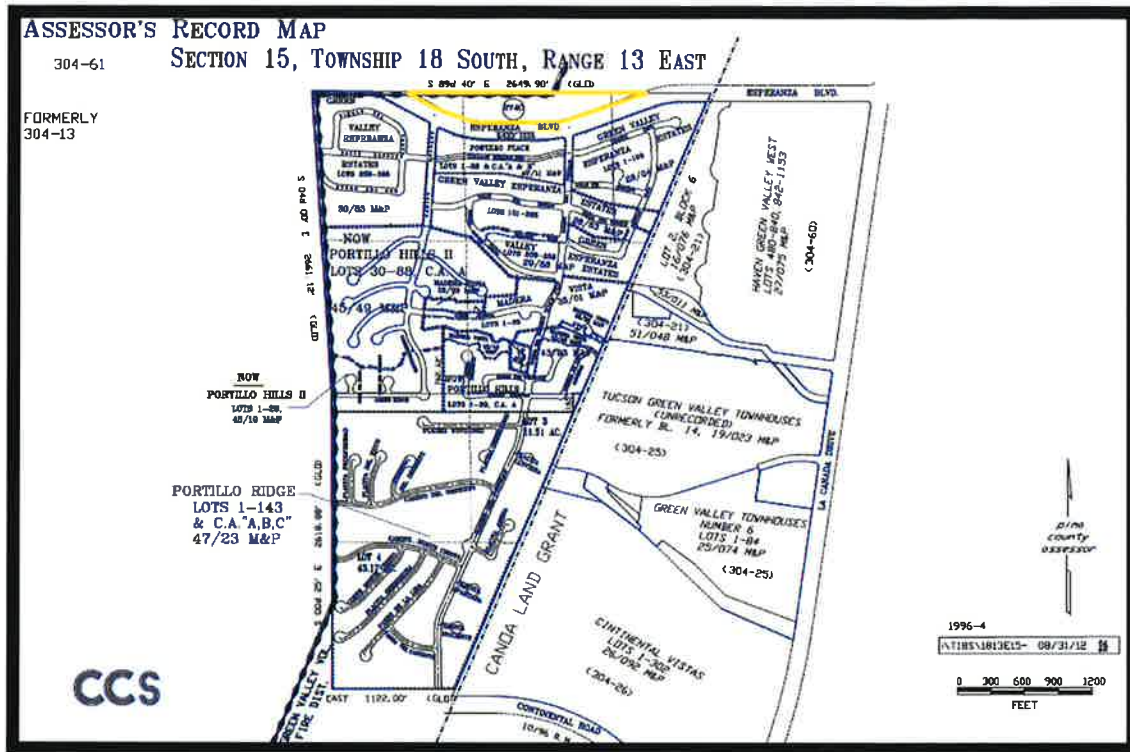


EXHIBIT J - QUALIFICATIONS

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

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

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

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

TIM HALE is an appraiser trainee in commercial valuation. He graduated from Arizona State University with a Bachelor's Degree in Justice Studies.

ROBERT PARKER, SUSAN CLEVELAND, and **ROBIN ELLER** are production coordinators and support technicians.