

APPRAISAL COVER SHEET

TYPE OF APPRAISAL: Appraisal Report for possible sale or disposal

PARCEL NO.: Excess Land: L-SC-039

OWNER'S NAME: The State of Arizona by and through its
Department of Transportation

LOCATION OF PROPERTY: West side of Davis Avenue, north of Ruthrauff
Road, Tucson, Pima County, Arizona

PROJECT NUMBER: M5193 01X

HIGHWAY: Casa Grande -Tucson Highway

SECTION: Ruthrauff Road T.I.

DATE OF REPORT: May 30, 2023

EFFECTIVE DATE OF VALUE: April 11, 2023

APPRAISER: Beverly Weissenborn, MAI
Arizona Certified General
Real Estate Appraiser #CGA-30125



May 30, 2023

Mr. Jim Walcutt
Right of Way Project Management Section
ADOT Mail Drop 612E, Room 331
205 South 17th Avenue
Phoenix, AZ 85007-3212

RE: Appraisal Assignment No. JW-23-003
Parcel No.: L-SC-039

Dear Mr. Walcutt:

At your request, I have developed an opinion of market value of a 72,623 square foot parcel of vacant land located on the west side of Davis Avenue, north of Ruthrauff Road in metropolitan Tucson, Pima County, Arizona. The property is owned by the Arizona Department of Transportation and slated for possible sale or disposal. The effective date of the appraisal is April 11, 2023 and coincides with my most recent visit to the property.

The purpose of this appraisal was to develop an opinion of market value for the fee simple interest. Pursuant to Arizona Revised Statute 28-7091, the definition of market value is as follows:

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

The intended user of the appraisal is the State of Arizona Department of Transportation (ADOT). The intended use of the appraisal report is to utilize the opinion of market value to assist in decisions regarding the disposition of the property.

The appraisal is intended to comply with:

- ADOT Department of Transportation Contract ID CTR054976;
- ADOT Right of Way Procedures Manual, Project Management Section, Chapters 3 and 4;
- Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24;
- The current edition of the *Uniform Standards of Professional Appraisal Practice (USPAP)*;
- the scope of work for this assignment.

Mr. Jim Walcutt
May 30, 2023
Page 2

Based upon the data, analysis and discussions contained in this report, it is my opinion that the market value of the subject property, as of the April 11, 2023 date of value, was:

\$295,000

Extraordinary Assumption: The subject property is currently leased on a month-to-month basis to B&C Contractors, Inc., for storage of salvaged vehicles, equipment and machines. Considering the use and lacking an environmental report, an extraordinary assumption is made that the subject property has been cleared of all personal property and is free of any hazardous waste or other environmental contamination. Should an environmental assessment reveal any contamination, the preceding valuation is subject to change.

Hypothetical Conditions: None

The use of the extraordinary assumption could affect the assignment results.

I hereby certify that to the best of my knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the appraisal referred to herein.

Thank you for this opportunity to be of service.

Weissenborn Appraisal, LLC



Beverly Weissenborn, MAI
Arizona Certified General
Real Estate Appraiser #CGA-30125



G: \PROJECTS\PIMA (10)PM 252 H8480 - Ruthrauff Road T\Exhibits\Excess Land\LSC-038

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Contingent and Limiting Conditions

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

This report is being prepared for our client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given or relied on by any other person than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership, competent management and adequate marketing typical for that type of property.

The Appraiser has made no survey of the property. Any sketch or map in the report may show approximate dimensions and is included for illustrative purposes only. It is the responsibility of a certified engineer, architect or registered surveyor to show by a site plan the exact location of the subject property or any improvements or any proposed improvements thereon, or the exact measurements or calculations of estimated area of the site. In the absence of such a survey, the Appraiser may have utilized Tax Assessor's maps or other maps provided by the client which may not represent the exact measurements of the subject property or other comparable information utilized to determine the value of the subject property. Any variation in dimensions or calculations based thereon may alter the opinion of value contained within the report.

In determining the opinion of value of the subject property and in analyzing comparable information, the Appraiser has relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans and the like. In developing the opinion of market value, the Appraiser may have considered the extent to which a knowledgeable and informed purchaser or seller, as of the date of the appraisal, would reflect the reasonable probability of changes in such land uses becoming actualized in the future. To the extent that these plans may change, the value opinion of this report may also change.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraiser assumes no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

The Appraiser is not required to give testimony or appear in court because of having made the appraisal unless prior arrangements have been made and confirmed in writing.

Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used.

The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or

less valuable. The Appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such factors. To the extent that published data from public agencies is available on the above, the Appraiser has made an effort to consult this information.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the Appraiser. The Appraiser assumes and the client warrants that, to the best of their knowledge, no such materials adversely affect the utility, usability or developability of the property. The Appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas or other potentially hazardous materials may affect the opinion of value of the property. The value opinion has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If, at a later time, hazardous materials or substances are discovered, the Appraiser reserves the right, for an additional agreed upon fee, to re-analyze and re-value said property, taking into account the discovery of such factor or factors and their effects on the value of the subject property.

Information, estimates and opinions furnished to the Appraiser and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraiser can be attributed to the Appraiser.

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

On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraiser.

The Appraiser has not made a specific survey of the subject property to determine whether or not it has any plant or wildlife identified by the U.S. Fish and Wildlife Service as endangered or threatened species. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the Appraiser is not qualified to detect or analyze such plants and wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. 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 the Appraiser has no direct evidence relating to this issue, possible endangered or threatened species were not considered in valuing the property.

The use of this report or its analysis and conclusions by the client or any other party constitutes acceptance of all the above limiting conditions.

Extraordinary Assumption: The subject property is currently leased on a month-to-month basis to B&C Contractors, Inc., for storage of salvaged vehicles, equipment and machines. Considering the use and lacking an environmental report, an extraordinary assumption is made that the subject property has been cleared of all personal property and is free of any

hazardous waste or other environmental contamination. Should an environmental assessment reveal any contamination, the preceding valuation is subject to change.

Hypothetical Conditions: None

The use of the extraordinary assumption could affect the assignment results.

Summary of Salient Facts

Parcel: L-SC-039

Larger Parcel: 72,623 square feet or 1.67 acres of land

Property Location: West side of Davis Avenue, north of Ruthrauff Road in metropolitan Tucson, Pima County, Arizona.

Assessor Parcel No.: 101-15-0380

Purpose of the Appraisal: To develop an opinion of market value of the fee simple interest.

Intended Use: To utilize the opinion of market value to assist in decisions regarding the disposition of the property.

Client and Intended User: State of Arizona Department of Transportation (ADOT).

Effective Date of Value: April 11, 2023

Date of the Report: May 30, 2023

Owner of Record: State of Arizona, Department of Transportation (ADOT).

Interest Appraised: Fee Simple

Scope of the Appraisal: Work on the appraisal was not limited in scope and was intended to comply with the Statement of Work for this assignment, the ADOT Procedures Manual Project Management Section Chapters Three and Four, the Federal Highway Administration (FHWA) Uniform Act, 49CFR Part 24, and the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

My findings are conveyed via a Real Property Appraisal Report per USPAP.

Site Description:

Size: 72,623 square feet or 1.67 acres per ADOT.

Shape: Rectangular

Topography: Level

Access: Paved access via Davis Avenue along the east boundary.

Utilities: All utilities are adjacent including municipal water and sewer.

Improvements: None, other than chain link fencing around the perimeter.

Flood Hazard: According to FEMA Panel No.: 04019C1667L dated June 16, 2011, the subject property is outside a FEMA designated floodplain. However, it is within a locally designated floodplain. Per the Pima County Regional Flood Control District, any new habitable structures will have to be elevated 1 foot above the base flood elevation or, in the case of the subject, a maximum of 1.5' above the existing grade. There is also a 25' setback from a regulatory wash that is in the central portion of the subject property. (See Comments pg. 24)

Zoning: Pima County: MU; Multiple Use. Allows industrial, commercial and residential uses.

Comprehensive Plan: I; Industrial

Highest and Best Use: Industrial/Contractor's yard

Exposure Time: 3-6 months

Opinion of Market Value: \$295,000

Extraordinary Assumption: The subject property is currently leased on a month-to-month basis to B&C Contractors, Inc., for storage of salvaged vehicles, equipment and machines. Considering the use and lacking an environmental report, an extraordinary assumption is made that the subject property has been cleared of all personal property and is free of any hazardous waste or other environmental contamination. Should an environmental assessment reveal any contamination, the preceding valuation is subject to change.

Hypothetical Conditions: None

The use of the extraordinary assumption could affect the assignment results.

Valuation Process

An appraisal includes the development and reporting of an opinion of value that is based upon research and analysis of factors influencing real property values. When organized properly, the appraisal process runs through a series of steps that lead to a well-founded and soundly supported opinion of market value that is credible, reliable and accurate.

The Arizona Department of Transportation (ADOT) Project Management Section Right of Way Procedure Manual lays out the preferred process for the development and reporting of appraisals made for ADOT operations. This report is structured on those guidelines.

The first sections of this report cover factual data that define the appraisal problem. Those include *Property Identification - Larger Parcel*, the *Purpose of the Appraisal*, the *Scope of the Appraisal process*, *Neighborhood Data*, and *Subject Property Data and Description*. The second portion of the appraisal includes the analyses and conclusions on which the opinion of value is based. This follows logically through the appraisal process, beginning with the *Highest and Best Use* analysis, which is followed by the *Comparable Sales Overview*, and in turn by the *Valuation Analysis*.

The three traditional approaches to value are considered. Since the subject site is vacant, the only applicable approach to value is the Sales Comparison Approach. In the Sales Comparison Approach, recent sales of similar properties, known as "comparables," are analyzed and adjusted to the subject property. This approach best represents the actions of buyers and sellers in the market for this type of property.

Property Identification – Larger Parcel

The subject property is a rectangular shaped parcel of vacant land consisting of 72,623 square feet or 1.67 acres. It is an excess parcel acquired by the State of Arizona – Department of Transportation for interchange improvements that were completed several years ago at Ruthrauff Road and Interstate 10.

The north boundary of the property is a straight line that runs approximately 330 feet west from Davis Avenue. The site is 232 feet wide with frontage on Davis Avenue.

The **Larger Parcel** concept finds its foundation in condemnation appraisal, when an organization with condemnation authority acquires a partial interest in a property through an eminent domain action. It is useful for other types of partial acquisitions as well, such as road and utility rights of way, or for conservation easements.

According to the ADOT Right of Way Procedures Manual, the "larger parcel" may be all of one parcel, part of a parcel, or several parcels combined, depending on the following:

- a. Unity of use: Unity of use is considered the most predominate test. This does not necessarily mean the existence or non-existence of a current unity of use, but rather unity of Highest and Best Use. Thus, even though a parcel may be under one ownership and contiguous, there may be more than one existing or economic use of the site. In this case there may be more than one "larger parcel" to be considered.
- b. Unity of title/ownership: Acquisition of parts of a whole at different times does not destroy unity of title, nor, in some cases, does the fact that one parcel

is owned by an individual and the second is owned by a corporation under the control of that individual.

Likewise, a fee interest in one parcel and a leasehold interest in an abutting parcel can operate as one larger parcel for the remaining term of the lease.

c. Contiguity: Although typically a prime factor in determination of the larger parcel, contiguity is also not always mandatory. For example, a site located several parcels away, which provides necessary overflow parking may be considered as part of a larger parcel. Another example would be the taking of a processing plant for items produced on a non-contiguous site.

The subject property represents a single parcel of excess land acquired by ADOT for the reconstruction of the interchange at Ruthrauff Road and I-10. The property is a fenced yard currently leased to B&C Contractors, Inc. for storage of salvaged materials, parts, vehicles and machines.

Land adjacent north and west of the subject is privately owned. The 21,988 square foot parcel to the north is owned by Arthur and Gail Barrios. B&C Contractors, Inc. owns the land adjoining the west boundary and uses the site in conjunction with the salvage business on the subject property. The east boundary is formed by Davis Avenue.

In addition to the subject property, ADOT owns the two vacant parcels adjacent south which total 2.92 acres. These parcels have been contoured as a retention/detention basin and designed to collect water that flows from the east under Ruthrauff Road. The runoff is collected in the basin and any excess is channeled under the freeway via concrete culverts and eventually drains into the Santa Cruz River. ADOT does not own any other adjoining property.

The subject property and the site adjacent west have an integrated use, but do not have common ownership. The subject property and the two parcels adjacent south have common ownership, but do not have an integrated use. In this case, it is ADOT's intent to dispose of the subject property on a voluntary basis, including all interests in the property held by ADOT.

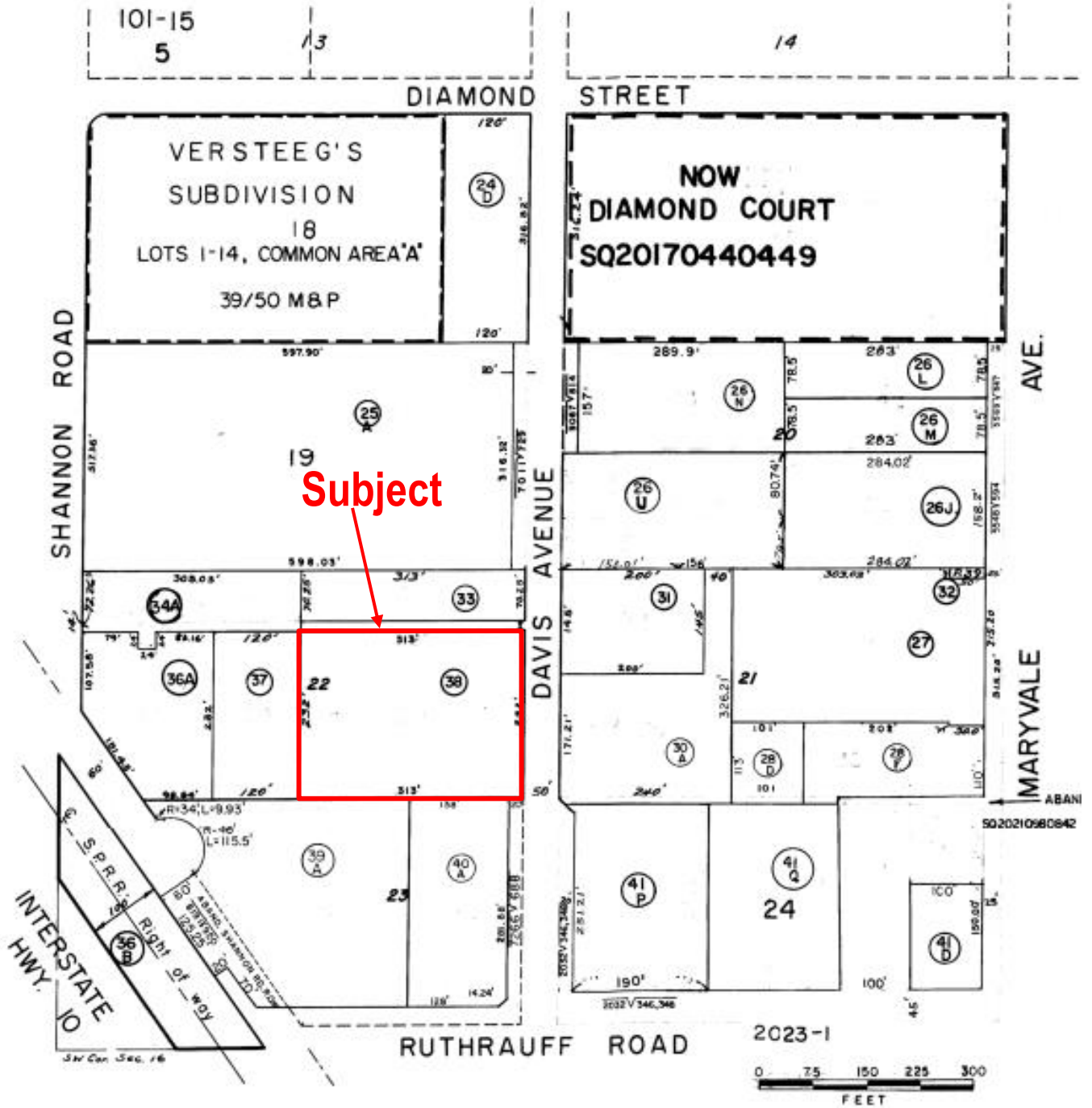
In conclusion, the subject property, as described above and identified for disposal, represents a single economic unit, or Larger Parcel.

Legal Description

A legal description provided by ADOT is included in the Addenda to this appraisal report.

Assessor Map

GIBSON TRACT DETAIL No. 3



Aerial Map of the Property



Purpose of the Appraisal

The purpose of this appraisal is to develop an opinion of market value of the fee simple interest, subject to reservations and encumbrances of record. Pursuant to Arizona Revised Statute 28-7091, the definition of market value is as follows:

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

Fee Simple is defined in the Dictionary of Real Estate Appraisal, 2022 version, published by the Appraisal Institute, as:

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

The subject property is leased on a month-to-month basis. The lease can terminate with proper notice. Thus, the marketable interest is the fee simple estate.

Per the ADOT Procedure Manual:

The underlying assumptions and limiting conditions pertaining to this report are contained in the Certificate of Appraiser immediately following the Summary of Salient Facts section of this report. These assumptions and limiting conditions are an integral part of the report.

Intended User

The intended users of the appraisal are representatives of the State of Arizona Department of Transportation (ADOT).

Intended Use of the Appraisal

The intended use of the appraisal report is to utilize the opinion of market value to assist in decisions regarding the disposition of the property.

Owner Contact and Site Inspection Information:

The property is owned by the Arizona Department of Transportation, which has commissioned Weissenborn Appraisal, LLC to perform this appraisal. Much communication between ADOT representatives has taken place throughout the appraisal process.

Beverly Weissenborn, MAI and Jim Walcutt, Review Appraiser for ADOT, visited the property on April 11, 2023. We walked the property, noting boundaries and important features. During that visit, Mr. Walcutt shared important details about the property and its history.

ADOTM-1-V-4042-9-14

APPRAISALS EXHIBIT 9-14 July 1, 1992

CONTACT REPORT

DATE: April 7, 2023

PARTIES CONTACTED: On April 7, 2023, Jim Walcutt, Robert Jeffery and Timothy O'Connell with ADOT were contacted by email regarding their availability for a site visit to the subject property. Mr. Walcutt and I agreed to meet at the subject property at 10:00 a.m. on Tuesday, April 11, 2023. Those present at the inspection included Beverly Weissenborn, MAI, and Jim Walcutt, ADOT.



Appraisal Services Contract No. CTR054976 Appraisal Assign. No.: JW-23-003

Project: M5193 01X Highway: Casa Grande -Tucson Section: Ruthrauff Road T.I.
Parcel No. L-SC-039

Effective Date of Value

The effective date of this appraisal is April 11, 2023, which coincides with that property visit.

Date of the Appraisal

This report was completed for use by the client on May 30, 2023.

Ownership & Five-Year Chain of Title:

According to the ADOT Right-of-Way Disposal Report dated November 14, 2022, ADOT has held title since December 5, 2018. The acquisition was recorded in Fee No. 2018-3390362. It was rerecorded to correct the legal description on December 17, 2018 in Fee No. 2018-3510321.

An Extended Occupancy Agreement began January 1, 2019 between ADOT and Jeff Pankow dba B&C Contractors, Inc. The agreement is on a month-to-month basis with rent payment of \$300 per month. A copy of this agreement is included in the Addenda.

According to Jim Walcutt, the property has never been actively listed for sale.

Scope of the Project

The appraisal is not being made for a specific highway project. Rather, the subject is excess property resulting from the acquisition of properties for the reconstruction and improvement of the Ruthrauff Road – I-10 T.I. This is an appraisal of the fee simple interest, without regard to the month-to-month lease, subject to the reservation for utility easements included in the legal description.

Arizona State Transportation Board Resolution Data: Not Applicable

Right of Way Plan Drawing Number: Not Applicable; excess land.

Scope of Work Performed

My work on this appraisal was not limited in scope and included a thorough application of appropriate appraisal methodology. It was made subsequent to my inspection of the subject property and investigation of relevant market data. The appraisal and report are intended to comply with:

- ADOT Department of Transportation Contract ID CTR054976;
- ADOT Right of Way Procedures Manual, Project Management Section Chapters 3 and 4;
- Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24;
- current edition of the *Uniform Standards of Professional Appraisal Practice (USPAP)*;
- the scope of work written specifically for this assignment.

There are three generally accepted approaches to the valuation of real property, the cost approach, the income approach and the sales comparison approach. The applicability of each varies with the valuation task and the nature of market data available.

In the **sales comparison approach**, value is indicated through analysis of sales that include properties that are competitive with the subject property in the given marketplace. This approach is generally recognized as the most reliable in the valuation of properties like the subject and is the only approach used in this appraisal. What follows is a discussion of the process used in the development of the sales comparison approach for this assignment.

The subject property includes 72,623 square feet (1.67 acres) of vacant land on the west side of Davis Avenue, north of Ruthrauff Road, in the west-central portion of metropolitan Tucson. The property is rectangular in shape, measuring 313 feet along the north and south boundaries and 232 feet along the east and west boundaries with direct access and frontage on Davis Avenue. It is generally level but bisected by a minor wash with a 25-foot setback.

The subject property is zoned MU, Multiple Use. The MU zoning is fairly liberal allowing residential, commercial and industrial uses. Both site-built and manufactured homes are permitted. The minimum lot size is 7,000 square feet. The property is currently leased on a month-to-month basis as a salvage yard for materials, vehicles and miscellaneous equipment.

Given the zoning, the existing industrial use, and the surrounding land uses, the search for sales focused on nearby industrial properties suitable for contractor's yards. A review of sales published by RED Comps was conducted. The criteria for the search included sales that occurred since January 1, 2020 that range in size from 20,000 square feet up to 217,800 square feet or 5 acres. Due to the mix of zoning in the neighborhood, the search also included a review of sales that are zoned MU, SH and CR-4. The search revealed a total of 14 sales that are reasonably similar to the subject. Four recent sales within the immediate neighborhood were selected for direct comparison to the subject.

In the **cost approach**, value is typically estimated as the sum of the contributions provided by the land and the property improvements. The improvement valuation includes an estimate of the current cost of reproducing or replacing site improvements, minus the loss in value from depreciation. This approach is best suited for application where property improvements are new or nearly new. There are no improvements at the subject property. Thus, the cost approach is not applicable to this assignment.

In the **income approach**, value is indicated by a property's earning power, as estimated via the discounting or capitalization of income generated. This approach is most reliable when income producing potential is the primary market driver and market-based data is available for use in construction of the valuation model. Though the subject property is leased, this is a month-to-month lease at a below market rate and has little relevance to the valuation of the subject. Furthermore, there is little indication that market participants place significant emphasis on income methodology in establishing the prices paid for properties of this class. Accordingly, application of income-based valuation methodology is also omitted.

Neighborhood Description

The value of any property is not entirely intrinsic, that is, it is not determined solely by the characteristics of the site itself. The economic, governmental, environmental, and social forces of the neighborhood must also be considered.

State of Arizona:

Arizona is the sixth largest state in the U.S. geographically, with a total land area of 295,146 square miles. It is broken down into 15 counties which vary in size from 792,000 acres to nearly 12,000,000 acres. About 35% of the State is controlled by federal agencies including the Bureau of Land Management, various branches of the military and the U.S. Forest Service. Another 27.7% is within the boundaries of various Indian reservations and nearly 13% is controlled by the State of Arizona. Approximately 8% is controlled by the National Park Service or local governments. Only 16.5% of the total land area in the state is held by individuals or corporations.

Arizona has been one of the fastest growing states in the nation and, based on the Arizona Office of Economic Opportunity, Arizona Commerce Authority, the total population is estimated to be 7,409,189. Phoenix is now the sixth largest city in the country. Most of the state's population growth has been in Maricopa County, where Phoenix is located. Roughly 68% of the State's population resides in Maricopa County.

Arizona added jobs, population, and income at solid rates over the past few years. Jobs rose 2.4% in 2017, slower than gains in 2016, but above the national rate; and the state kept a similar pace in 2018 and posted gains in 2019. Population growth hit 1.6% and personal income rose 4.3% before adjustment for inflation. The Phoenix Metropolitan Statistical Area (MSA) is the engine of growth in Arizona.

Statewide job growth rose by 2.8% in 2018 and was forecast to increase by 2.7% in 2019, 2.3% in 2020, and 1.7% in 2021. Those forecasts were well above the expected national rate of 1.7%. However, in late 2019, COVID-19 broke out in China and began to spread throughout the world. On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a pandemic. This caused an economic recession, resulted in increased unemployment throughout the state, and revisions to growth expectations.

Since then, the labor market tightened generating strong job gains, low unemployment rates and rapid wage increases. At the same time, inflation has accelerated, far exceeding income growth and retail sales have started to slow. In what had been a very robust housing market following the pandemic, sales have slowed significantly due to rising interest rates and a substantial deterioration in affordability.



According to the University of Arizona Economic Outlook as of December 2022, the baseline forecast for Arizona calls for a mild downturn beginning in 2023 and ending in mid-2023, as fiscal policy contracts and monetary policy hits the brakes. Despite the forecasted downturn, Arizona is still expected to outperform the national economy.

The tables that follow summarize the Statewide and City of Tucson economic forecasts.

Arizona Economic Forecast Data (Statewide)

Arizona Forecast*	2021	2022	2023	2024	2025
Personal Income (\$ mil)	403,739.3	415,470.0	436,194.7	461,892.8	491,613.8
% Chg from Year Ago	7.5%	2.9%	5.0%	5.9%	6.4%
Retail Sales (\$mil)	148,000.0	164,000.0	167,000.0	173,000.0	182,000.0
% Chg from Year Ago	21.3%	10.8%	1.8%	3.6%	5.2%
Total Nonfarm Employment (000s)	2,958.0	3,067.5	3,113.7	3,163.0	3,240.3
% Chg from Year Ago	3.7%	3.7%	1.5%	1.6%	2.4%
Population (000s), July 1st estimates	7,285.4	7,409.2	7,520.8	7,614.8	7,716.6
% Chg from Year Ago	1.5%	1.7%	1.5%	1.2%	1.3%
Residential Building Permits (units)	65,334.0	60,910.5	39,319.2	40,620.4	44,811.6
% Chg from Year Ago	8.3%	-6.8%	-35.4%	3.3%	10.3%



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Tucson MSA Forecast (Pima County)

Tucson MSA Forecast*	2021	2022	2023	2024	2025
Personal Income (\$ mil)	55,696.7	56,058.1	58,986.2	62,310.7	65,939.2
% Chg from Year Ago	6.3%	0.6%	5.2%	5.6%	5.8%
Retail Sales (\$ mil)	19,290.4	21,052.7	21,276.2	21,931.7	23,014.2
% Chg from Year Ago	19.4%	9.1%	1.1%	3.1%	4.9%
Total Nonfarm Employment (000s)	379.4	391.1	395.8	399.8	406.5
% Chg from Year Ago	1.5%	3.1%	1.2%	1.0%	1.7%
Population (000s), July 1st estimates	1,058.3	1,072.3	1,081.9	1,088.9	1,096.6
% Chg from Year Ago	1.2%	1.3%	0.9%	0.6%	0.7%
Residential Permits (units)	6,284.0	5,769.0	4,122.7	4,270.9	4,189.5
% Chg from Year Ago	26.7%	-8.2%	-28.5%	3.6%	-1.9%

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Tucson:

Until the pandemic hit, job growth in the Tucson MSA accelerated significantly in the last several years, from 0.8% in 2015 to 1.3% in 2016, with Tucson adding 4,700 jobs. Job growth leveled off in 2017, as year-over-year growth was reported at 1.1% in December 2017. In 2018, 5,900 jobs were added in Tucson. After a roller coaster ride through the

pandemic, Tucson has recovered 95.4% of the jobs lost during the first two months of the pandemic. During the fourth quarter 2022, employment in Tucson increased to 393,000 jobs, up 2.2% over the Q4 2021 statistics. Though most sectors have more than recovered the number of jobs lost, professional and business service lost the most followed by government, leisure and hospitality, and information. Jobs in construction and mining are close to their February 2020 levels. The Tucson unemployment rate was 3.2% as of February 2023. The unemployment rate in Arizona was 3.7%. The median household income increased 5.8% year-over-year from \$60,100 to \$63,600.

In the past five years, a number of businesses have relocated and/or expanded in Tucson. New development in older neighborhoods has also occurred spurred on by the newly created "Opportunity Zones." The Tax Cuts and Jobs Act passed by Congress at the end of December 2017 established the Opportunity Zones program, a tax incentive program to encourage investment in low-income areas or communities nationwide based on census tract data where the poverty rate is 20% or higher. Under the provision, businesses and individuals who invest in Opportunity Zones may defer or reduce otherwise capital gains. Though it remains to be seen whether the Opportunity Zone designation will spur *significant* development, some new development is occurring as a result of this designation and improved market fundamentals.

The available jobs in the subject area range from low hourly wage service jobs to high paying, white collar jobs. According to the 2010 census, about 60% of the employed population are white collar workers compared to 40% of the workers that hold blue collar jobs. There are a number of large employment centers including the University of Arizona and the University Medical Center located adjacent south of the neighborhood. Downtown is about six miles south which houses most of the City, County, State and Federal offices. Amazon built a distribution center just southwest of downtown at Silverlake and I-10. Amazon recently purchased another parcel of land and built a distribution center at the northeast corner of Ina and Silverbell Road in Marana. However, it has yet to open. The City of Tucson is working with BFL Construction on a mixed-use development on 100+/- acres located southwest of the I-10-Prince Road interchange. Pima County also owns 300+/- acres at the southwest corner of I-10 and Sunset Road which is a short distance northwest of the subject property. The County hopes to ultimately sell the property for development that generates high-paying jobs for the community. In addition, there are a number of small industrial businesses and local contractors that occupy properties along either side of I-10.

Geographic Location:

The subject property is located in the west-northwest portion of Tucson. It is about six miles north of downtown and eight miles northwest of the University of Arizona. The area is bound on the east by First Avenue, on the west by the Santa Cruz River, the Rillito Creek to the north and Grant Road to the south. The area is approximately 80% built-up.

Total Population:	152,492
Average Age:	39
Total # of Households:	63,443; 2.65% growth
Median Household Income:	\$41,839
Average Household Size:	2.4
Median Home Value:	\$154,822
Median Year Built:	1982

Real Estate Market Sectors

Presented here are summaries of the industrial, commercial, office and residential sectors of the broader regional market in comparison to the individual submarket where the subject property is located as reported by PICOR.

Industrial: Of the four commercial market sectors, the industrial market has shown the most positive change over the past several years and was the most resilient sector during the pandemic. Specifically, there has been an increase in demand for logistics, distribution, manufacturing and the cannabis industry which was created by a change in consumer behavior during the pandemic. Since 2015, the logistics sector has grown by 2.5 million square feet and now accounts for about one-half of all industrial inventory in Tucson. Tenant space is dominated by local businesses serving the region. But in recent years, larger corporations have expanded their presence including Fed Ex, HomeGoods and Amazon who have built new distribution facilities. Increased demand resulted in an increase in construction. However, recently, construction activity has waned due to higher labor and material costs and the relatively high cost of debt. At this time, only two new projects are under construction.

As of February 2023, there were 46.4 million square feet of rentable space with asking rents of \$9.48 per square foot. According to PICOR, the market-wide vacancy rate is 2.5%. Net absorption in Q4 2022 was estimated at 590,980 square feet.

Most of the industrial development in the subject neighborhood is located along I-10. As identified by PICOR, the subject is located in the Northwest/Oro Valley submarket which has one of the lowest vacancy rates (2.0%) of the nine submarkets. Most new construction activity in the industrial market has been near the airport and along I-10 near Kolb Road. Nonetheless, the Northwest/Oro Valley submarket is highly desirable due to the ease of access to I-10, proximity to residential growth areas in Marana and Oro Valley, and shorter commute to Phoenix.

Commercial Development: Following the housing collapse in 2006 and subsequent economic recession that officially began in 2007, the commercial real estate market struggled. However, statistics reported in late 2012 through 2019 suggested an improvement in the commercial sector prior to the pandemic driven primarily by “internet resistant tenants” such as restaurants, bars and entertainment venues. But the retail sector was negatively impacted by the pandemic and stay-at-home orders which caused consumers to increase their on-line shopping and decrease and/or virtually eliminated their entertainment spending. Fast food restaurants, discount retailers and grocers thrived during the pandemic, but entertainment venues, sit-down restaurants and bars struggled supported only by federal stimulus money. Since that time, there has been an uptick in activity particularly for restaurants.

The following data were taken from the Q4 Retail Market Report published by PICOR. The current vacancy rate is 5.4% down from a rate of 6.0% posted one year prior. Asking rents are \$15.08 per square foot down from \$15.39 per square foot last year. Absorption is below normal and almost entirely resulting from build-to-suit properties. The pandemic has created additional challenges for both national and local retailers. The sector’s performance will remain bifurcated in the near term, with winners and losers based on consumer preference and spending habit changes. Grocers, health care, discount retailers, outdoor and hobby shops are examples of those commercial businesses that have benefited from the pandemic. Department stores and traditional mall tenants continue to struggle.

In the subject neighborhood, Central West, retail vacancies are slightly elevated compared to the five-year average. The current rate is 5.1% down from 5.4% in the 4th quarter 2021. The asking rental rate of \$16.72 per square foot is up significantly from the \$13.29 per square foot rate last year. Though the Tucson Mall lies within the west-central district, the asking rents are not reported in the statistics. Instead, most of the asking rental rates are from older centers at secondary locations.

This analysis would be remiss without mentioning the commercial development that exists along I-10 north of the subject neighborhood. There is a concentration of commercial development at Cortaro Farms Road and I-10. A number of big box retailers including Target, Home Depot and Kohl's are located in this vicinity. In addition, there are a variety of fast-food restaurants, sit down restaurants, auto repair facilities and an LA Fitness. Though most of the commercial development at Cortaro Farms Road is west of the freeway, new development is occurring east of the freeway where Circle K, QuikTrip, IHOP, Arby's restaurant and medical facilities have recently opened.

Tucson Premium Outlets opened a new outlet mall in October 2015 at the southeast corner of I-10 and Twin Peaks Road. Ultimately, the mall will consist of 366,000 square feet and sits on a portion of a 161-acre site known as Marana Center. A new hotel has been built and a car dealership is under construction. Additional hotel facilities, restaurants and multi-family residential properties are expected.

Office Development: Office uses in the neighborhood are typically situated along arterial roadways. According to PICOR, the subject property is located in the West Tucson submarket which is generally west of First Avenue, north of 22nd Street and south of Orange Grove Road. Like other commercial sectors of the real estate market, the office sector experienced a decrease in vacancies and a slight increase in rental rates prior to the pandemic. But due to changes in technology and a general contraction, the office market has been the slowest sector to recover following the recession. And since the pandemic, when working from home became a necessity, it is likely that the office market will again be the slowest sector to recover. The long-term impact of the pandemic on the office market is unclear. In the near term, companies will continue to compare the cost savings and effectiveness of a remote workforce, with many occupiers reducing their office footprint or making their space available for sublease.

According to the fourth quarter 2022 statistics reported by PICOR, the city-wide vacancy rate is 10.0%, up slightly from 9.6% one year ago. Asking rents are \$21.79 per square foot up slightly from \$21.60 per square foot last year. There is 2,618,307 square feet of available space up 5.64% from the 2,478,571 square feet of available space one year ago. In addition, there is 294,902 square feet of space available for sublease compared to 246,466 square feet available at the same time last year. The only new office construction has been on a build-to-suit basis. Plans for a 345,000 square foot multi-story office building downtown have been put on hold.

In the West Tucson sub-market, the fourth quarter 2022 the rental rate was \$19.77 per square foot which is below the city-wide average. The vacancy rate in this submarket has risen significantly over the past 12 months to 27.3%. This translated to net negative absorption of 66,457 square feet. There is over 300,000 square feet of available space including about 135,000 square feet of sub-lease space. These statistics are reflective of the large inventory of older outmoded office supply and the negative impact due to the pandemic. Significant change is not anticipated in the foreseeable future.

Residential: Residential uses in the subject district consist primarily of older, moderately priced homes, single-family subdivisions and mobile homes. In addition, there is a good number of multi-family residences. About 75% of housing units are owner occupied, while 25% are rented.

Like the single-family residential market, the multi-family market performed well throughout the pandemic. Vacancy rates were low in early 2020 and were supported by steady employment, population growth and a construction level for new single-family homes that could not keep pace with demand. Though there was a dip in rents in the initial stages of the pandemic, the apartment market quickly recovered. This sector has benefited from an influx of new residents able to work from home. In addition, federal and state stimulus helped renters to be able to pay their rents. This increase in demand resulted in a number of new apartment complexes being constructed. However, with this new influx of units, there has been an increase in the city-wide vacancy rate to 7.66%, up from 4.38% posted one year ago. Effective rental rates are \$1,201 per unit, up 9.18% from a year ago when the effective rental rate was \$1,100 per unit.

The subject property is located in the Flowing Wells submarket as identified by PICOR. The vacancy rate in this submarket increased to 8.37% from 6.1% in the year prior. The effective rental rate is \$900 per unit which is virtually unchanged from one year ago and below the citywide average.

Despite the improving residential market, growth in the subject neighborhood over the foreseeable future will be relatively slow due to the lack of vacant land. New development will be limited to infill and redevelopment projects.

Transportation:

Transportation infrastructure to the area is good and improving. Interstate 10 parallels the Santa Cruz River which forms the west boundary of the neighborhood.

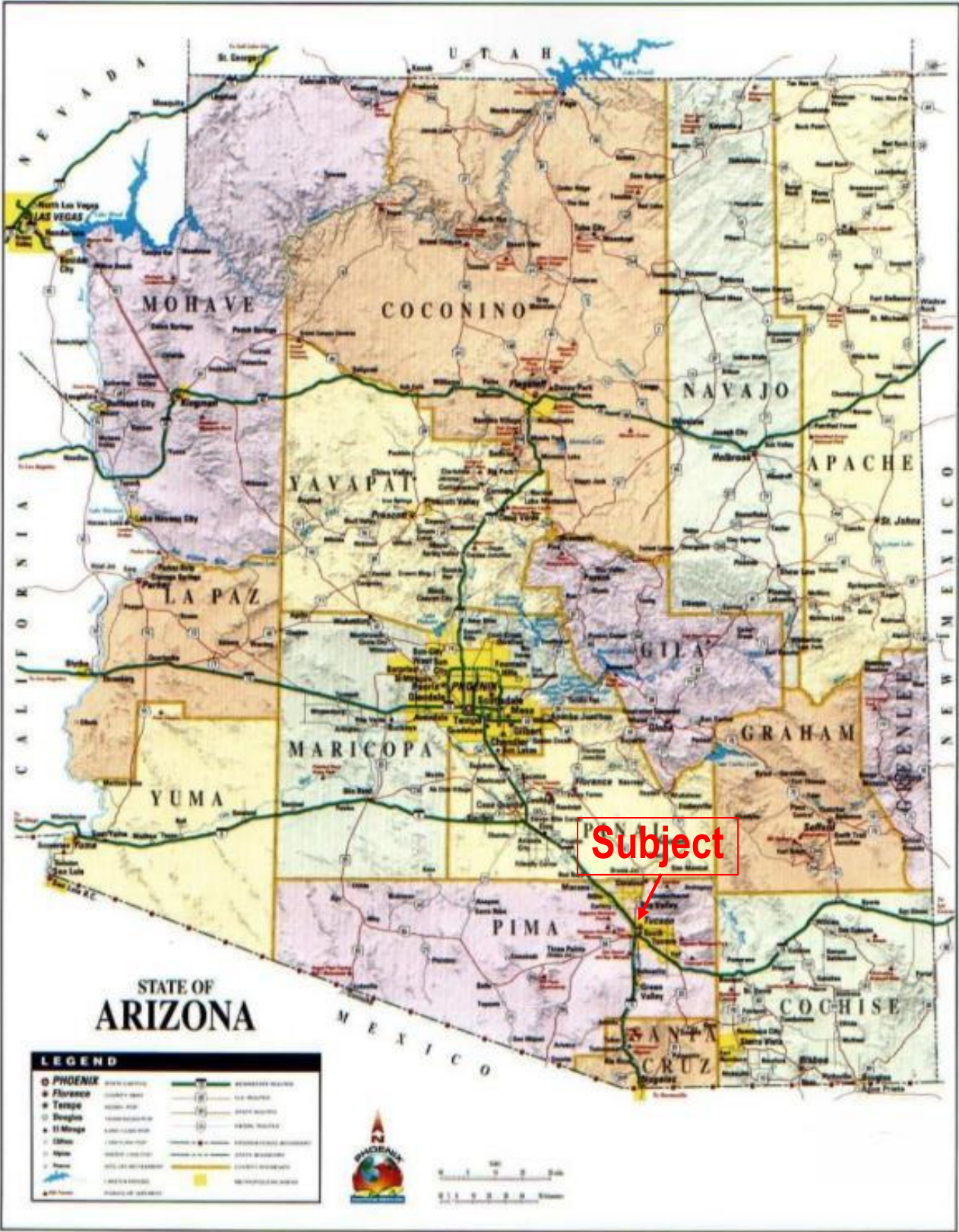
Several major interchange construction projects have been completed and/or just commenced along the I-10 corridor. The first of these projects was the I-10/Prince Road interchange which was reconstructed with Prince Road crossing over the railroad tracks and the freeway. The widening projects continued north along I-10 with the completion of a new T.I. at Ina Road that involved the full closure of the interchange. The new overpass now spans I-10 and the UPRR railroad tracks and a new bridge was built across the Santa Cruz River. This project was completed in late 2018 or early 2019. In 2020 construction was completed at the Ruthrauff Road – El Camino del Cerro interchange just west of the subject property. Like the earlier T.I. projects, Ruthrauff Road/El Camino del Cerro now spans the freeway and the UPRR tracks. And finally, construction has just commenced to complete the widening of I-10 to four lanes between Ruthrauff Road and Ina Road. This project will also include the County-funded redevelopment of the Sunset Road T.I. which will span the UPRR tracks, cross Rillito Creek with a new bridge and tie into River Road.

Other major north/south roads in the neighborhood include Oracle Road, La Cholla, La Canada and First Avenue. Primary east/west arterials include Ina Road, Orange Grove Road, Ruthrauff/El Camino del Cerro, Prince Road and Grant Road. Each of these has access to and from I-10. The Union Pacific Railroad tracks parallel the freeway on the east side.

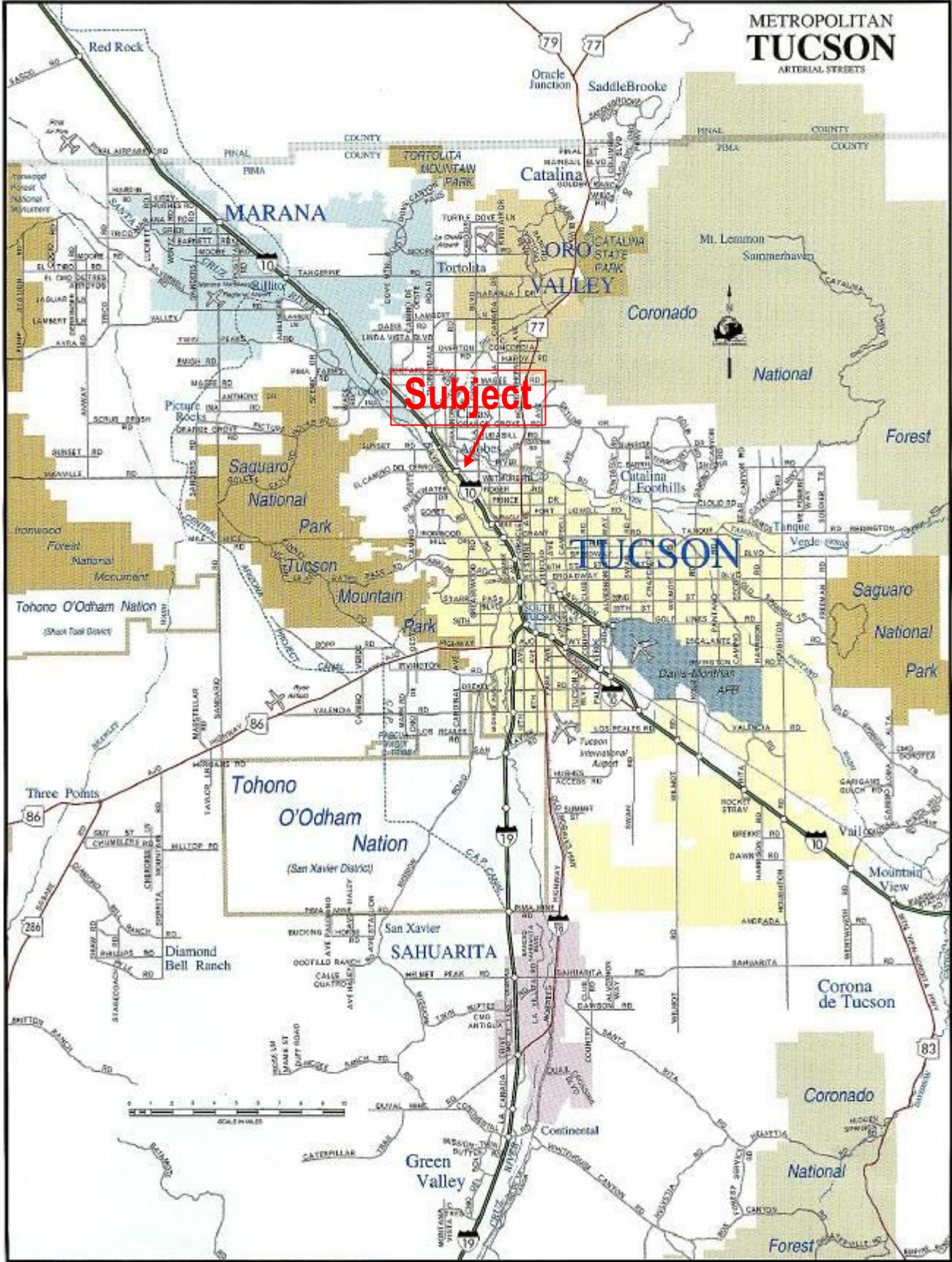
Conclusion:

The subject property is located northeast of the I-10/Ruthrauff Road interchange in the west to northwest portion of Tucson. Though the immediate area includes mostly older industrial/commercial properties, these are generally well occupied due to the proximity of the freeway which provides easy access to most areas of metropolitan Tucson. The industrial submarket is experiencing positive changes, despite the economic disruption caused by the pandemic.

State Location Map



City of Tucson Map



Site Description

Property Location, Assessor Parcel Number, Legal Description

The subject property is located on the west side of Davis Avenue, north of Ruthrauff Road, in the west central portion of metropolitan Tucson. The subject is vacant land acquired by ADOT as part of the reconstruction of the Ruthrauff Road/I-10 T. I. The parcel number is 101-15-0380. A complete legal description for the property is included in the Addenda.

Surrounding Uses

The subject property is in an established, mixed-use neighborhood just north of the interchange. Surrounding uses include a combination of residential properties, site-built and manufactured homes, single user industrial buildings and commercial uses along the primary corridors.

There is an industrial storage yard adjacent north and another storage yard to the east across Davis Avenue. As part of the road project, ADOT built an onsite retention/detention basin on the parcel adjacent south. Beyond this parcel Ruthrauff Road is elevated and passes over the UPRR tracks and the freeway. B&C Contractors, Inc. own the property adjacent west and uses it in conjunction with the salvage storage facility located on the subject property.

Interior parcels north of the subject are typically improved with a mix of site-built and manufactured homes. Most are older having been built in the 1970's and '80's. But there has been some recent development, most notably a small subdivision of site-built homes known as Diamond Court. Small industrial and commercial uses are interspersed throughout the neighborhood depending on zoning.

Development along Ruthrauff Road near the freeway tends to be older commercially oriented properties. Exceptions include the recently completed QuikTrip at the northeast corner of Ruthrauff Road and Maryvale Avenue and the expansive religious facility owned by Victory Assembly of God located at the southeast corner of this intersection.

Size and Shape

The subject property is rectangular in shape, measuring 313 feet along the north and south boundaries and 232 feet along the east and west boundaries. According to ADOT, the total area is 72,623 square feet or 1.69 acres. The Pima County Assessor reports a size of 72,616 square feet. The size calculated by ADOT is used throughout this appraisal report.

Visibility, Streets and Access

Davis Avenue, a two-lane county-maintained street, forms the east boundary and provides direct access to the subject property. From the subject, Davis Avenue continues south passing under Ruthrauff Road. This provides connectivity to the industrial areas south of Ruthrauff Road.

At the southeast corner of the subject, Davis Avenue connects to Chester Way which extends east and curves around to Maryvale Avenue which then intersects with Ruthrauff Road at a signalized intersection. At this intersection, there is direct access to the east and west bound travel lanes along Ruthrauff Road. There is a full freeway interchange just west of this intersection.

North of the subject property, Davis Avenue continues for about one mile and ultimately terminates at a "T" intersection at Curtis Road. Curtis Road continues east to La Cholla Boulevard and west to Highway Drive which transitions to Camino de la Tierra. On Camino de la Tierra there is an at-grade crossing of the Rillito River. The road continues north providing access to Orange Grove and Ina Roads. For local residents and businesses, Davis Avenue provides good connectivity, but there are no traffic counts available.

Despite the proximity of the subject property to the Ruthrauff Road/I-10 T.I., visibility to the subject is distant. Ruthrauff Road has been elevated to pass over the Union Pacific Railroad tracks and the freeway. From this overpass, the subject is partially visible to westbound traffic, but not to eastbound traffic.

Topography/Vegetation

The subject property is generally level and cleared of most native vegetation. It is bisected by a small un-named wash that, historically, meandered across the property before passing under the railroad tracks and I-10 on its course to the Santa Cruz River. The boundaries of this wash are undefined.

FEMA Floodplain

The property is included on FEMA FIRM Map # 04019C01667K, which was last revised on June 16, 2011. According to FEMA, the site is in Zone X, outside the 100-year floodplain.

However, according to the Pima County Flood Control District, the subject property is in the Ruthrauff Basin Special Study Area dated November 2, 2015, and subject to localized flooding. There is a 25' building setback from the above-described wash (see map that follows) and any new habitable structures would have to be elevated one foot above the base flood elevation or about 1.5 feet according to Rodrigo Morales, Hydrologist with Pima County. When asked if the study considered the drainage improvements made to the property adjacent south that were completed during the reconstruction of the interchange, Mr. Morales was unsure. Regardless, any future development of the subject property will require a hydrology study and the impact on development depends on the results of this study. An email copy of my inquiry to the Pima County Regional Flood District is included in the Addenda.

Soil and Subsoil Conditions

A review of the NRCS Web Soil Survey site indicates that the property is comprised of 65% Comoro sand loam and Pima silty clay loam. Comoro soils are well draining soils commonly found in floodplains. If irrigated and protected from flooding, both soil types are suitable for farming. In both cases, the depth of the water table is more than 80 inches.

Utilities

All utilities are available along the east boundary of the subject property and provided by the following sources.

Electric:	Tucson Electric Power
Telephone:	Century Link
Natural Gas:	Southwest Gas Corporation
Water:	City of Tucson
Sewer:	Pima County Wastewater

Easements, Restrictions and Encroachments

Property documentation provided to me has been minimal. That documentation includes an ADOT-provided legal description to be used in future conveyance of the subject property. The verbiage in that legal description is as follows:

GRANTOR RESERVES unto the public and various utility companies, easements for existing utilities, if any, within the above-described property, in accordance with Arizona Revised Statute 28-7210. Access to the existing utilities will be by way of what exists at the time of this conveyance and shall be the responsibility of the Grantee herein and of the public or utility companies to show where that access is located.

All utilities at the subject property appear to be within the existing right of way for Davis Avenue. No other easements, restrictions and/or encroachments are known.

Environmental Considerations

A Phase I Environmental Site Assessment has not been provided, however, there is a pending hazmat report awaiting clearance from Phase I testing. Considering the current use as a storage yard for salvaged equipment, materials, vehicles and the like, an extraordinary assumption has been made that the subject property is environmentally clean. Should the Phase I environmental report suggest otherwise, the valuation is subject to change.

Improvements

The site is surrounded by chain link fencing topped with three stands of barb wire. There is a gated entry near the northeast corner of the subject property.

Division of Realty and Personalty

All salvaged material on site is considered personal property. In accordance with the lease, this appraisal assumes the site has been cleared of all personal property and is vacant and available for development to its highest and best use.

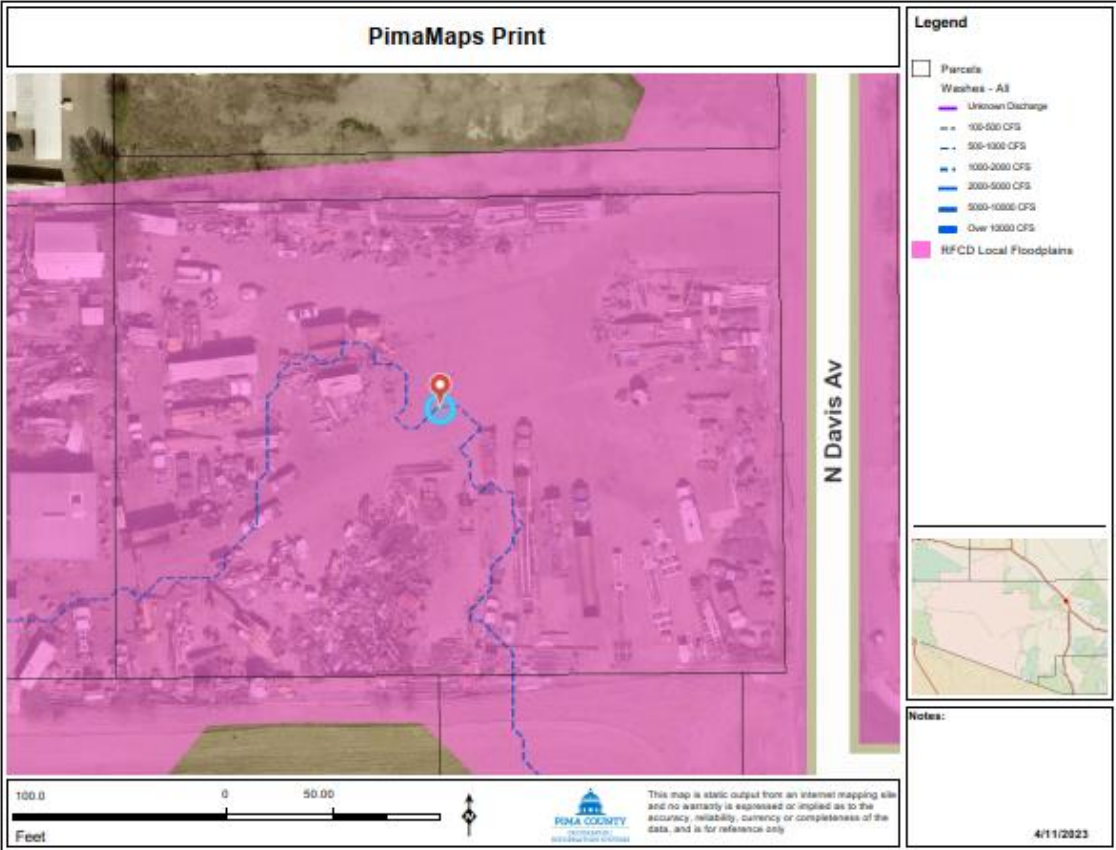
Conclusion

The subject property is well located with good access to Interstate 10. The only potential restriction to development is its location within a locally designated floodplain. Though it is likely that the most recent study of the area did not account for the drainage mitigation improvements completed on the parcel adjacent south, a potential developer would be required to provide a current hydrology report prior to development. And, depending on the results of the report, any building improvements may need to be elevated one foot above the base flood elevation which is up to 1.5 feet across the property. In addition, there may be a setback requirement of 25 feet from the minor wash that bisects the property. This could increase development costs.

FEMA Flood Map



Pima County Flood Map



Looking west across northern portion of the subject property from Davis Avenue.



Looking southwest across the subject property from the northeast corner of site.



Looking northwest across the subject property from the southeast corner of the site.



Looking north along west boundary of subject property.



View along south boundary of the subject property.



Looking north on Davis Avenue, subject property to the left.



Looking south on Davis Avenue, subject property to the right.



Davis Avenue looking south from the southeast corner of the subject property.



Looking east on Chester Way from the southeast corner of the subject property.



Tax Data and Assessed Valuation

The Assessor Parcel Number is 101-15-0380. The 2024 full cash value is \$80,753 and the limited value is \$76,665. The property is owned by the State of Arizona and, therefore, no real estate taxes have been assessed.

It should be noted that the Assessor's Full Cash value is derived through a far different process than employed in this appraisal and has little bearing on the *market value* of the subject property, as defined earlier in this report.

Signs

There are no signs on the subject property.

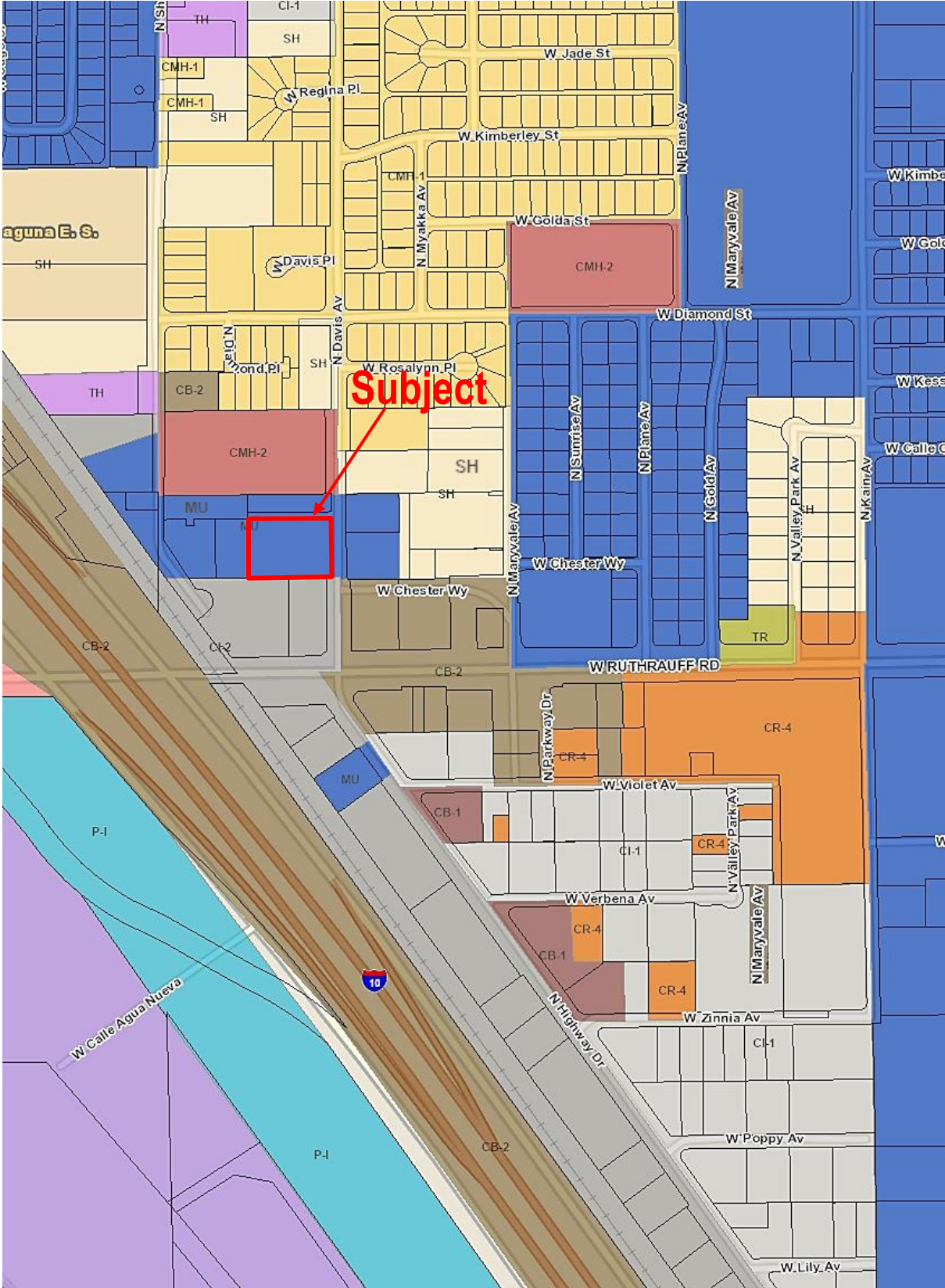
Zoning and Comprehensive Plan

The subject property is zoned MU – Multiple Use. This zoning designation allows for a broad range of uses including single family and multi-family residential, commercial, light manufacturing, industrial and civic uses. Site-built and manufactured homes are permitted including those in mobile home parks and trailer parks. The minimum residential lot size is 7,000 square feet. The minimum width is 60 feet with a maximum of two stories or 34 feet.

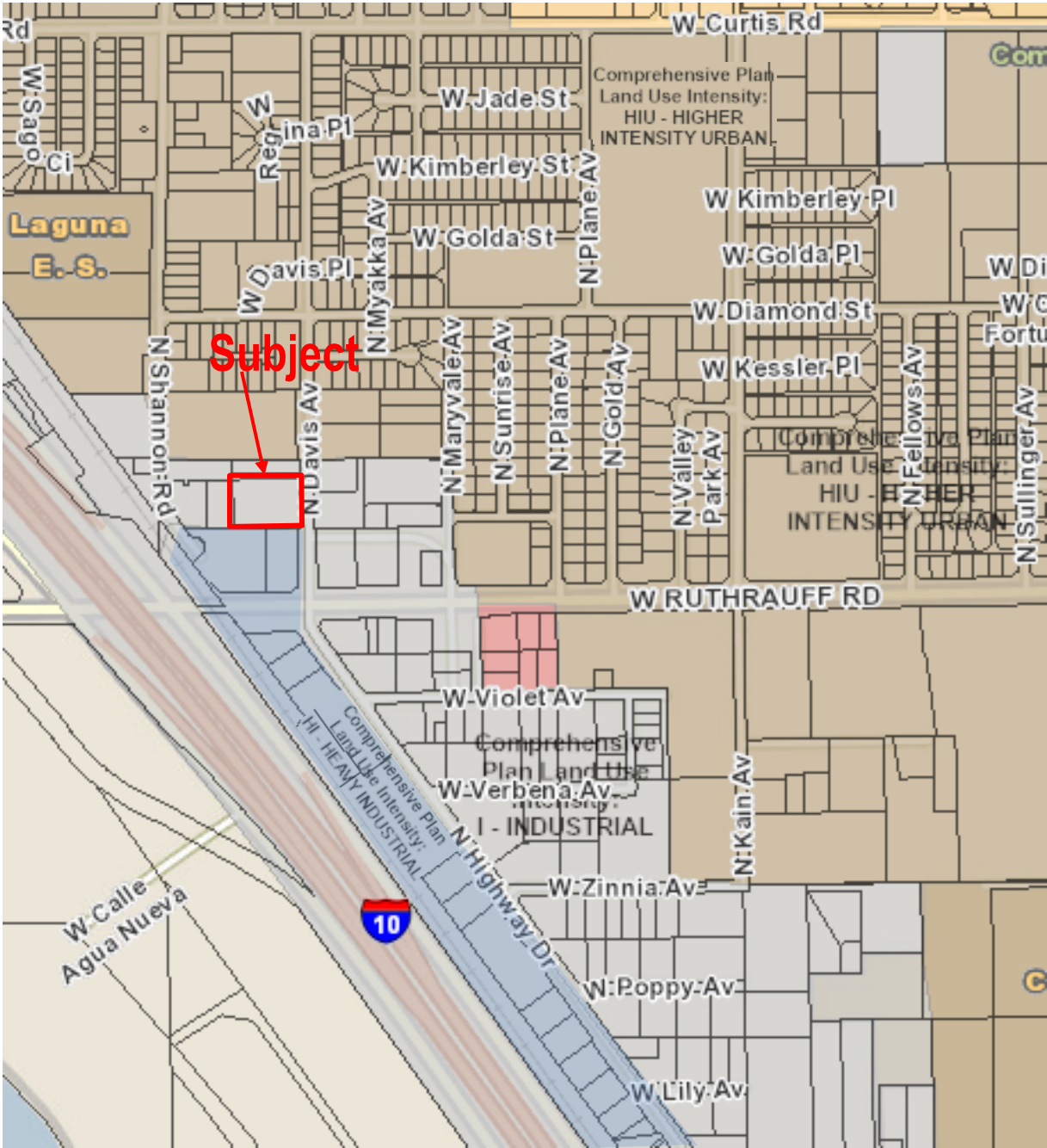
Conditionally permitted uses include cemeteries, storage or warehouse buildings, building materials, contractor's or well driller's equipment yards, lumber yards or commercial feed yards, manufacture, processing, assembly or repairing facilities so long as the use is not objectionable due to odors, smoke, noise, vibration or similar cause. Processing, assembly and repair of light sheet-metal products, miscellaneous small parts, novelties, toys and other merchandise. Most retail and commercial businesses are allowed including all those permitted under the CB-1; Local Business Ordinance. Examples of other permitted uses include general assembly of electrical appliances, beverage bottling plants, laundry, auto body and fender repair, radio or television towers, veterinary hospitals and kennels. As can be seen, the MU zoning permits a number of different types of uses.

In the event of a rezoning request, it is appropriate to consider the designation of the subject property under the Pima County Comprehensive Land Use Plan. According to this plan, the subject property is designated I – Urban Industrial. Compatible zonings include CB-1, CB-2, CPI, CI-1, CI-2 and GC. The MU zoning and land use recommendations under the Comprehensive Plan do not inordinately limit the development potential of the subject property.

Zoning Map



Pima County Comprehensive Plan



Highest and Best Use

Highest and best use is defined in the 15th Edition of The Appraisal of Real Estate, published by the Appraisal Institute, as:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are physical possibility, legal permissibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value." (Page 306)

Physically Possible:

The subject property is a 72,623 square foot parcel of vacant land located on the west side of Davis Avenue, north of Ruthrauff in the west-central portion of metropolitan Tucson.

The site is level and rectangular in shape. It is currently leased for storage of salvaged materials, equipment and vehicles. It is fully fenced. For the purposes of this appraisal, the site is assumed to be clear of all personal property and environmentally clean.

Access is via Davis Avenue, a two-lane, county maintained paved street that forms the east boundary of the property. Davis Avenue provides access to Chester Way which merges with Maryvale Avenue which intersects with Ruthrauff Road within ¼ mile of the subject. This intersection is signalized which allows access to both east and westbound lanes of travel on Ruthrauff Road. A short distance west of the intersection, Ruthrauff Road passes over the U.P.R.R. tracks and I-10. There is a full freeway interchange at this location. Davis Avenue also allows access under Ruthrauff Road to the south and continues north to Curtis Road and Camino de la Tierra which connects to Orange Grove and Ina Roads.

Though access is somewhat circuitous, and the property does not have commercial frontage, access in and out of the neighborhood is good and the subject property is convenient to I-10.

All utilities are at the property boundary.

The property is bisected by a small un-named wash. It is outside the FEMA floodplain, but in a locally designated floodplain known as the Ruthrauff Basin Special Study area dated November 2, 2015. According to Rodrigo Morales, Hydrologist with Pima County Regional Flood Control District, there is a 25-foot setback from the wash and any new development must be elevated at least one foot above the base flood elevation or, in this case, 1.5 feet. However, Mr. Morales did not know whether the study reflected recent improvements at the Ruthrauff/I-10 interchange that included a new retention/detention basin on the parcel adjacent south. It appears the wash has been channeled through two separate culverts one under Ruthrauff Road and the other under I-10. Excess water would be retained on this site. To determine whether these improvements mitigated the potential flooding issues at the subject property, a hydrology study would be needed prior to development.

The subject site is located in a mixed use neighborhood. There are contractor's yards and storage yards adjacent west, north and east. Further north, land uses tend to be residential

with a mix of site-built and manufactured housing. Small commercial and civic uses are interspersed. Commercial development is typically located along Ruthrauff Road. The neighborhood is 90% to 95% built-up with some redevelopment occurring as older uses reach the end of their economic lives. Industrial demand for the area is evident. Demand for residential uses is mixed.

Legally Permissible:

The second step of highest and best use analysis considers the legally permissible uses. These include existing zoning, private deed restrictions and any other restrictions that may be in effect.

The subject site is zoned MU; Multiple Use. This is a broad zoning classification that allows for most types of residential uses as well as a wide range of commercial and industrial uses. Under the Comprehensive Land Use Plan, the subject property is designated I - Urban Industrial.

Financially Feasible:

The third criteria considered in determining the highest and best use of the subject property is the financial feasibility of the various alternative uses. To be financially feasible, a use must produce a positive return.

Given the zoning, existing use as a storage yard and the surrounding uses, an industrial use appears most likely. The property is conveniently located and proximate to I-10. The area is desirable to local contractors like roofing companies, plumbers, electricians and those in the service industry that regularly travel to their clients. The MU zoning is fairly liberal allowing large open yards for equipment and storage. Furthermore, as discussed in the neighborhood section of this report, demand for industrial properties has been strong following the pandemic. Though new construction has recently been curtailed due to supply chain issues, inflation and rising interest rates, there is still a market for relatively small industrial parcels like the subject as evidenced by the number of recent nearby land sales.

The subject property lacks frontage and direct access to Ruthrauff Road which likely precludes a commercial use. There are residential subdivisions in the neighborhood, but most are much older. With little new development, there is an apparent lack of demand for new residential development particularly on a lot as small as the subject.

Maximally Productive:

In conclusion, the highest and best use is for an industrial use such as a contractor's yard, service business, truck parking, storage or similar type of use. Speculative development is not recommended.

Sales Comparison Approach

The Sales Comparison Approach is used to form an opinion of market value of the subject property. In the Sales Comparison Approach, sales of similar properties in the subject area are compared and adjusted to the subject property. This approach applies the principle of substitution which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property without undue or costly delay.

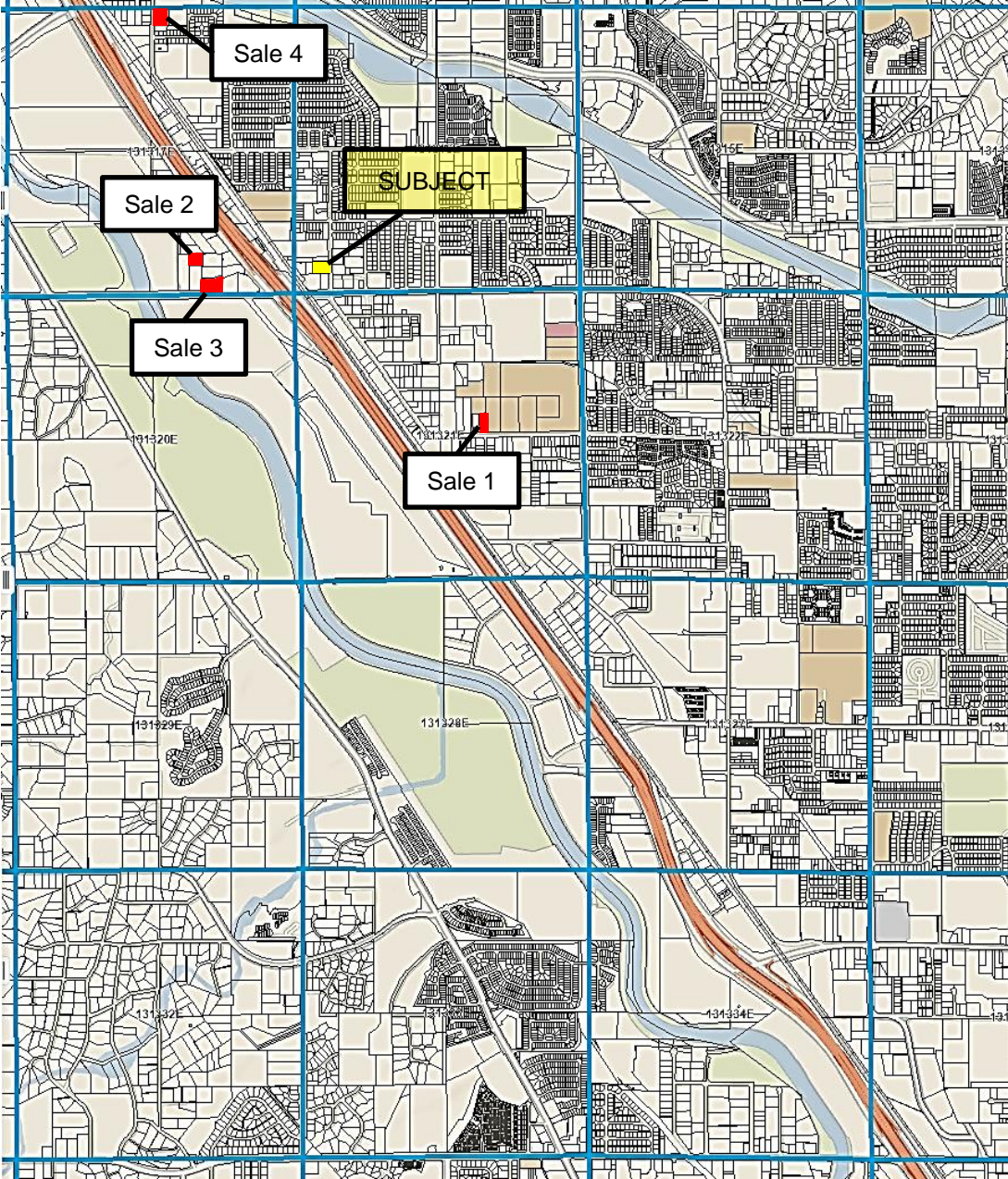
A thorough search of the local market was conducted to find recent sales of industrial properties similar to the subject in terms of location, size and use. A total of 14 sales were considered. Four sales in the immediate subject neighborhood have been selected for direct comparison to the subject.

The following tabulation summarizes the four comparable sales. Write-ups, maps and photographs of the sales follow.

Tabulation of Land Sales - Parcel L-SC-039

SALE NO.	DATE	DOC NO.	LOCATION	ASSESSOR PARCEL NUMBER	SALE PRICE TERMS	SALE PRICE (SQ. FT.)	SALE PRICE PER S.F.	COMMENTS	ZONING
1	4/1/2021	2021-0910445	N sd of Wetmore Rd., Btwn La Cholla & Highway Dr.; 103-05-028		\$180,000 Cash	43,560	\$4.13	Buyer, Estes Express Lines, owns property adj. east. Using sale property for parking. Locally regulated floodplain	MU
2	5/6/2021	2021-1260570	N of El Camino del Cerro, W of I-10	101-20-036G	\$260,000 4.9% Cash SCB	49,222	\$5.28	Commercial yard, bought by DSR Landscaping Services for owner occupancy. Septic, no sewer About 15% at NW corner in FEMA floodplain Small modular & miscellaneous improvements	I-2
3	9/10/2021	2021-2530426	N side of El Camino del Cerro, W of I-10	101-20-036m	\$534,357 Cash	92,240	\$5.79	Commercial yard occupied at sale by Servi-Gas Bought as investment. Now a truck driving school. A wash extends along N boundary, 75' setback 2 modulars & miscellaneous site improvement	I-2
4	12/29/2021	2021-3631160	E sd of Camino de la Tierra, S of Rillito River	101-17-0090	\$350,000 Cash	88,862	\$3.94	Comm. yard previously B&C Towing & Recovery Dilapidated house boarded up. Now leases industrial yards.	MU
Subject Property	04/11/23	DOV	West side of Davis Rd., N of Ruthrauff Rd.	ADOT Parcel L-SC-039; APN 101-15-0380	N/A Assume Cash	72,623	N/A	Site leased on a month-to-month basis by B&C Contractors, Inc. for a storage yard. Appraised fee simple, clear of salvage & assumed environmentally clean.	MU

Overall Land Sales Map



Comparable Land Sale

Sale Number: 1

Location: North side of Wetmore Road, between La Cholla and Highway Drive, Tucson, Arizona.

Legal Description: West 123.86' of the east 1911.49' of the north 351.77' of the south 396.77' of the S2, NE4 of Section 21, Township 13 South, Range 13 East, Pima County, Arizona.

Tax Code Number: 103-05-0280

Records: Instrument: Warranty Deed
Date Recorded: April 1, 2021
Document No.: 2021-0910445

Seller: Michael Bottazzi, Paul Bottazzi and Jonathan Bottazzi, each with one-third interest

Buyer: Estes Express Lines

Sale Price: \$180,000

Terms: Cash

Site Size: 1 acre (43,560 sf)

Sale Price Per Square Foot: \$4.13

Zoning: MU, Multiple Use, Pima County

Utilities: Electric, telephone and water. Sewer across Wetmore Road in Sullinger Avenue.

Shape / Topography: Rectangular / Level

Access: Via Wetmore Road which carries 4,137 VPD (2022).

Floodplain: According to FEMA Map No. 04019C-1667L, dated June 16, 2011, the site is in Zone X, outside the 500-year floodplain. However, it is in a locally regulated flood zone.

Existing/Proposed Use: Vacant / Parking

Three Year History: No sales in the past three years. Previously purchased in 2016 for \$107,500 or \$2.47 per sf.

Exposure Time: Not actively listed.

Confirmed With: Representative of Southwest Drywall Systems owned by Michael Bottazzi.

Date Confirmed: April 2023

Comments: Buyer, Estes Express Lines, owns property adjacent east. Using sale property for parking.



Comparable Land Sale

Sale Number: 2

Location: North of El Camino del Cerro, west of I-10, Tucson, Arizona.

Legal Description: North 224.26' of the south 747.77' of the east 218.87' of the west 927.3' of the SW4, SE4 of Section 17, Township 13 South, Range 13 East, Pima County, Arizona.

Tax Code Number: 101-20-036G

Records: Instrument: Warranty Deed
Date Recorded: May 6, 2021
Document No.: 2021-1260570

Seller: Clark Richins, as Trustee of the Clark Richins Revocable Trust, dated November 9, 1998.

Buyer: DSR Landscaping Services, Inc.

Sale Price: \$260,000

Terms: Cash down payment of \$12,600 (4.9%). Seller carryback, terms undisclosed. No impact on price.

Site Size: 1.13 acres (49,222 sf)

Sale Price Per Square Foot: \$5.28

Zoning: I-2, Heavy Industrial, City of Tucson

Utilities: Electric, telephone and water. No sewer; septic systems in place.

Shape / Topography: Square / Level

Access: Via easement off El Camino Del Cerro, which carries 13,788 vpd (2022).

Floodplain: According to FEMA Map No. 04019C-1666L, dated June 16, 2011, 86% of the site is in Zone X, outside the 100-year flood zone, and 14% is in Shaded Zone X, areas of 500-year flood.

Existing/Proposed Use: Commercial yard / Commercial yard

Three Year History: No sales in the prior three years.

Exposure Time: N/A. Buyer was tenant prior to purchase.

Confirmed With: Stephen P. Richardson, buyer.

Date Confirmed: April 2023

Comments: Commercial yard purchased for owner occupancy by DSR Pest Management. Sale included a modular office building and site improvements.



Comparable Land Sale

Sale Number: 3

Location: North side of El Camino del Cerro, west of I-10, Tucson, Arizona.

Legal Description: East 389.22' of the west 316.61' of the south 345.99' of the SW4, SE4 of Section 17, Township 13 South, Range 13 East, excluding road, Pima County, Arizona.

Tax Code Number: 101-20-036M

Records: Instrument: Special Warranty Deed
Date Recorded: September 10, 2021
Document No.: 101-20-036M

Seller: AmeriGas Propane, LP

Buyer: El Camino Del Cerro Partners, LLC

Sale Price: \$534,357

Terms: Cash

Site Size: 2.12 acres (92,240 sf)

Sale Price Per Square Foot: \$5.79

Zoning: I-2, Heavy Industrial, City of Tucson

Utilities: Electric, telephone and water. No sewer; septic in place.

Shape / Topography: Irregular / Level

Access: Via El Camino Del Cerro, which carries 13,788 vpd (2022).

Floodplain: According to FEMA Map No. 04019C-1666L, dated June 16, 2011, the site is in Zone X, outside the 500-year flood zone. There is a wash along the north boundary with a 75-foot setback.

Existing/Proposed Use: Commercial yard / Truck driving school

Three Year History: No sales in the prior three years.

Exposure Time: Unknown.

Confirmed With: Repeated calls to buyer/agent Jesse Blum were not returned. Affidavit of Value and Redi Comps.

Date Confirmed: April 2023

Comments: The site was improved with two modulars, yard lighting, paving and fencing. It was leased to AmeriGas who subsequently vacated. After the sale, the site was re-leased to 160 Driving Academy who continues to use site and improvements.



Comparable Land Sale

Sale Number: 4

Location: East side of Camino de la Tierra, south of the Rillito River, Tucson, Arizona.

Legal Description: Northwest quarter of the northwest quarter of the northwest quarter of the northeast quarter of Section 17, Township 13 South, Range 13 East, Pima County, Arizona.

Tax Code Number: 101-17-0090

Records: Instrument: Warranty Deed
Date Recorded: December 29, 2021
Document No.: 2021-3631160

Seller: Gradmac Properties, LLC

Buyer: Middlefork RV Resort, LLC

Sale Price: \$350,000

Terms: Cash

Site Size: 2.04 acres (88,862 sf)

Sale Price Per Square Foot: \$3.94

Zoning: MU, Multiple Use, Pima County

Utilities: Electric, telephone, water and sewer.

Shape / Topography: Rectangular / Level

Access: Via Camino de la Tierra, a two-lane street.

Floodplain: According to FEMA Map No. 04019C-1666L, dated June 16, 2011, the site is in Zone X, outside the 500-year flood zone.

Existing/Proposed Use: Commercial yard / Industrial yards

Three Year History: No sales in the prior three years.

Exposure Time: Not actively listed. Buyer approached seller.

Confirmed With: Managing member of Middlefork RV Resort.

Date Confirmed: April 2023

Comments: There was a dilapidated house built in the 1920's-30's that was given no value. The site was fully fenced. Some fence modifications have since been made.



Land Sales Analysis

To develop an opinion of market value of the subject property, I searched for recent land sales that are similar in terms of location, size, zoning and potential use. The search focused on industrial land sales that sold subsequent the pandemic. The criteria included properties located along Interstate 10 in the western portion of Tucson that were larger than 20,000 square feet but less than five acres. The search revealed a total of 14 sales that are reasonably comparable to the subject. Four recent sales in the immediate subject neighborhood were selected for direct comparison to the subject.

Unit of Comparison:

The sale price per square foot is the most appropriate unit of comparison for this class of property. This is equal to the sale price divided by the total number of square feet of the sale property. Appropriate adjustments will be applied to the sales based on this unit of comparison.

The sales selected for direct comparison are summarized below.

Comparable Sales Overview:

Sale One is a one-acre industrial lot located on the north side of Wetmore Road between Highway Drive and La Cholla Boulevard. The property is a half to three-quarters of a mile southeast of the subject property. This is a level, rectangular shaped lot that is fully fenced. Like the subject, it is located in a locally designated floodplain and part of the Ruthrauff Basin Special Study Area. The site was purchased by the adjacent property owner, Estes Express Lines, for truck parking.

Sale One sold in April 2021 for \$180,000 or \$4.13 per square foot, cash.

Sale Two is an interior lot west of I-10 and north of El Camino del Cerro. It consists of 49,222 square feet or 1.13 acres. There was a modular office building near the northeast corner and several other outbuildings/covered work areas. The entire property is enclosed by a chain link fence. The buyer, DSR Landscaping, previously leased the property and purchased it for continued occupancy.

Sale Two closed in May 2021 at a price of \$260,000 or \$5.28 per square foot with seller financing.

Sale Three is a 2.12-acre parcel located on the north side of El Camino del Cerro, a short distance west of I-10. This is a commercial yard improved with a lighted asphalt paved parking lot, two modular buildings and enclosed by a chain link fence. It was previously leased and occupied by Servi-Gas. Subsequent to the sale, the lease expired. The property has since been leased to a truck driving school known as 160 Driving Academy.

Sale Three sold in September 2021 for \$534,357, cash, which is equal to \$5.79 per square foot.

Sale Four is located on the east side of Camino de la Tierra, between Curtis Road and the Rillito River. It is roughly one mile northwest of the subject property. This parcel consists of 88,862 square feet or 2.04 acres. There was the shell of an old house built in the 1920's or '30s. According to the buyer it has since been boarded up and used for storage. There was also a construction trailer that was removed by the seller prior to closing. The site was

fenced at the time of sale. Some of the fencing has since been reconfigured and a new segment installed down the middle to segregate individual yards for lease by local contractors.

Sale Four sold in December 2021 for \$350,000 or \$3.94 per square foot, cash.

The elements of value are segregated into two general categories. The first includes factors related to the sale transaction. These are:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Expenditures Made Immediately After Purchase
- Market Conditions

The second category includes factors related to the property. Those are:

- Location
- Physical Characteristics
- Economic Characteristics
- Legal Characteristics
- Non-realty Components of Value Included in the Sale

Transactional Characteristics:

The first five sections of the analysis consider *transaction*-related factors that may have impacted the prices paid for the comparable sales.

Property Rights Conveyed:

The sale price of a property is always predicated on the property rights conveyed. The interest appraised is the fee simple estate subject to known reservations and encumbrances. The subject property is leased to the adjacent property owner for use in conjunction with the storage yard of salvaged equipment, materials, and vehicles. But this is a month-to-month lease that is cancelable at any time with the mutual agreement of the lessor and lessee. It can also be terminated by the lessor should lessor require the property for transportation purposes. Given the short-term nature of the lease, the marketable interest is the fee simple estate.

Sales One and Four were vacant lots at the time of sale and not encumbered. The buyer of Sale Two was a tenant at the time of sale. The buyer continues to occupy the property as an owner user. Sale Three was leased at the time of sale, but the lease expired shortly after closing and the tenant vacated. The property has since been re-leased to another user. The encumbrances of these leases had no impact on the negotiated price.

Consideration is also given to any easements, restrictions or encumbrances on the subject property and the comparable sales. A review of the subject title report did not disclose any easements, restrictions, or encumbrances within the boundaries of the subject property. Upon inspection of the subject, I found no apparent easements or restrictions other standard utility easements along the east boundary.

There are no known easements or encumbrances that significantly impact the development of any of the sales. Standard utility easements likely exist along the boundaries of the sales,

but where these exist the benefit of utilities far outweighs any negative impact from the easement encumbrances.

No adjustments are made to any of the sales for property rights conveyed.

Financing Terms:

In accordance with the definition of market value, adjustments for financing terms are made on an all-cash basis or cash plus institutional financing at the prevailing market interest rate. Sales One, Three and Four sold for cash. No adjustments are necessary.

The buyer of Sale Two made a nominal down payment of \$12,600 or 4.85% of the purchase price. The seller carried the balance. The buyer did not disclose the terms of the note, but indicated that they were not a point of discussion during price negotiations. Comparing the purchase price of \$5.38 per square foot to other recent sales and considering the physical differences between the properties, there is no indication that the buyer paid a higher price due to the terms of the sale. No adjustment is made.

Conditions of Sale:

The definition of market value requires that the resulting value opinion reflect “... a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming that the price is not affected by undue stimulus.”

The definition continues to include the following conditions:

1. *buyer and seller are typically motivated;*
2. *both parties are well informed or well advised, and each acting in what he or she considers his or her best interest;*
3. *a reasonable time is allowed for exposure in the open market;*

An adjustment for conditions of sale considers any unusual circumstances that may have affected the sale price. Examples include the purchase by an adjacent property owner, a seller under duress, or a related buyer and seller.

Sale One was purchased by the adjacent property owner. According to the seller's representative, the price was negotiated based on the sale of another nearby property that was bought for excess truck parking which was the same use planned for the Sale One property. The price paid represents the low end of the range established by the other sales, but this is the oldest sale and there are other differences that justify the lower price. Thus, no adjustment is made.

The buyer of Sale Two was the tenant prior to the purchase. The price was established by the seller. According to the buyer, he thought the price was high at the time of sale, but now he believes he could sell the property for more. Once again, compared to the other sales, the price appears reasonable.

There were no known conditions of sale that impacted the negotiations of Sales Three or Four.

It is noted that none of the sales included a real estate commission.

The buyer of Sale Three is a local real estate agent who purchased the property as an investment. The negotiations of the other sales were made directly between the buyers and sellers without the aid of a real estate agent. Since these negotiations/terms are typical for properties of this type, no adjustments are developed or applied to any of the comparable sales.

Expenditures Made Immediately After Purchase:

A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay.

There are no known expenditures that were made after purchase that altered the prices that were negotiated. No adjustments are necessary.

Market Conditions:

An adjustment for changes in market conditions may be appropriate when there are changes in property values that occur between the date of the oldest sale and the valuation date of the subject property. The effective date of value for the subject property is April 11, 2023. The sales span a time period from April 2021 to December 2021. All four sales sold after March 11, 2020, which is the date of declaration by the WHO of a global pandemic from COVID-19.

All of the sales are from 2021. This was an active period for industrial properties following the pandemic. As previously reported, a total of 14 sales were considered. Of this total, 3 sales occurred in 2020 at prices ranging from \$4.04 to \$5.40 per square foot. Six sales, including the 4 subject sales, sold in 2021 at prices ranging from \$2.30 to \$5.79 per square foot. Four sales sold in 2022 and one sale in 2023. These sales range in price from \$3.56 per square foot to \$5.60 per square foot which closely mirrors the range of prices of the sales that were selected. Based on the data, there has been strong demand, and perhaps an increase in prices, but due to other differences, the increase is difficult to measure. No adjustments are developed or applied, but the more recent sales will be given greater weight.

Property Characteristics:

The next five sections of the analysis consider *property*-related factors that may have impacted the prices paid for the comparable sales.

Location/Access:

The subject property is located on the west side of Davis Avenue, north of Ruthrauff Road in the northeast quadrant of the Ruthrauff Road/I-10 interchange. The west-central location with easy access to I-10 is a positive attribute that attracts local contractors and service businesses to the area.

Similarity in location and access were important to the selection of sales. All four sales are within a one-mile radius of the subject and all have reasonably good access to I-10 at the Ruthrauff Road interchange. Sales One and Four are interior sites east of the freeway. Like the subject, access to these two sales is somewhat circuitous but each, like the subject, is situated on a secondary arterial street that provides good connectivity. No adjustments are necessary.

Sales Two and Three are west of I-10. Sale Two is an interior site north of El Camino del Cerro with access via an easement that extends a short distance north of El Camino del Cerro. Access may be more direct, but the road is not asphalt paved. No adjustment is made.

Sale Three fronts El Camino del Cerro which provides direct access and visibility. El Camino del Cerro is a primary road for the area but, at this location, it does not attract commercial users. Though visibility for many industrial users is not of importance, it appears the buyer may have paid a premium.

Sale Three sold for \$5.79 per square foot, which represents the upper end of the range of the four sales considered. There are two factors impacting the price; 1) location with visibility; and 2) the site has an asphalt paved, lighted parking lot and is improved with two modular buildings. The current occupant, 160 Driving Academy, continues to use these improvements.

To measure the premium paid for frontage on El Camino del Cerro, Sale Three is compared to Sale Two, which also included a modular office building and miscellaneous site improvements. The difference in price between Sales Three (\$5.79/sf) and Sale Two (\$5.28/sf) suggests a downward adjustment of 8.8% for frontage. It should be noted, however, that Sale Two is smaller than Sale Three and should sell for a higher unit price as a result. Thus, the amount of the adjustment for frontage is increased to -10%.

Size/Shape:

Typically, a smaller site will sell for a higher price on a per square foot basis than a larger parcel, all else being equal. Conversely, a larger parcel will usually sell for a lower price. The subject property consists of 72,623 square feet or 1.67 acres. The sales range in size from 1.0 acre up to 2.12 acres and bracket the size of the subject. The subject and all of the sales have usable shapes.

Comparing Sale One, which consists of 1.0 acre, and Sale Four, which consists of 2.04 acres, helps measure the impact of the size difference. Both sales are similar in terms of location and access, and both were fenced yards at the time of sale. The difference in price between Sale One at \$4.13 per square foot and Sale Four at \$3.94 per square foot suggests a nominal downward adjustment of 4.6% for about one acre compared to two acres and +4.82% when comparing a larger parcel to a smaller parcel. The subject at 1.67 acres is between these two parcel sizes. Thus, the adjustments for differences in size to all sales are nominal.

Utilities:

The subject property has all utilities along the east boundary. Likewise, all utilities are available to Sales One and Four. No adjustments are necessary.

Sales Two and Three have all utilities except municipal sewer service. However, both are connected to an on-site septic system which provides that same functional utility to these users.

No adjustments are developed or applied for differences in the availability of utilities.

Floodplain/Topography:

The subject property is included on FEMA FIRM Map # 04019C01667K, which was last revised on June 16, 2011. According to FEMA, the site is in Zone X, outside the 100-year floodplain.

However, according to the Pima County Flood Control District, the subject property is in the Ruthrauff Basin Special Study Area dated November 2, 2015, and subject to localized flooding. There is a 25' building setback a small wash and any new habitable structures would have to be elevated one foot above the base flood elevation or about 1.5 feet according to Rodrigo Morales, Hydrologist with Pima County. When asked if the study considered the drainage improvements made to the property adjacent south that were completed during the reconstruction of the interchange, Mr. Morales was unsure. Regardless, any future development of the subject property will require a hydrology study and adherence to the results. Email correspondence between the appraiser and Mr. Morales is included in the Addenda.

Except Sale Four, each of these sales has some minor drainage issues or setback requirements. For the intended uses, there is no significant impact. Given the similarity between the properties, no adjustments are made.

Economic Characteristics:

Economic characteristics include all the attributes of a property that directly affect its income. This element of comparison is usually applied to income-producing properties. Since the subject property is assumed to be vacant and none of the sales were leased on a long-term basis at the time of sale, no adjustments are made.

Zoning and Improvements:

Typically, adjustments for zoning and improvements are considered separately. However, in this case, the data does not lend itself to segregating these adjustments. As a result, they have been combined.

The subject property is zoned MU; Multiple Use. This is a fairly liberal zoning that allows for various types of residential uses, industrial and commercial. The site is fenced but there are no other improvements. Like the subject, Sales One and Four are zoned MU and, other than fencing, there were no improvements that added measurably to the property values. No adjustments are made.

Sales Two and Three are zoned I-2 which is a heavy industrial zoning in the City of Tucson. This zoning permits heavy industrial uses without the need for a special use permit. In addition, both properties had modular buildings that are still in use subsequent the sales. The difference in prices between the Sale One and Four properties (\$4.13 & \$3.94/sf, before adjustment) and the Sale Two and Three properties (\$5.28 and \$5.79/sf, before adjustments) is attributable to the differences in zoning and improvements. Downward adjustments of 20% are applied to Sales Two and Three.

Non-Realty Components:

Adjustments for non-realty components are necessary when a sale includes chattel, business concerns or other items that do not constitute real property but are included in either the sale price of the comparable property or in the ownership interest of the subject

property. Since the subject and none of the sales included non-realty components, no adjustments are made.

Here follows an Adjustment Grid summarizing the adjustments.

LAND SALES ADJUSTMENT GRID					
	Subject Property	Sale 1 1.0 Ac.	Sale 2 1.13 Ac.	Sale 3 2.12 Ac.	Sale 4 2.04 Ac.
Sale Price / S.F.		\$4.13	\$5.28	\$5.79	\$3.94
Transactional Adjustments					
Property Rights	Fee Simple	\$0.00	\$0.00	\$0.00	\$0.00
Financing Terms	Assume Cash	\$0.00	\$0.00	\$0.00	\$0.00
Conditions of Sale	Market	\$0.00	\$0.00	\$0.00	\$0.00
Expenditures After Purchase	N/A	\$0.00	\$0.00	\$0.00	\$0.00
Market Conditions	4/11/2023	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal		\$4.13	\$5.28	\$5.79	\$3.94
Property Adjustments					
Location/Access	West-Central Good to I-10	\$0.00	\$0.00	(\$0.58)	\$0.00
Size/Shape	1.67 ac. / Rect.	(\$0.12)	(\$0.16)	\$0.12	\$0.08
Utilities	All available	\$0.00	\$0.00	\$0.00	\$0.00
Floodplain	Local	\$0.00	\$0.00	\$0.00	\$0.00
Economic Characteristics	None	\$0.00	\$0.00	\$0.00	\$0.00
Zoning / Improvements	MU	\$0.00	(\$1.06)	(\$1.16)	\$0.00
Non-realty Components	None	\$0.00	\$0.00	\$0.00	\$0.00
Indicated Market Value		\$4.01	\$4.07	\$4.17	\$4.02

Conclusion:

Prior to adjustments, the sales range in price from \$3.94 to \$5.79 per square foot. After adjustments, the range is narrowed to \$4.01 to \$4.17 per square foot. Sales One and Four which are interior lots, east of I-10 and zoned MU are most similar to the subject. Sale Two and Three are reasonably comparable, but both parcels are zoned I-2 and had modular office buildings that are still in use. Downward adjustments prevail to these two sales.

With greatest weight accorded to Sales One and Four and some consideration to the other two sales, the market value of the subject property is estimated to be \$4.05 per square foot. That is, \$4.05 per square foot times 72,623 square feet equals \$294,123, rounded to \$295,000.

OPINION OF MARKET VALUE OF THE SUBJECT PROPERTY \$295,000

Exposure Time / Marketing Time

Exposure time is 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. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

The exposure times of the sales ranged from not actively marketed to less than six months. Given the location and demand for industrial uses, the exposure time is projected to be 3 to 6 months.

Marketing time differs from exposure time. It is defined as “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.” In a market that is trending downward, the marketing time is often longer than the exposure time. Though increasing interest rates are likely to curtail demand, properties like the subject are typically sold for cash. Thus, the projected marketing time for the subject property is the same as the exposure time of 3 to 6 months.

Project Influence

Any influence in valuation caused by the project prior to the date of valuation is considered by the appraiser. In this case, there is no project. The subject property is surplus land owned by ADOT that has been designated for disposal.

Auditing Breakdown

Market Value of the Subject Site for Disposal \$295,000

Certificate of Appraiser

Project Number: M5193 01X

Parcel Number: L-SC-039

I hereby certify:

That I personally inspected the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. Beverly Weissenborn made a personal field inspection of each of the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.

That I have given consideration to the value of the property the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the property, was not observed by myself or acknowledged by the owner. This appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That my analysis, opinion, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, policies and procedures applicable to appraisal of right of way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That I understand this appraisal may be used in connection with that acquisition of right of way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.


That I have not revealed the findings and result of such appraisal to anyone other than the property officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by property State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That I am Certified General Real Estate Appraiser #30125 in the State of Arizona and meet the requirements of A.R.S. 32-3603.

That my opinion of the MARKET VALUE of the subject property as of April 11, 2023, based upon my independent appraisal and the exercise of my professional judgment, is as follows:

**OPINION OF MARKET VALUE OF THE
SUBJECT PROPERTY \$295,000**

Date: May 30, 2023

Signature: 
Beverly Weissenborn, MAI
Certified General Real
Estate Appraiser #30125

Certification

THE APPRAISER CERTIFIES TO THE BEST OF MY KNOWLEDGE AND BELIEF:

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

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.

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

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

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

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.

My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

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

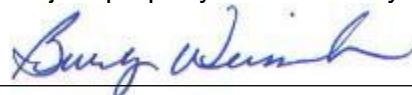
No one provided significant professional assistance to the person(s) signing this report. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser."

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

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

As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

I have not provided appraisal services on the subject property within three years prior to accepting this assignment.



Beverly Weissenborn, MAI
Certified General Real
Estate Appraiser #30125

Qualifications of Beverly Weissenborn, MAI

Formal Education:

Bachelor of Science Degree in Business Administration, Northern Arizona University, 1980.
Concentration: Finance.

Professional Affiliations:

Member of the Appraisal Institute, (MAI), Certification Number 8972. I have completed the requirements under the continuing education program of the Appraisal Institute. Currently certified through December 31, 2026.

Arizona Certified General Real Estate Appraiser Number 30125. Currently certified through August 31, 2024.

President, Southern Arizona Chapter of the Appraisal Institute, 2004

Member, Board of Directors, Southern Arizona Chapter of the Appraisal Institute, 2005-07 and 2021-2023

Appointment to the Arizona State Board of Equalization; March 2007 to current

Current Member of IRWA (International Right-of-Way Association), Saguaro Chapter #73

Professional Experience:

2014 to current: Co-Owner, Weissenborn Appraisal, LLC
2005 – 2013: Partner, Burke Weissenborn, LLC
1982 – 2005: Associate Appraiser with Southwest Appraisal Associates, Inc.

Experience includes valuation of most types of real property: vacant land, subdivisions, multi-family residential, commercial and industrial. Experience also includes valuation of complex properties, flood prone properties, easements, leased fee and leasehold estates. Geographical areas of experience include Southern Arizona, specifically Pima, Pinal, Santa Cruz, Cochise, Graham, Greenlee, La Paz and Yuma Counties. Areas of experience also outside of Southern Arizona include Gila County, Navajo County, Apache County, Coconino County and rural Maricopa County.

Professional Education:

Successful completion of all courses related to the MAI designation given by the American Institute of Real Estate Appraisers or The Appraisal Institute between 1982 and 1991. Successful completion of the Comprehensive Examination for the MAI Designation, February 1991.

Recently attended courses and seminars given by the Appraisal Institute:

Subdivision Analysis, March 1996
Highest and Best Use Applications, June 1996
Litigation Skills for the Appraiser: An Overview, April 1997
Acquisitions & Appraisals of State Lands, April 1998
Attacking & Defending an Appraisal in Litigation, January 2000
Partial Interest Valuation – Undivided, March 2000
Conservation Easements – June 2001
Appraisal Consulting – October 2003
Reappraising, Readdressing and Reassigning Appraisals – May 2005
Scope of Work – May 2005
Case Studies in Commercial Highest and Best – May 2007
Condemnation Appraising: Advanced Topics & Applications - March 2008
Appraisal Curriculum Overview - January 2009
Litigation Appraising; Specialized Topics and Applications, April 2011
Fundamentals of Separating Real Property, Personal Property & Intangible
Business Assets – March 2012
Appraising the Appraisal; Appraisal Review-General – September 2012
Complex Litigation Appraisal Case Studies – March 2013
Business Practices and Ethics – August 2016 and June 2020
Advanced Land Valuation: Sound Solutions to Perplexing Problems – August 2017

Uniform Standards of Professional Appraisal Practice – 15 Hours, January 2004
Uniform Standards of Professional Appraisal Practice – 7 Hours, December 2021
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book),
15 hours: April 2007, May 2017

Recently attended courses and seminars:

International Right of Way Association (IRWA):
Eminent Domain & Right-of-Way Symposium, October 2010
Ethics and the Right-of-Way Profession, April 2011

Gallagher & Kennedy / Jennings, Strouss Salmon:
Commendation Summit XXII, October 2019
Commendation Summit XXV, May 2018
Condemnation Summit XXVI, October 2021
Condemnation Summit XXVII, May 2022

American Society of Farm Managers and Rural Appraisers:
Spring Ag Forum, annually 2010 through 2022

Expert Witness:

State of Arizona v. Guwnig Investment Group Limited Partnership, Commerce Bank of Arizona, Cool Car Wash, Pima County Treasurer, Superior Court of the State of Arizona
Testimony in Order to Show Cause Case No. C20182502, June 2018

United States v. 400 acres of land in Lincoln County, State of Nevada, and Jessie J. Cox, et al., Deposition, June 2018; Expert Witness testimony February 2020, United States District Court for the District of Nevada

Goodeagle, et al., vs. United States of America; Bear, et al., vs. United States of America; and Quapaw Tribe of Oklahoma vs. United States of America; Deposition, July 2016

The Chickasaw Nation and The Choctaw Nation vs. The Department of Interior, Deposition, April 2015

Department of Insurance and Financial Institutions
State of Arizona

CGA - 30125

This document is evidence that: **BEVERLY K WEISSENBORN** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

BEVERLY K WEISSENBORN

This license is subject to the laws of Arizona and will remain in full force and effect until expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **August 31, 2024**

ADDENDA

**ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY GROUP
RIGHT OF WAY DISPOSAL REPORT**

The undersigned has examined the title to the property described in SCHEDULE A-1 herein, and the fee owner is:

The State of Arizona, by and through its Department of Transportation

Address: 205 South 17th Avenue, Mail Drop 612E, Phoenix, Arizona 85007-3212

By virtue of that certain: See Right of Way / Vesting Section.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the proposed buyers.

LEGAL DESCRIPTION

SEE SCHEDULE A-1 ATTACHED

REMARKS: The Schedule B Items shown, if any, reflect only those matters that have occurred subsequent to the acquisition of the subject property.

Date of Search: 11/14/2022	Examiner: Sherry L Kinsella	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: Pima	Tax Arb: 101-15-040A	Disposal: N/A
Tracs No.: 010PM252H8480	Highway: CASA GRANDE - TUSCON HIGHWAY	Excess Land: L-SC-039
Fed. No.:	Section: Ruthrauff Road T.I.	Parcel No.: 10-1635

**SCHEDULE A-1
LEGAL DESCRIPTION**

A portion of ADOT Parcel 10-1635, as depicted on Exhibit "A" attached, Sheet P-7 of ADOT Drawing # D-10-T-424 the Right of Way Plans of Casa Grande - Tuscon Highway, Ruthrauff Road T.I., Project No. 010PM252H8480.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

END OF SCHEDULE A-1

RIGHT OF WAY / VESTING

1. Warranty Deed from Insearch Investments, LLC, an Arizona limited liability company to the State of Arizona, by and through its Department of Transportation dated December 4, 2018, recorded December 5, 2018 in Fee No. 2018.339.0362; thereafter re-recorded to correct the legal description on December 17, 2018 in Fee No. 2018.351.0321. [Project No. 010PM252H8480, Parcel 10-1635]

END OF RIGHT OF WAY / VESTING

REQUIREMENTS

1. Record Deed from the State of Arizona, by and through its Department of Transportation to the proposed buyer(s).

NOTE: Repurchase rights **do not** apply due Grantor's waiver of right of first refusal pursuant to A.R.S. §28-7099, see Item No. 1 of Right of Way/Vestings. [Project No. 010PM252H8480, Parcel 10-1635]

END OF REQUIREMENTS

SCHEDULE B

1. Resolution 2018-02-A-008 for the acquisition and establishment of new right of way for the Ruthrauff Road Traffic Interchange Improvement Project by John S. Halikowski, Director of the Arizona Department of Transportation dated February 16, 2018, recorded February 26, 2108 in Fee No. 2018.57.0661.

END OF SCHEDULE B



Flood Hazard Information Form

PIMA COUNTY REGIONAL FLOOD CONTROL DISTRICT
 201 NORTH STONE AVENUE, 9TH FLOOR
 TUCSON, ARIZONA 85701-1207
 (520) 724-4600 (voice) | (520) 724-4621 (FAX)

E-mail Form

Complete the highlighted section below

Date: 4-11-2023	13 Township	13 Range	16 Section	Tax Code: 101150380
Property Address or legal description: 4849 N DAVIS AV				
Requestors Name: Beverly Weissenborn			Phone: 15207928200	FAX:
Requestors e-mail: bev@weissenbornappraisal.com			Prefer response by: <input checked="" type="checkbox"/> e-mail <input type="checkbox"/> FAX	
Disclaimer: The information provided below is based on the information provided to the District by the requestor and is subject to change as new or revised information becomes available, or subject to changes in the rules, regulations, and/or policies adopted by the District after the date of completion. Future application for a Floodplain Use Permit will trigger a more thorough background review that may reveal issues not intended to be addressed by the use of this form, such as code violations. This review was conducted using available flood, erosion hazard and riparian habitat information.				

NFIP community #: 040073	FIRM panel #: 04019C 1667L	Date of FIRM panel: 6-16-2011
FIRM Zone(s): X	FIRM Zone(s) of main structure: n/a	LOMR/LOMA date: n/a

The following hazards and restrictions affecting the subject property include, but may not be limited to, the following:

1) Impacted by a FEMA Floodway - Yes Yes, portion of parcel Structure(s) No
 Floodways are very high hazard areas necessary to convey the base flood. Most uses are prohibited by federal regulations and local ordinance, and consist primarily of open space uses. Structures, walls, fill, or excavation is prohibited. (16.24.010)

2) Impacted by a FEMA SFHA - Yes Yes, portion of parcel Structure(s) No
 FEMA Special Flood Hazard Areas (SFHAs) are high risk floodplains shown on Flood Insurance Rate Maps (FIRMs) and avoidance is required if feasible (16.20.050). Engineering may be required to determine Base Flood Elevations or adverse impact. Federal law requires that a flood insurance policy be obtained as a condition of a federally-backed mortgage or loan that is secured by a building located within a SFHA and is highly recommended even when federal law doesn't require it.

3) Impacted by a FEMA Shaded Zone X - Yes Yes, portion of parcel Structure(s) No
 FEMA Other Flood Areas (OFAs), shown as Shaded X areas on FIRMs, are moderate risk floodplains and avoidance is required if feasible (16.20.050). Flood insurance is highly recommended for structures within Shaded X floodplains.

4) Impacted by a Local Floodplain - Yes Yes, portion of parcel Structure(s) Unknown* No
 Special Study/Studies RUTHRAUFF BASIN SPECIAL STUDY (11-2-2015)

Avoidance of the local floodplain is required if feasible (16.20.050). Engineering may be required to determine Base Flood Elevations or demonstrate no adverse impact. Flood insurance is highly recommended for structures within the local floodplain. *If Unknown is checked above there is a wash on or near the property but the floodplain for that wash has not been delineated.

5) Impacted by an Erosion Hazard Area - Yes Yes, portion of parcel Structure(s) No
 Location of wash(es) central, Setback distance(s) from bank of wash 25 ft
 Structures and septic systems are not allowed within the erosion hazard area without engineering justification (16.28.030).

6) Impacted by a Subdivision Plat Floodplain or Erosion Hazard Area - Floodplain EHA No
 Encroachment into or modification of a platted floodplain and/or erosion hazard limits may require an engineering analysis.

7) Impacted by extreme or uncertain hazards - Yes Yes, portion of parcel Unknown No
 Extreme or uncertain flood hazards may require submittal of an engineering analysis for review and approval. Habitable structures are prohibited in some circumstances (16.26.050.G).

8) Impacted by Riparian Habitat - Yes Yes, portion of parcel Structure(s) No
 Avoidance of the regulated riparian habitat, if feasible, is required by the District (16.30.040). A cumulative disturbance of one third of one acre (14,520 square feet) or more of habitat will require a Floodplain Use Permit and a Mitigation Plan, and may require Board of Supervisors approval per Chapter 16.30 of the Ordinance.

Completed By: <i>Rodrigo Morales-FC</i>	Date: 4-11-2023
Notes:	

Key

ARIZONA

PURCHASE ORDER

PHOENIX, on 3/22/2023
JW-23-003/ CTR054976/ M519301X/ L-SC-038, 039/ Appraisal due 45 days from approval-
WEISSENBORN APPRAISAL LLC

SUPPLIER

WEISSENBORN APPRAISAL LLC
Attn: BEVERLY WEISSENBORN
Address: Legal Address
326 S CONVENT AVE
UNITED STATES
TUCSON, Arizona 85701
Phone: 5207928200
E-mail: BEV@WEISSENBORNAPPRAISAL.COM

ORDER No. PO0000533093

(please refer to this number on all documents)
Amendment:
Requestor: ESTHER VALENCIA
Agency: Department of Transportation
Division: Infrastructure Delivery & Operations
Division Construction
Department: Right Of Way
Site: RIGHT OF WAY
Phone: 6027128793
Email: EVALENCIA@AZDOT.GOV

DELIVER TO

(unless specified differently per item)
Address: RIGHT OF WAY
205 S 17TH AVE
MD 612E RM 331
UNITED STATES
PHOENIX, Arizona 85007-3212
Deliver To:
Requested Delivery Date:
(Unless specified differently per item in section delivery details)

BILL TO

Address: RIGHT OF WAY
205 S 17TH AVE
MD 612E RM 331
UNITED STATES
PHOENIX, Arizona 85007-3212
Payment Terms: Net 30

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054976-2	632093-1	JW-23-003/ CTR054976/ M519301X/ L-SC-038, 039/ Appraisal due 45 days from approval Commentaire : M519301X	1.0000	Total Cost		

Total before Tax

Non-Taxable - 0 %

Total after Tax



ARIZONA

PURCHASE ORDER

DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item

ARIZONA

ARIZONA

PURCHASE ORDER

PURCHASE ORDER TERMS AND CONDITIONS

State of Arizona
PURCHASE ORDER TERMS AND CONDITIONS
Applied to APP Purchase Orders on or after 11/10/2022

- 1. Modification.** No modification of the purchase order shall bind State of Arizona Buyer (Buyer) unless Buyer agrees to the modification in writing.
- 2. Packing and Shipping.** Seller shall be responsible for industry standard packing which conform to all legal requirements. Containers must be clearly marked with any required identifying information such as the lot number, destination address, and purchase order number.
- 3. Title and Risk of Loss.** The title and risk of loss of the materials shall not pass to Buyer until Buyer physically receives the materials at the point of delivery.
- 4. Invoice and Payment.** A separate invoice shall be issued for each shipment. No invoice shall be issued prior to shipment of materials and no payment will be made prior to receipt and acceptance of materials and correct invoice. Payment due dates, including discount periods, will be computed from date of receipt of materials or date of receipt of correct invoice (whichever is later) to date Buyer's warrant as mailed. Unless freight and other charges are itemized, any discount provided will be taken on full amount of invoice. Payment shall be subject to the provisions of Title 35 of Arizona Revised Statutes (A.R.S.), subject to the requirements and limitations of A.R.S. § 35-154. The Buyer's obligation is payable solely from funds appropriated for the purpose of acquiring the materials or services referred to in this Purchase Order; should Buyer's funding change, no legal liability on the part of the Buyer for any payment may arise under this Purchase Order until funds are made available for performance.
- 5. Inspection.** All materials are subject to final inspection and acceptance by Buyer. Material failing to meet the requirements of this Purchase Order will be held at Seller's risk and may be returned to Seller. If so returned, the cost of transportation, unpacking, inspection, repacking, reshipping, or other similar expenses are the responsibility of the Seller.
- 6. No Replacement of Defective Tender.** Every tender of materials must fully comply with all provisions of Purchase Order as the time of delivery, quantity, quality and the like. If a tender is made which does not fully conform, it shall constitute a breach and Seller shall not have the right to substitute a conforming tender.
- 7. Gratuities.** The buyer may, by written notice to the Seller, cancel this Purchase Order if it is found by Buyer that gratuities, in the form of entertainment, gifts, or otherwise, were offered or given by the Seller, or any agent or representative of the Seller, to any officer or employee of the State of Arizona with the purpose of securing an order or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with the respect to the performing, of such order. In the event this Purchase Order is canceled by Buyer pursuant to this provision, Buyer shall be entitled to recover or withhold from the Seller the amount of the gratuity, in addition to any other rights and remedies available under Arizona state law.
- 8. Warranties.** Seller warrants that all materials and services delivered under this Purchase Order will conform to the requirements of this Purchase Order (including all applicable descriptions, specifications, drawing and samples) will be free from defects in material and workmanship and will be free from defects in design and fill for the intended purposes. Any inspection or acceptance of the materials or services by Buyer shall not alter or affect the obligations of Seller or the right of Buyer under the foregoing warranties.

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Page 3 of 5

ARIZONA

PURCHASE ORDER

9. E-Verify. In accordance with A.R.S. § 41-4401, Seller warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A.

10. Assignment and Delegation. No right or interest in this Purchase Order shall be assigned by Seller without the written permission of Buyer, and no delegation of any duty of Seller shall be made without written permission of Buyer.

11. Third Party Antitrust Violations. Seller assigns to Buyer any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Seller toward fulfillment of this Purchase Order

12. Interpretation – This Purchase Order is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties and no course of dealing or usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding. Whenever a term defined by the Uniform Commercial Code (U.C.C.) is used in the Purchase Order, the definition contained in the U.C.C. is to control.

13. Non-Discrimination. The Contractor shall comply with State Executive Orders No. 2023-01, 2009-09, and any and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.

14. Indemnity. Seller agrees to indemnify and save Buyer harmless from any loss, damage or expense whatsoever resulting to the Buyer from any and all claims and demands on account of infringement or alleged infringement of any patent in connection with the manufacture or use of any product included in this Purchase Order and upon written request, Seller will defend at its own expense any legal action or suit against Buyer involving any such alleged patent infringement and will pay and satisfy any judgments rendered or settlements reached in any such legal actions or suits. Seller will indemnify Buyer against all claims for damages to persons or property resulting from defects in materials or workmanship

15. Liens. All delivered materials and services performed under this Purchase Order shall be free of all liens and if Buyer requests, a formal release of all liens shall be delivered to Buyer.

16. Contract Number. If an Arizona contract number appears on the face of this Purchase Order or the Purchase Order was placed against an existing Arizona contract, the terms of that contract are incorporated herein by this reference.

17. Taxes. Seller shall be responsible for paying any and all applicable taxes, including but not limited to state and local transaction privilege taxes.

18. Conflict of Interest. Pursuant to A.R.S. § 38-511, this Purchase Order is subject to cancellation by the buyer if any person significantly involved in initiation negotiating securing drafting or creating the contract on behalf of the State is at any time while the contract is in effect, an employee or any other party to the contract in any capacity or a consultant to any other party of the contract will respect to the subject matter of the contract.

19. Remedies and Applicable Law. This Purchase Order shall be governed by the law of the State of Arizona and suits pertaining to this Purchase Order may only be brought under Article 9 of the Arizona Procurement Code (A.R.S. §§ 41-2501 et seq., and the rules thereunder, A.A.C. R2-7-101 et seq.)

20. Books and Records. Under A.R.S. § 35-214 and § 35-215, the Seller shall retain all books, accounts, reports, files and other

ARIZONA

Page 4 of 5



PURCHASE ORDER

records relating to the Purchase Order for five years after completion of the Purchase Order. These books and records shall be available at all reasonable times for inspection and audit by the State at such state offices designated by the State.

21. State Law Certifications. If Seller is a Company as defined in A.R.S. § 35-393, Contractor Seller certifies that it shall comply with A.R.S. § 35-394, regarding use of forced labor of ethnic Uyghurs, as applicable. If this purchase order is over \$100,000, Seller further certifies that it is not currently engaged in a boycott of Israel as described in A.R.S. §§ 35-393 et seq. and will refrain from any such boycott for the duration of this Purchase Order.

22. Arbitration. The Buyer and Seller agree to use arbitration as required by A.R.S. § 12-1518.



EXHIBIT "A"

The East 313.00 feet of the South 232.00 feet of Lot 22 of GIBSON TRACT, a subdivision of Pima County, Arizona, according to the map or plat of record in the office of the County Recorder, recorded in Book 8 of Maps and Plats at Page 10, records of Pima County, Arizona, located in the Southwest quarter (SW¼) of Section 16, Township 13 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona;

GRANTOR RESERVES unto the public and various utility companies, easements for existing utilities, if any, within the above described property, in accordance with Arizona Revised Statute 28-7210. Access to the existing utilities will be by way of what exists at the time of this conveyance and shall be the responsibility of the Grantee herein and of the public or utility companies to show where that access is located.

PROJECT: 010 PM 252 H8480 010-D(213)S	LOCATION: Ruthrauff Road T.I. Disposal	PARCEL: L-SC-039 cg 03-06-2023
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L-SC-039 CALCS

Parcel Report

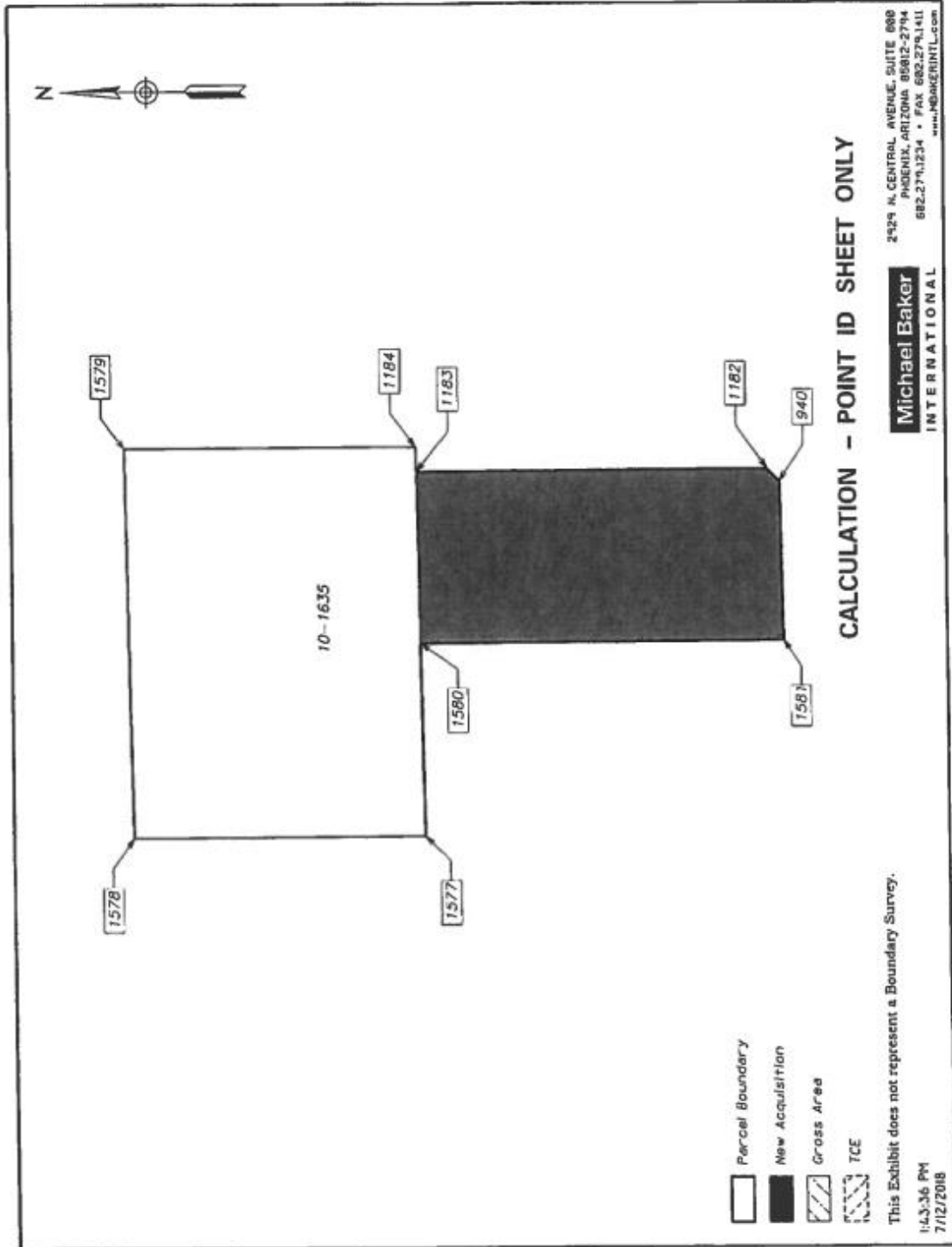
Project: 138365 Ruthrauff Road TI

Parcel Name: 10-1635 RemLT
Parcel Area (S.F.): 72,623
Parcel Area (Acres): 1.667

Course Data

Point No.	Direction	Distance	Northing	Easting
1577			472331.27526	974743.43636
1578	N 00-10-21 W	232.02	472563.29502	974742.73815
1579	N 89-03-37 E	313.03	472568.42937	975055.72412
1184	S 00-10-21 E	232.02	472336.40961	975056.42233
1577	S 89-03-37 W	313.03	472331.27526	974743.43636

(SimPro - custom software by Creative Computing 4 Windows) www.cc4w.net
(Licensed to RBF Consulting)



JocuSign Envelope ID: C24FF9EC-3047-451B-B771-A4CF20B0EE76



Infrastructure Delivery and Operations

An Arizona Management System Agency

Douglas A. Ducey, Governor
John S. Hallikowski, Director
Dallas Hammit, State Engineer
Steve Boschen, Division Director

January 7th, 2018

B&C Contractors, Inc.
Jeff Pankow
1324 W. El Caminito Pl.
Tucson, AZ 85705

RE:	Project:	<u>010-PM-252 H8480</u>	Parcel No.:	<u>10-1635</u>
	Highway:	<u>Casa Grande - Tucson</u>	Agreement No.:	<u>CRA-5411</u>
	Section:	<u>Ruthrauff Rd. TI</u>	Assessor No.:	<u>101-15-0380</u>

Dear Jeff:

The Arizona Department of Transportation must have all occupants residing or doing business on State-owned land do so under terms of a written agreement or lease. Therefore, we have enclosed three (3) original Extended Occupancy Agreements for the property located at 4849 N. Davis Ave. in Tucson, AZ for your review and signature.

This Agreement is on a month-to-month basis and becomes effective the Close of Escrow date. You will have thirty (30) days free rent from that date. Your first monthly rent payment of \$300.00 will be due on February 1st, 2019 and each successive month thereafter and subject to late charges after the seventh day of each month, in accordance with Paragraph Two of your Extended Occupancy Agreement.

The rental rate is established at \$300.00 per month. The rental agreement shall commence thirty (30) days after the Close of Escrow date or the Order of Immediate Possession date. Thereafter, the rent shall be payable on or before the first day of each month to the Arizona Department of Transportation, Right of Way Operations Section, 205 South 17th Avenue, Mail Drop 612E, Phoenix, Arizona 85007. Please reference your ADOT Parcel Number 10-1635 and Rental Agreement Number CRA-5411 with your payment.

It is also required that you have your insurance carrier provide a "Certificate of Insurance" with the correct coverage as specified in Section (16) of this Agreement, listing the Arizona Department of Transportation as Additional Insured and identifying the property with the ADOT Parcel Number 10-1635 and Rental Agreement Number CRA-5411.

Please send your Certificate of Insurance and the completed contact information form in the self-addressed, postage-paid envelope provided. Your executed copy of this agreement will be forwarded to you.

Should you have any questions, please contact your leasing agent, Katie Madden, at (602) 712-8021 or by mail to 205 South 17th Avenue, Mail Drop 612E, in Phoenix, Arizona 85007.

Sincerely,

DocuSigned by:
Michael Craig, Manager, Property Management Section
5F70ADE1D741468

MC/KM

Enclosures:

ARIZONA DEPARTMENT OF TRANSPORTATION
205 S. 17th Ave., Room 370, MD 612E | Phoenix, AZ 85007 | azdot.gov

DocuSign Envelope ID: C24FF9EC-3047-451B-B771-A4CF20B0EE76

EXTENDED OCCUPANCY AGREEMENT
FOR UNIMPROVED OR VACANT LANDS
AGREEMENT SUMMARY

Lessor:
STATE OF ARIZONA by and through its
ARIZONA DEPARTMENT OF TRANSPORTATION

Project:	010 PM 248 H8480 01R	Lessee (s):	<u>B&C Contractors, Inc.</u>
Highway:	<u>Casa Grande - Tucson</u>		<u>Jeff Pankow</u>
Section:	<u>Ruthrauff Rd. TI</u>	Premises:	<u>4849 N. Davis Ave.</u>
Assessor No.:	<u>101-15-0380</u>		<u>Tucson, AZ 85705</u>
Parcel:	<u>10-1635</u>	Agreement No.:	<u>CRA-5411</u>

1. Term of the Agreement
2. Rental Rate
3. Security Deposit
4. Cancellation Clause
5. Use of Subject Property
6. Compliance with Environmental Laws
7. Improvements Constructed on Property by Lessee
8. Zoning and Permits Required
9. Maintenance of Subject Property
10. Mechanics Liens
11. Untenantable Property Due to Damage
12. Right of Entry by Lessor
13. Inspections and Testing by Lessor
14. Liability of Lessor
15. Public Liability Insurance by Lessee
16. Environmental Waste Indemnification by Lessee
17. Utilities and Services
18. Sale of Subject Property by Lessor
20. Transfer of Ownership by Lessor
21. Assignment of Agreement by Lessee
22. Nondiscrimination Regulations
23. Default by Lessee
24. Holdover
25. Arbitration
26. Termination for Hazardous Waste
27. Return of Subject Property to Lessor
28. Counterparts
29. Addenda
30. Addresses of Lessor and Lessee

ARIZONA DEPARTMENT OF TRANSPORTATION
 INFRASTRUCTURE DELIVERY AND OPERATIONS DIVISION/RIGHT OF WAY GROUP
 PROPERTY MANAGEMENT SECTION

EXTENDED OCCUPANCY AGREEMENT FOR UNIMPROVED OR VACANT PROPERTIES			
Highway:	CASA GRANDE - TUCSON	Monthly Rental Payment:	\$300.00
Section:	Ruthrauff Rd. TI		
Parcel:	10-1635		
Assessor No.:	101-15-0380		

The State of Arizona, by and through the **Arizona Department of Transportation (ADOT)**, hereinafter referred to as Lessor, does hereby authorize **Jeff Pankow**, hereinafter referred to as Lessee, occupy the property located at **4849 N. Davis Ave. in Tucson AZ 85705**, and containing approximately **72,616 square feet**. Said property is more particularly described as **Gibson Tract E313' S232' LOT 22**.

THIS AGREEMENT IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1. **Term of the Agreement**
 The term of the Rental Agreement shall be on a month-to-month basis, effective the date of the **Close of Escrow** or the **date of the Order of Immediate Possession**. This Agreement is cancelable at any time with the mutual agreement of Lessor and Lessee. Furthermore, Lessee agrees that should Lessor require the property for transportation purposes, Lessor may terminate this Agreement by sending written notice to vacate at least thirty (30) days prior to the intended effective date of cancellation.

2. **Rental Rate**
 The rental rate is established at **\$300.00** per month. This payment becomes due and payable commencing thirty (30) days after the Close of Escrow or Order of Immediate Possession. Thereafter, all rent shall be payable monthly on or before the first day of each month of occupancy. Rental payments are due and payable to the Arizona Department of Transportation, 205 South 17th Avenue, Right of Way Operations Section, Mail Drop 612E, Phoenix, Arizona 85007. Please reference the **ADOT Parcel Number 10-1635** and **Rental Agreement Number CRA-5411** on your check.

 If the entire monthly rent payment is not received by the Lessor on or before the seventh day of the month a late fee equal to **5%** of the total outstanding balance shall be assessed to the Lessee. Lessor will accept no partial payments of rent or late fees, and late fees will continue to accrue until all outstanding balances are paid in full. Upon termination of this lease, Lessor will refund without interest the unused portion of any prepaid rent. Prorated rents are calculated on a thirty (30) day basis. Failure to pay the rent as specified could result in an automatic deduction of the delinquent amount from your acquisition security deposit. Lessor agrees to notify Lessee in writing by certified mail thirty (30) days prior to the effective date in any adjustment in the rental rate.

3. **Security Deposit**
 Lessee agrees to deposit with Lessor the sum of **\$0.00** as a guarantee for faithful performance of the terms and conditions of this Lease. If at anytime Lessee fails to keep and perform any or all of the terms, covenants and conditions of this Lease, including without limitation the payment of rent, and any other expenses, fees and costs, Lessor may, at its sole option, appropriate and apply all or any portion of security deposits to the

payment of any such amounts. Upon termination of this Lease and Lessee's vacating the Premises, Lessor shall return, without interest, any remaining portion of said deposit.

4. **Cancellation Clause**

This Agreement is subject to cancellation by the Governor pursuant to A.R.S. 38-511.

5. **Use of Subject Property**

This property is being leased for use as a **storage yard** and said use shall be operated in accordance with prevailing standards and criteria established therefore, by the applicable governing agencies and without creating or causing to be created, nuisances or hazards to the public health or safety or interfering with the rights or business activities of other tenants. This shall be the only use permitted on this site during the term of this Agreement. Lessee further agrees not to use or permit any use of property for any illegal or immoral purpose and to comply with all state laws or local ordinances concerning said property and the use thereof. Lessee agrees to immediately notify Lessor of any change in Lessee's operation on the premises that will change, or has the potential to change, Lessee's or Lessor's obligations or liabilities under the environmental laws.

6. **Compliance with Environmental Laws**

Lessee shall, at Lessee's own expense, comply with all present and hereinafter enacted environmental laws and any amendments thereto, affecting Lessee's operation on the leased premises. Lessee shall immediately notify Lessor should it receive any correspondence or communication from any governmental entity regarding the application of environmental laws to the premises or Lessee's operation on the premises. Any environmental assessments, studies, or audits known by Lessor, may be disclosed to third parties as a result of public disclosure laws, and will be disclosed to other state and federal agencies that are concerned with the enforcement of environmental laws and regulations.

7. **Improvements Constructed on Property by Lessee**

If Lessee desires to construct additional improvements, Lessee shall first submit a request in writing to Lessor, and shall include a copy of the construction plans for the proposed changes. Lessee shall ensure appropriate dust mitigation procedures during the construction of the new improvements.

On or before termination of this Agreement, Lessee at Lessee's expense shall remove any and all additional improvements placed on said parcel by Lessee. If removal of said additional improvements defaces the subject property, or disturbs any known or suspected asbestos-containing material, Lessee at Lessee's expense shall be responsible for replacing or repairing any damage caused by such removal and shall also be responsible for any and all actions necessary to avoid the potential exposure of previously contained or encapsulated asbestos material, prior to termination of this Agreement. Should Lessee desire to abandon the additional improvements and Lessor does not object to said abandonment, the additional improvements shall become the sole and separate property of Lessor at no cost to Lessor.

8. **Zoning and Permits Required**

Lessee shall obtain proper zoning clearance and/or building permits from all governmental agencies having jurisdiction over subject property prior to the start of activities as detailed in Section (7) "Improvements Constructed on Property by Lessee." Copies of the documents shall be provided to Lessor by Lessee, and shall include copies of construction plans as approved by the appropriate governmental agencies

having jurisdiction. Lessee further agrees that said zoning clearance and/or building permits shall be obtained by Lessee at no cost to Lessor.

9. **Maintenance of Subject Property**

Lessee agrees to maintain leased property in a neat, clean and orderly condition at all times during occupancy, and not permit debris to accumulate at any time; not to commit, suffer, or permit any waste of said property or any acts to be committed in violation of any laws or ordinances.

10. **Mechanics Liens**

Lessee shall keep the property free from any liens arising from work performed, materials furnished or obligations incurred by Lessee and shall indemnify, hold harmless and defend Lessor from any liens and encumbrances arising from any work performed or materials furnished by or at the direction of Lessee. Upon completion of any approved construction activity, copies of signed lien waivers shall be supplied to Lessor by Lessee.

11. **Untenantable Property Due to Damage**

In the event the improvements are partially damaged or totally destroyed by fire, flood, accident or acts of God, Lessor shall have the option to repair/restore said improvements or terminate this Agreement by delivering written notice of immediate termination to Lessee. If this Agreement is terminated, Lessee shall be entitled to a proration of the unused rent. If a portion of the property is rendered untenantable, Lessor may elect to reduce the rental rate proportionately until the property has been restored. Lessee may elect to vacate the premises and immediately notify Lessor in writing of such vacation.

12. **Right of Entry by Lessor**

Lessee acknowledges that Lessor's needs and requirements may necessitate survey or preliminary engineering studies. Therefore, Lessor specifically reserves the right of entry to the occupied premises at any and all reasonable times.

13. **Inspections and Testing by Lessor**

Lessor reserves the right to inspect the premises periodically to determine the general condition and upkeep of the property. It is also agreed that Lessor or its contractors, shall have the right at any time during regular business hours to come on the premises to visually inspect for hazardous waste, and other pollutants; and may test for such hazardous waste, or other pollutants, at any time it reasonably believes hazardous waste or pollutants are on the premises. Lessor will give Lessee not less than two (2) days notice of such inspections. Lessee will not unreasonably withhold permission for such inspections. In the event Lessor determines to test, it or its contractor may come on the premises during regular business hours, but shall have the right to do its testing during or after regular business hours. The testing procedures shall not unreasonably interfere with Lessee's operation. The results of visual inspection on testings will be disclosed in accordance with Section (6) "Compliance with Environmental Laws."

14. **Liability of Lessor**

This Agreement is made upon the express condition that Lessor does not protect or insure against loss of personal property or improvements owned by Lessee and Lessee waives the right to claim damages from Lessor for any damage resulting to said property in the event damaged or destroyed by fire or any other cause which is not the direct result of negligence of Lessor. Lessee further shall hold and save harmless Lessor, or any of its departments, agencies, boards, commissions, agents, or employees from all

costs and damages to any person arising out of any injuries or losses caused by Lessee, its agents or employees, licensees, invitees, trespassers, or any third parties' willful or negligent act during occupancy of the subject property.

15. **Public Liability Insurance by Lessee**

a. **INDEMNIFICATION:**

Lessee shall indemnify, defend, save and hold harmless the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees (hereinafter referred to as "State of Arizona") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Lessee or any of its owners, officers, directors, agents, employees or contractors, arising out of or related to Lessee's occupancy and use of the Leased Premises. It is the specific intention of the parties that the State of Arizona shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the State of Arizona, be indemnified by Lessee from and against any and all claims. It is agreed that Lessee will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable.

This indemnity shall not apply if the Lessee is/are an agency, board, commission or university of the State of Arizona.

b. **INSURANCE REQUIREMENTS:**

Lessee shall procure and maintain for the duration of the Lease, insurance against claims for injury to persons or damage to property which may arise from or in connection with this Lease. Should the Lessee fail to maintain continuous liability insurance, this Agreement shall terminate.

The insurance requirements herein are minimum requirements for this Lease and in no way limit the indemnity covenants contained in this Lease. The State of Arizona in no way warrants that the minimum limits contained herein is sufficient to protect the Lessee from liabilities that might arise out of this Lease. Lessee is free to purchase such additional insurance as Lessee determines necessary.

1. **MINIMUM SCOPE and LIMITS of INSURANCE:** Lessee shall provide coverage with limits of liability not less than those stated below.

- (a) Commercial General Liability – Occurrence Form
Policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.

General Aggregate	\$2,000,000
Products – Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Blanket Contractual Liability – Written and Oral	\$1,000,000
Fire Damage (Any one fire)	\$ 500,000

- (1) The policy shall be endorsed to include the following additional insured language: "The State of Arizona, its departments, agencies, boards, commissions, universities

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and its officers, officials, agents, and employees shall be named as additional insured's with respect to liability arising out of the use and/or occupancy of the property subject to this Lease.

- (2) Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising out of the use and/or occupancy of the property subject.

- (b) Property Insurance – coverage on the building is only required if the lessee is the sole occupant/owner of the building.

Coverage on Lessee's Personal Property	Replacement Value
Coverage on building (if Lessee is sole occupant)	Replacement Value

- (1) Property insurance shall be written on an "all risk, replacement cost coverage, including coverage for flood and earth movement.
- (2) If property coverage on the building is required, "the State of Arizona (and the respective agency or university) shall be named as a loss payee".
- (3) Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Lessee.

This agreement is made upon the expressed condition that Lessor does not protect or insure against loss of personal property or improvements owned by Lessee and Lessee waives the right to claim damages from Lessor for any damage resulting to said property in the event that property is damaged or destroyed by fire or any other perils which is not a direct result of negligence by Lessor.

- (c) Business Automobile Liability
Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Combined Single Limit (CSL)	\$1,000,000
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- (1) The policy shall be endorsed to include the following additional insured language: "The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insured's with respect to liability arising out of the activities performed by or on behalf of the Lessee, involving automobiles owned, leased, hired or borrowed by

the Lessee."

- (2) Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising out of the use and/or occupancy of the property subject.

(d) Worker's Compensation and Employers' Liability

Workers' Compensation	Statutory Employers' Liability
Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	\$1,000,000

- (1) Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising out of the use and/or occupancy of the property subject.

2. ADDITIONAL INSURANCE REQUIREMENTS: The policies shall include, or be endorsed to include, the following provisions:

- (a) The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees wherever additional insured status is required. Such additional insured shall be covered to the full limits of liability purchased by the Lessee, even if those limits of liability are in excess of those required by this Lease.
- (b) The Lessee's insurance coverage shall be primary insurance with respect to all other available sources.
- (c) Coverage provided by the Lessee shall not be limited to the liability assumed under the indemnification provisions of this Lease.

3. NOTICE OF CANCELLATION: With the exception of ten (10) day notice of cancellation for non-payment of premium, any changes material to compliance with this contract in the insurance policies above shall require thirty (30) days written notice to the State of Arizona. Such notice shall be sent directly to (State of Arizona Department Representative's Name & Address) and shall be sent by certified mail, return receipt requested.

4. ACCEPTABILITY OF INSURERS: Insurance is to be placed with duly licensed or approved non-admitted insurers in the State of Arizona with an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Lessee from potential insurer insolvency.

5. VERIFICATION OF COVERAGE: Lessee shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the

State of Arizona) as required by this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by the State of Arizona before the lease term commences. Each insurance policy required by this Agreement must be in effect at or prior to the commencement of the Agreement and must remain in effect for the duration of the Agreement. Failure to maintain the insurance policies as required by this Agreement or to provide timely evidence of renewal will be considered a material breach of the Agreement.

All certificates required by this Agreement shall be sent directly to (State of Arizona Department Representative's Name and Address). The State of Arizona Department, lease agreement number and location description are to be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies and endorsements required by this Agreement at any time. DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATE OF ARIZONA'S RISK MANAGEMENT DIVISION.

6. APPROVAL: Any modification or variation from the insurance requirements in this Agreement must have prior approval from the State of Arizona Department of Administration, Risk Management Division, whose decision shall be final. Such action will not require a formal contract amendment, but may be made by administrative action.
7. EXCEPTIONS: In the event the Lessee is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-Insurance. If the Lessee is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

Lessee or Lessee's Insurance Company shall furnish Lessor with a "Certificate of Insurance" for the above-mentioned amounts, upon execution of this agreement. This certificate should state ADOT'S Parcel Number: 10-1635 and Rental Agreement Number CRA-5411.

16. **Environmental Waste Indemnification by Lessee**

Lessee shall indemnify and hold harmless Lessor, its employees, and agents from and against any and all loss, damage, and expense (including, but not limited to, reasonable investigation, legal fees, and expenses), including but not limited to, any claim or action for injury, liability, or damage to persons or property, and any and all claims or actions brought by any person, firm, governmental body, or other entity, alleging or resulting from or arising from or in connection with contamination of, or adverse effects on the environment, or violation of any environmental law or other statute, ordinance, rule, regulation, judgment, or order of any government or judicial entity, and from and against any damages, liabilities, costs, and penalties assessed as a result of any activity or operation on the property during the term of this Agreement. Lessee's obligations and liabilities under this paragraph shall continue so long as Lessor bears any liability or responsibility under the environmental laws for any action that occurred on the property. Lessee's failure to abide by the terms of this paragraph shall be restrainable by injunction.

17. **Utilities and Services**
Any and all utilities and other services required by Lessee shall be in the name of and paid by Lessee.
18. **Sale of Subject Property by Lessor**
Lessee agrees in the event Lessor desires to sell said property; Lessee will make no claim to prevent such sale. However, said sale shall be subject to the terms and conditions of this Agreement then in effect and nothing in this Agreement shall prevent Lessee from purchasing the property as any other member of the public.
19. **Transfer of Ownership by Lessor**
Any transfer of ownership of, or rights in, the subject property by the Lessor to any other governmental agency shall be conditional to this Agreement.
20. **Assignment of Agreement by Lessee**
Lessee shall not assign its interest herein, and shall not sublease the aforesaid premises or permit same to be used by any unauthorized person or firm.
21. **Nondiscrimination Regulations**
Lessee, for itself and its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that 1) no person on the grounds of race, color, creed, sex, age, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities 2) in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, creed, sex, age, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination 3) Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended. In the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate this Agreement and to re-enter and repossess said land and improvements thereon, and hold the same as if said Agreement had never been made or issued. The Lessor agrees to comply with the State of Arizona Executive Order No: 09-09, "Prohibition of discrimination in state contracts, nondiscrimination in employment by government contractors and subcontractors".
23. **Default by Lessee**
Should Lessee fail to maintain continuous liability insurance, this Agreement shall terminate immediately. Should Lessee default on any other term or condition of the Agreement, specifically failure to submit the rental payment as specified herein, the Agreement shall terminate in thirty (30) days. In the event of default by Lessee, Lessor shall have all remedies as provided by law. Unless otherwise provided by statute, Lessor or Lessee will pay to the prevailing party, court costs and attorneys' fees in a reasonable sum in any legal action brought forth.
24. **Holdover**
Should Lessee hold possession after expiration of the lease term or any renewal thereof, Lessee shall become a Lessee on a month-to-month basis upon the same terms and conditions of this lease except that rent shall be due and owing at a 50% increase for the first 30 days held over and a 100% increase for 31-60 days held over. Each additional

30 days thereafter, rents owed shall continue to increase at an additional 50% until the Lessee vacates. Either Lessor or Lessee shall have the right to terminate any holdover tenancy with thirty (30) days written notice to the Lessee or Lessor's last known address without incurring any penalty or damages. If it becomes necessary to commence legal action to remove Lessee from the premises, the prevailing party will be entitled to attorney's fees and costs in addition to damages.

25. **Arbitration**

The parties agree to use arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. 12-1518, except as may be required by applicable statutes. In the even such a dispute is arbitrated, the parties hereby agree that the prevailing party is entitled to recover its attorney's fees and costs based on the prevailing hourly rate for attorneys in Phoenix, Arizona.

26. **Termination for Hazardous Waste**

Should Lessor have reasonable grounds to believe hazardous waste, or other pollutants, are being manufactured, stored, or dumped on the premises, Lessor, may at its discretion, terminate this Agreement on fifteen (15) days notice. Termination does not relieve Lessee of its liability or responsibility to clean up, including appropriate consulting costs, the hazardous waste or pollutants. In the event of termination under this clause, Lessor shall not be required to return prepaid rents or security deposits but may hold them to apply against clean up costs incurred by Lessor. Rent due, or paid, shall be prorated as of the date of termination.

27. **Return of Subject Property to Lessor**

Upon vacating the subject property, Lessee agrees to leave the premises in the same condition or better than existed on the first day of occupancy, allowing for ordinary and normal usage, and to reimburse Lessor for any damage done to said property caused by Lessee's occupation or tenancy, other than due to normal use. This tenancy is temporary by reason of the fact that Lessor has acquired the premises for transportation purposes, and Lessee is to vacate said premises at any time within thirty (30) days after receipt of a notice as stated in Section (1) "Term of the Agreement." Nothing herein shall be deemed a waiver of Lessor's right to demand and obtain possession of said premises in accordance with the law in the event of a violation on part of Lessee of any of the terms or conditions hereof.

28. **Counterparts**

This Agreement may be executed in any number of counterparts, including facsimile counterparts, with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

29. **Addenda**

Any addenda to this Extended Occupancy Agreement are by this reference made a part hereof as though fully set forth herein.

30. **Addresses of Lessor and Lessee**

Any notices to or demand upon either party hereto by the other pursuant to this Commercial Rental Agreement shall be in writing and shall be delivered in person to the other party or forwarded by certified mail, postage prepaid, addressed as follows:

To Lessor At:

Arizona Department of Transportation

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Infrastructure Delivery and Operations Division
Right of Way Group, Property Management Section
205 South 17th Avenue, Mail Drop #612E
Phoenix, Arizona 85007

To Lessee At:
Name(s): **Jeff Pankow**
Address: PO Box 50863
City, State, Zip Tucson, AZ 85703
Phone: 520-977-5941 or 520-696-9332

Your R/W Property Management Agent:
Name: Katie Madden
Phone: 602-712-8021
Email: KMadden@AZdot.gov
Business Hours: 6:30AM – 3:00PM
Emergency Phone: 480-259-9122

Or elsewhere, as either party may, from time-to-time designate by written notice to the other.

BY: 	Jeff Pankow/ Owner
<small>DocuSigned by:</small>	
<small>6AA342096ED34A9</small>	
_____ Lessee's Signature	_____ Lessee's Printed Name/Title
86-0665402	1/8/2019
_____ Social Security # or Employer ID #	_____ Date

LESSEE

APPROVED:
ARIZONA DEPARTMENT OF TRANSPORTATION

By: 	1/11/2019
<small>DocuSigned by:</small>	
<small>5F70ADE1D744468</small>	
_____ Manager, Property Management Section	_____ Date

LESSOR