

**ASSIGNMENT REFERENCES**

**PARCEL NUMBER:** L-C-016

**OWNER NAME:** State of Arizona Department of Transportation

**ADDRESS:** 22645 N Black Canyon Hwy., Phoenix, AZ 85027

**LOCATION OF PROPERTY:** Northwest of I-17 & Williams Dr., Phoenix, AZ

**PROJECT:** M6972 01X

**HIGHWAY:** PHOENIX – CORDES JCT HIGHWAY

**SECTION:** SR 101 – Carefree Highway

**APPRAISAL ASSIGNMENT:** JW-24-012

**PURCHASE ORDER:** PO 0000616639

**DATE OF VALUE:** January 18, 2024 (Effective Date of Appraisal)

**DATE OF REPORT:** February 8, 2024

**APPRAISER:** Paul D. Hendricks, MAI  
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**APPRAISAL REPORT**

**An Opinion of Market Value for Potential Sale or Disposition**

**Of the property located west of I-17, north of Williams Dr.,  
22645 N Black Canyon Hwy; Phoenix, AZ 85027  
Maricopa, Arizona**

**as of January 18, 2024**

**Parcel Number: L-C-016**

**Owner: State of Arizona Department of Transportation,**

**Tax Parcels: 209-03-005D  
Sec. 13 T4N R2E**

*Prepared For Use By*  
**Arizona Department of Transportation  
Infrastructure Delivery & Operations  
Right of Way, 205 S 17<sup>th</sup> Av., MD 612E RM331  
Phoenix, AZ 85007-3212**

*Appraisal Prepared By*  
**PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING  
Paul D. Hendricks, MAI  
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February 8, 2024

Letter of Transmittal

Jim Walcutt  
ADOT R/W Review Appraiser  
Right of Way, 205S 17<sup>th</sup> Av., MD 612E Rm 331  
Phoenix, AZ 85007-3212

Re: Opinion of market value for potential sale or disposition of parcel L-C-016, located west of I-17, north of Williams Dr (22645 N Black Canyon Hwy), Phoenix, AZ 85027.

In response to your request I have completed an analysis of the above referenced property; this letter of transmittal is part of that appraisal report. This is an appraisal report and conforms to Uniform Standards of Professional Appraisal Practice, ADOT Right of Way Procedures Manual Project Management Section Chapters Three and Four; and The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24.

Problem Identification: The purpose of the appraisal is to opine market value of the fee simple interest of the property described. The intended use is to utilize the value estimate to assist in decisions regarding the sale or disposition of the property.

The effective date of the appraisal and date of valuation is January 18, 2024 the date of site visit. The date of completion of the appraisal report is January 18, 2024.

Relevant Subject Characteristics: A site indicated to be 115,063sf (2.64ac), LC-016 west of I-17, north of Williams Dr. It is currently zoned C-2 (Intermediate Commercial), it appears to be 3.5-5 du/ac-Traditional Lot on the General Plan. It presently has no physical or legal access. The site is significantly restricted in utility due to FEMA floodway in the eastern portion of the site and significant upward slope in the western portion of the site. With the exception of electricity, utilities necessary for development are not available.

My opinion of market value is: \$17,760

Assignment Conditions: site is landlocked; for purposes of this analysis, it is an extraordinary assumption that zoning and general plan classifications, physical descriptions related to the site, flood zone, topography, proximity to utilities, etc. are as stated in the following report; that access will be acquired by easement over the adjacent site to the northwest, that the site could be improved with a residential use (the highest and best use). The use of these extraordinary assumptions may have affected assignment results. Please also see standard limiting conditions and assumptions in the appendix.

Please call if you have any questions regarding the following appraisal report. Thank you for the opportunity to be of service.



Sincerely,  
Paul D. Hendricks, MAI  
Arizona Certified General Real Estate Appraiser 30197

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PREFACE & SUMMARY

APPRAISAL REFERENCE: 2023295 Parcel L-C-016

PROBLEM IDENTIFICATION: The following 7 parameters are considered, client, intended users, intended use, type of opinion, effective date, relevant subject characteristics and assignment conditions:

CLIENT: Arizona Department of Transportation  
Right of Way Operations-Appraisal

APPRAISER: Paul D. Hendricks, MAI  
Arizona Certified General Real Estate Appraiser 30197

PURPOSE, INTENDED USE: The purpose of the appraisal is to opine market value of the fee simple estate(s). The intended use is to utilize value estimates to assist in decisions regarding the sale or disposition of property.

INTENDED USERS: Our client, Arizona Department of Transportation its agents and officials and the FHWA are the only intended users and for the above intended use. Use of this report by others is not intended by appraiser.

SUBJECT CHARACTERISTICS: A 115,063sf (2.64ac) site west of I-17, north of Williams Dr (22645 N Black Canyon Hwy). It is zoned C-2. It presently has no legal or physical access. The site is significantly restricted in utility due to FEMA floodway in the eastern portion of the site and significant upward slope in the western portion of the site. With the exception of electricity, utilities necessary for development are not available.

TAX CODE: 209-03-005d

OWNER: State of Arizona Department of Transportation

INTEREST CONSIDERED: Fee Simple.

OPINION OF VALUE: \$17,760

EFFECTIVE DATE OF VALUATION: January 18, 2024; Date of Site Visit.


DATE OF APPRAISAL REPORT: January 18, 2024

TYPE OF APPRAISAL REPORT: Report

Assignment Conditions: The site is landlocked; It is an extraordinary assumption that zoning and general plan classifications, physical descriptions related to the site, flood zone, topography, proximity to utilities, etc. are as stated in the following report; that access will be acquired by easement over the adjacent site to the northwest, that the site could be improved with a residential use (the highest and best use). The use of these extraordinary assumptions may have affected assignment results. Please also see standard limiting conditions and assumptions in the appendix.

ROW Aerial Exhibit L-C-016



 <b>Right Of Way</b> <small>THIS SKETCH PLAN IS FOR ADOT INTERNAL USE ONLY</small>		PARCEL #	L-C-016	HIGHWAY NAME	
		EXHIBIT #	18-007	PHOENIX - CORDES JCT. HWY.	
		DATE	03/20/18	PROJECT NO.	017 MA 215 H5162 01R
ROUTE NO.:	LOCATION:	FEDERAL AID NO.:		SHEET NO.	
I-17	SR 101 - Carefree Highway	I 017-A-702		1 OF 1	



**SUBJECT PHOTOS**

I-17/Black Canyon Hwy (frontage road) looking south from 27<sup>th</sup> Av (155203495)



27<sup>th</sup> Av and Adobe Hill looking west , (155210840)





View looking west along approximate site southern boundary, panning to the north 1/3  
(162654469)



2/3 Looking northwest (162658332)





3/3 looking north along bank protection (east of subject site) (162702679)



Floodway area looking north (163904597)



## **PURPOSE OF THE APPRAISAL**

The purpose of the appraisal is to opine market value of the fee simple estate of the subject parcel.

## **INTENDED USE, INTENDED USER OF THE APPRAISAL**

The estimate will be used by my client, State of Arizona-Arizona Department of Transportation it agents and officials and the FHWA, the only intended users; the intended use is to utilize value estimates to assist in decisions regarding the sale or disposition of the property.

## **INTEREST APPRAISED**

The interest appraised is the fee simple estate defined 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".

## **PROPERTY IDENTIFICATION**

LC-016, 115,063sf (2.64ac), located west of I-17, north of Williams Dr (22645 N Black Canyon Hwy), APN 209-03-005D, in Section 13, T4N, R2E, G&SRB&M, Maricopa County Arizona  
A Legal Description provided from the disposition report, is:

That portion of the Southeast quarter of the Southwest quarter of the Northwest quarter of Section 13, Township 4 North, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, as depicted on, Sheet P-4, the Right of Way Plans of Phoenix - Cordes JCT. Highway SR 101 - Carefree Highway, Project, 017 MA 215 H5162 OIR.

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

## **ANALYSIS AND IDENTIFICATION OF LARGER PARCEL**

After consideration of the three tests of a larger parcel; physically contiguous, common ownership, and common use, as well as beneficial control, the subject larger parcel is as previously described, L-C-016; adjacent properties are of different ownership.

## **MARKET VALUE DEFINED**

For the purposes of this article, "market value" means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable. (Arizona Statute 28-7091. Definition of market value)

## **EXPOSURE PERIOD**

Exposure time, always presumed to precede the effective date of the appraisal, is defined as follows: "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market".

Exposure time, estimated from review of comparable sales and from discussions with active market participants is estimated for the property before the acquisition and the remainder after the acquisition to be approximately 6 to 24 months.

## **EFFECTIVE DATE OF APPRAISAL, REPORT DATE**

The effective date of the appraisal is January 18, 2024, the date of most recent physical site visit. The transmittal date of the report is February 8, 2024.

## **OWNER CONTACT;**

Jim Walcutt, ownership representative contacted me requesting a response for appraisal bid. I visited the site January 18, 2024 with ownership (ADOT) representatives, Donna Bentley and Jim Walcutt.

## **OWNERSHIP (5 year chain of title)/MARKETING HISTORY**

Current ownership is indicated to be State of Arizona by and through its Department of Transportation; the most recent recorded transactions for the site are as follows:

1.) Final Order of Condemnation by and between the State of Arizona ex rel. Victor M. Mendez, Director, Department of Transportation, Plaintiff, vs. TLE, LLC, and Maricopa County, Defendants, dated September 25, 2009, recorded October 8, 2009 in Document No. 2009-934459.

## **APPRAISAL DEVELOPMENT AND REPORTING PROCESS (SCOPE)**

As mentioned above, the purpose of the appraisal is to opine market value of the fee simple estate of the subject property. In preparing this appraisal, I:

- Received invitation to bid and property information relative to the appraisal and discussed Definition of the (Appraisal) Problem with Jim Walcutt, ADOT representative.
- Received and reviewed property descriptions.
- Visited the site January 18, 2024 ownership (ADOT) representatives Donna Bentley and Jim Walcutt, developing relevant subject characteristics.
- Reviewed the site plat, zoning, topography and flood zone maps, indicating physical utility of the parcel.
- Researched sales of similar sites, focusing in the Phoenix market, with an emphasis on location, size and use; currently competitive (listings) have also been considered (listings often provide useful indications of upper limit to value).
- Data sources utilized included Costar, MLS, realquest, my files and discussions with market participants.
- Inspected, by drive by, all comparable sales used.
- Attempted confirmation of each comparable sale with a party familiar with the property/transaction (when confirmation was not available, public records/information was relied upon).
- Discussed value and market conditions with active market participants in the area including buyers and sellers and brokers.
- Applied the sales comparison approach to arrive at an opinion of market value of the subject property.
- Analyzed and applied an adjustment for lack of access.
- Developed a final opinion of market value and reported the same in this appraisal report, believed to conform to the Uniform Standards of Professional Appraisal Practice, ADOT Right of Way Procedures Manual Project Management Section Chapters Three and Four; and The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24.



**PROJECT INFLUENCE:**

Any influence in valuation caused by the project prior to the date of valuation will be discussed and considered by the appraiser in each appraisal. However, the effect of these influences, if any, is to be disregarded in the valuation of the subject property, pursuant to Arizona Revised Statutes 28-7097 which states:

“In acquiring property for transportation purposes pursuant to this article, when determining the market value of the property to be taken and the market value of the remainder, if any, in the before condition, a decrease or increase in the market value of the real property prior to the date of valuation caused by the public project for which the property is to be acquired or by the likelihood that the property would be acquired for the project shall be disregarded.” All steps in the appraisal process, including the selection of comparable sales and analysis of market data, were completed disregarding any influence from the project for which this appraisal is being completed

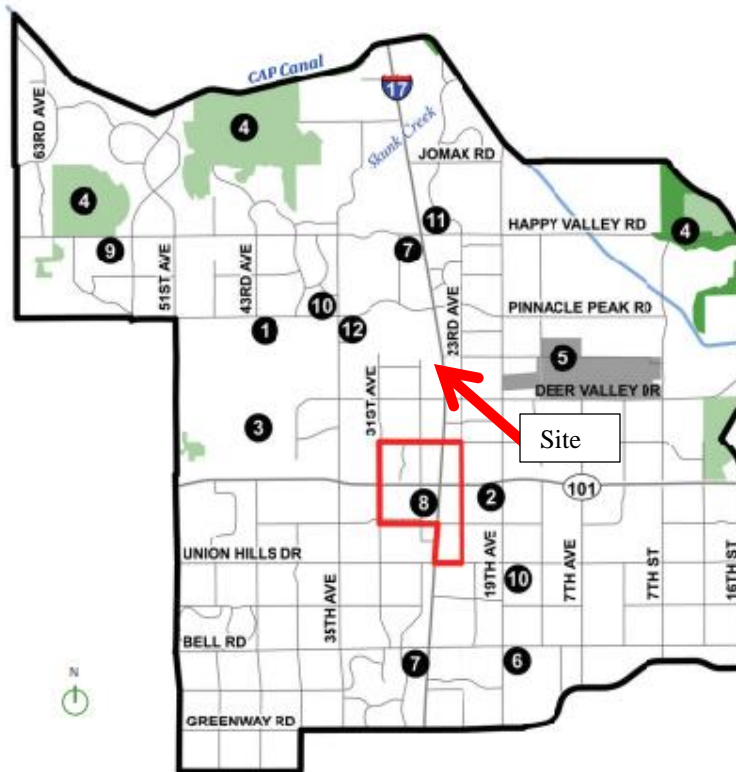
**MARKET AREA (NEIGHBORHOOD) ANALYSIS**

A property is an integral part of its surroundings. The character and features of the surrounding area directly affect the use of a property which is a primary factor in the property's value. In order to estimate the value of a property, an analysis of the surrounding area must be made. This surrounding area is referred to as a market area (neighborhood).

The subject property is located a northern portion of the City of Phoenix, Maricopa County, Arizona. The City of Phoenix is divided into 15 urban Villages. Each Village has a Village Planning Committee (VPC) appointed by Mayor & City Council. The VPCs assist the Planning Commission in the performance of its duties. VPCs are part of the Planning & Development Department. The Committees help identify areas or provisions of the General Plan text that need refinement and updating; identify problems and needs related to implementation of the General Plan; define in greater detail the intended future function, density and character of subareas of the village; and comment on proposals for new zoning districts or land use districts.

The subject is located in the Deer Valley Village, bounded by the CAP canal and Jomax Road to the north; 16<sup>th</sup> Street to the east; Greenway Parkway, Greenway Road and Acoma Drive to the south; and 51<sup>st</sup> and 67<sup>th</sup> Avenues to the west. “The village is characterized by its desert setting and mountains, diverse and growing communities and large employment centers”. According to Deer Valley Village Character Plan, it is 57 square miles, had a population as of 2015 (estimated) of 173,130 and projected 2030 population of 192,190. 42% is reported to be residential (0-5 du/acre) with 66,890 households (2015); there are seven colleges/trade schools, 105 miles of existing and 8 additional miles of trails and bikeways.

The following map depicts Deer Valley Village Assets:



- |  |  |
|--|--|
| 1. Adobe Dam Recreation Area and Wet 'n' Wild Water Park | 8. Honor Health Deer Valley Medical Center |
| 2. Deer Valley Community Center                          | 9. Glendale Community College North        |
| 3. Deer Valley Rock Art Center/ Petroglyph Sites         | 10. Libraries (Agave and Juniper Branches) |
| 4. Mountain preserves, washes, and trails                | 11. The Shops at Norterra                  |
| 5. Deer Valley Airport                                   | 12. Goelet A.C. Beuf Community Center      |
| 6. Turf Paradise   |  |
| 7. Park and Ride Facilities                              |  |

The following are a number of Land Use Goals for respective areas within the Deer Valley Village: Promote and encourage compatible development and redevelopment with a mix of housing types in neighborhoods close to employment centers, commercial areas, and where transit or transportation alternatives exist. Include a mix of housing types and densities where appropriate within each village that support a broad range of lifestyles.

Support General Plan Land Use Map and zoning changes that will facilitate the location of employment generating uses in each of the designated employment centers.

Facilitate adaptive reuse of older, underutilized properties to create mechanisms for new local and small businesses to operate, thrive and grow.

Encourage land uses that promote the growth of entrepreneurs or new businesses in Phoenix in appropriate locations.

Discourage the location of incompatible uses near base industrial clusters.

Evaluate the current land use designations on the General Plan Land Use Map surrounding education and training facilities in each of the urban villages and determine if updates to the land use mix would be appropriate. Support the expansion of education and training facilities where

appropriate.

Continue to carefully monitor and evaluate all future land uses around the airports, protecting the airport from incompatible development that could pose a safety hazard to aircraft passengers, or to individuals living or residing in those areas.

Plan cores, centers and corridors to include a variety of land uses: office, retail shopping, entertainment and cultural, housing, hotel and resort, and where appropriate, some types of industry.

Maximize use of existing infrastructure and carrying capacity by encouraging redevelopment and infill.

Protect residential areas from concentrations of incompatible land uses that could change their character or destabilize land values.

New development and expansion or redevelopment of existing development in or near residential areas should be compatible with existing uses and consistent with adopted plans.

Support new compatible land uses that remove extremely deteriorated structures, excessive trash and debris, and other blight in neighborhoods.

Recommend land use actions that promote restoration and more efficient use of brownfields within Phoenix.

Preserve natural washes coming from the preserves and promote access and views of the preserves by the public.

The social characteristics of the subject neighborhood are compared to a 1 mile radius surrounding the subject property and the City of Phoenix, Phoenix Metro Area and Maricopa County, as follows:

Variable	L-C-016 (1 mi)	Deer Valley Village	Phoenix City, AZ	Maricopa County, AZ	Phoenix-Mesa-Chandler
2023 Total Population	7,210	183,779	1,649,963	4,613,696	5,069,353
2023-2028 Population: Compound Annual Growth Rate	0.09%	0.19%	0.42%	0.54%	0.65%
2023 Total Households	3,090	72,632	603,404	1,727,900	1,886,577
2023 Per Capita Income	\$33,881	\$41,440	\$37,939	\$42,558	\$41,631
2023 Median Household Income	\$65,756	\$78,541	\$71,736	\$80,460	\$79,851
2023 Population Age 25+: Graduate/Professional Degree	608	15,402	133,399	424,835	447,621
2023 Owner Occupied Housing Units	1,621	46,092	335,898	1,111,244	1,240,087
Percent Owner Occupied	48.6%	60.2%	51.8%	58.8%	59.8%
2023 Vacant Housing Units	242	3,933	45,412	162,780	188,457
Percent Vacant	7.3%	5.1%	7.0%	8.6%	9.1%
2023 Total Housing Units	3,332	76,565	648,816	1,890,680	2,075,034
2023 Median Home Value	\$349,078	\$340,898	\$371,806	\$391,986	\$381,939
2023 Average Home Value	\$399,584	\$389,035	\$442,152	\$461,295	\$446,519
2021 Housing: Mobile Homes	446	4,055	19,147	89,569	119,385
Percent Mobile Homes	13.4%	5.3%	3.0%	4.7%	5.8%

As indicated above, the 1 mile radius and Deer Valley Village are projected to grow significantly more slowly than surrounding areas into the next 5 years (this is considered to be skewed due to the significant amount of parks/open space within the surrounding 1 mi radius). Per-capita, median household income and median home values in surrounding 1 mi radius and Deer Valley Village are below average as compared to the county and MSA. The surrounding areas, particularly the surrounding 1 mile radius have significantly higher percentage of housing in mobile homes.

**Conclusion:**

The subject is in a northwestern portion of the city, the surrounding neighborhood/market area is generally higher in lower density residential uses with a significant amount of open areas; there is significant commercial and industrial development, particularly on the east side of I-17 and in vicinity of Deer Valley Airport.



**SITE DESCRIPTION**

The basic features of the subject site are described below.

- Location: The subject L-C-016 west of the frontage road and I-17 (Black Canyon Highway), north of Williams Drive (if extended), between Pinnacle Peak and Deer Valley Rd.
- Site Size: 115,063sf, 2.64ac
- Access: While adjacent to ADOT ROW (Black Canyon Hy), access to the highway is not available; there is presently no physical or legal access to the site, it is landlocked by the freeway on the east, a largely undeveloped RE-43 zoned site to the north and west and R-4A zoned, floodway land to the south. As it reportedly is not permissible to cross through the floodway, potential access would have to come from the parcel to the north (northwest; 27<sup>th</sup> Avenue).
- Visibility/Frontage: No public access frontage; there is good visibility from the I-17 freeway (117,339 vpd 2022 Pinacle Peak to Deer Valley Rd), however, the site is not accessible from the freeway or frontage road.
- Shape: Rectangular minus a chunk cut out on the eastern boundary (ADOT ROW, drainage improvements).
- Topography: Topo varies, from level-low in the floodway along the eastern portion of the site at around 1,400' to then rising towards the western boundary and high at northwest corner at around 1,470'. A slope analysis from a civil engineer or other qualified person/company would be necessary for approvals prior to development. Rough estimates from GIS mapping indicate a cross slope in the northern portion of the site at approximately 25% (57'+/- rise / +/- 227' run), approximately 43% at the narrowest part of the site (36'/70'), to approximately 39% in the southern portion of the site (40'/103'). The following is a table on the City of Phoenix slope analysis checklist to determine potential development density.

- PLACE THE FOLLOWING SLOPE CALCULATIONS ON THE RESIDENTIAL PLANS:
  - TOTAL HILLSIDE AREA: \_\_\_\_\_ SQ.FT.
  - TOTAL NON-HILLSIDE AREA: \_\_\_\_\_ SQ.FT.

Slope of Land	Allowable Density Units/Acre	Acreage in the Slope Category	Product of Density x Acreage	Total # Allowable Hillside Lots	Total # Allowable Non-Hillside Lots
Under 10%	*				
10% to 14.9%	1.80**				
15% to 19.9%	1.10**				
20% to 24.9%	0.70				
25% to 29.9%	0.50				
30% to 34.9%	0.30				
35% and Over	0.20				
TOTAL:					

\* Per Zoning District.  
\*\* Unless the Zoning District requires less.

The above analysis indicates restriction on potential residential development density of the subject site. Noting that no development would be permitted in the southeastern portion of the site which is in the floodway, the area that would appear to be most reasonable for a potential building site would be in the northern portion of the site; it would appear that density would be restricted to one to potentially two units.

**Flood Hazard:** According to FIRM Flood Hazard map 04013C1280M, revised 9/18/2020, the southeastern portion of the site is in the FEMA floodway, the rising western portion of the site, Flood Zone X shaded; (areas of 0.2% annual chance flood hazard).

**Easements and Other Special Restrictions:** The right of way disposal report (L-C-016) indicates two perpetual easements to Clear Channel Outdoor (documentation of these easements have not been provided). It appears that there is one billboard to the northeast within ADOT right of way, but there appears to be none on the subject site. No other easements or title restrictions are known.

**Hazardous Materials/ Contamination:** No environmental assessment has been made available; no apparent hazardous materials were evident at site visit; however, appraisers are not trained in detection of such.

**Utilities:** Utilities are generally available in the area from the following sources, (however an engineering study is needed to determine if all utilities are available in adequate supply for new development):

Water:	City of Phoenix
Sewer:	City of Phoenix
Electricity:	Salt River Project
Natural Gas:	Southwest Gas
Telephone:	CenturyLink
Public Safety:	City of Phoenix
Fire:	City of Phoenix.

Water and sewer are reportedly available at 28<sup>th</sup> Av & Robin Ln , for water, and sewer at Foothill Dr. and 28<sup>th</sup> Av., both to the southwest in a mobile home development

**Surrounding Land Uses:** The site to the north and west of the subject, 23.63ac, is presently zoned RE-43; "approved" for RH\* (Resort District). To the south is a R-4A zoned development (magnolia Mobile Park Rd), the parcels immediately adjacent to the subject are also in the floodway. To the east is ADOT right of way for the Black Canyon Hwy (frontage road) and I-17.

**Census Tract:** 303.42

**Zoning:** C-2, Commercial Intermediate District, is a district of commercial uses of medium intensity designed to be compatible with each other and to provide for a wide range of types of commercial activity within the district.

Site Analysis Summary: The subject site is approximately 2.64 acres, located west of I-17 and Black Canyon Hy (frontage road). It is presently zoned C-2, Commercial Intermediate District; adjacent properties, to the northwest RE-43 (approved for RH), and RU-4A to the south. The site is landlocked with no current access. The southeast portion of the site is floodway, the north-western portion is hillside, both significantly restricting development potential.

*Real Estate Tax Analysis*

The following information is available from the county treasurer's office.

Tax Parcel	209-03-005D
FCV Total	\$770,100
2023 Tax	\$0.00
Delinquent	\$0.00
Assessment	None

There are no taxes due to State of Arizona (Department of Transportation) ownership.



## HIGHEST AND BEST USE

Highest and best use is defined by the Appraisal Institute in The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition, as:

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

Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be most probable use. In the context of investment value, an alternative term would be most profitable use. The four criteria for the estimate of highest and best use that result in the highest land value are that the use be, legally permissible, physically possible, financially feasible, and maximally productive.

### HIGHEST AND BEST USE, AS IF VACANT:

**Legally Permissible:** The subject is currently The C-2, Commercial Intermediate District, is a district of commercial uses of medium intensity designed to be compatible with each other and to provide for a wide range of types of commercial activity within the district. Uses permitted include: uses permitted in R1-6 if zoned commercial prior to January 5, 1994, non-single-family residential, and single-family attached uses permitted in R-3, R-4, R-5, R-4A, and C-1 districts

**Physically Possible:** The site, L-C-016 is 115,063sf, 2.64ac. It is landlocked with no current access. The southeast portion of the site is floodway, prohibiting development; the north-western portion is hillside, my estimates from 25% to 43% slopes, thus likely limiting development to one or potentially two units. All public utilities with the exception of electricity, are lacking.

Physical access would most reasonable come from the parcel, currently zoned RE-43, to the northeast, and 27<sup>th</sup> Avenue. Access from the east I-17 (Black Canyon Hwy) is prohibited as would be access from the south which would require disturbance of the floodway. The parcel to the northwest (209-03-006A) is indicated to be 23.63 acres; it is presently unimproved with the exception of the road (with gate), and, like the subject site, is significantly sloped. The site has been approved for rezoning to RH (Resort) surrounding the subject site, and C-2 on the southwest corner, by zoning case (z-380-84; 1990),

**Financially Feasible:** In addition to physical and legal characteristics, the financial feasibility of the subject site is significantly influenced by market conditions. The following is from the Arizona Economy Third Quarter 2023 Forecast Update by George W. Hammond, Ph.D., EBRC Director and Research Professor; August 2023:

The Arizona economy continued to churn out solid gains through the first half of 2023. Jobs, wages, and sales all increased, although at a somewhat slower pace than earlier in the pandemic recovery, and the unemployment rate remained very low. Arizona jobs were essentially back on their pre-pandemic trend, if we take that trend to be EBRC forecasts generated just before the pandemic began. Phoenix inflation, although it remained above the nation, decelerated significantly, thanks to slower gains in house prices and outright price declines in commodities. Housing affordability, however, has dropped precipitously from pre-pandemic levels.

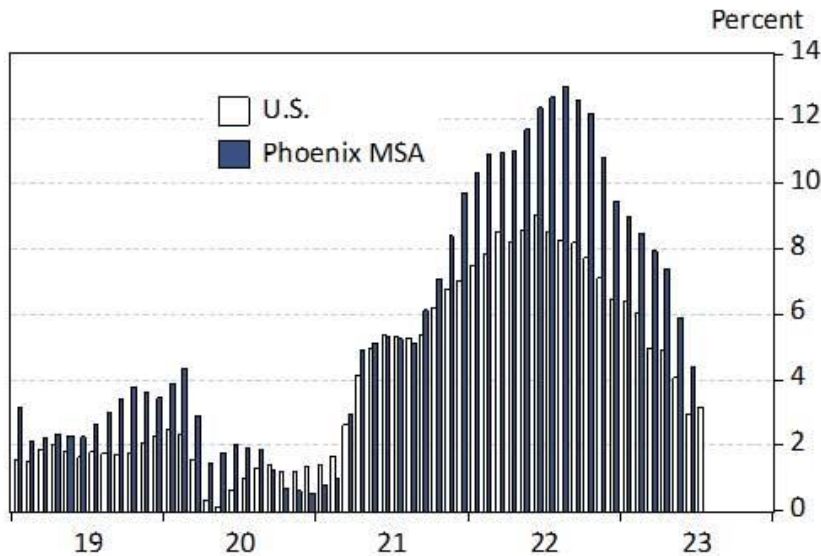
The outlook calls for the U.S. economy to achieve a "soft landing" and avoid recession this year and next. That sets the stage for continued solid gains in Arizona, Phoenix, and Tucson. In addition, the state is expected to far outpace national growth during the next 30 years, with Phoenix leading the way. Even so, state growth is forecast to decelerate significantly compared to average growth rates during the prior 30 years (1992-2022).

Arizona Recent Developments

Jobs in Arizona and Phoenix were back on their pre-pandemic trend in 2023, at least if we take that trend to be EBRC forecasts generated in January 2020. Keep in mind that those forecasts were already calling for state economic growth to decelerate significantly in coming years, driven by the aging of the baby boom generation. In contrast, Tucson jobs remained far below their pre-pandemic trend, primarily due to sub-par performance in private education and health services and professional and business services.

Inflation, measured by the all-items Consumer Price Index for All Urban Consumers (CPIU), in the Phoenix MSA decelerated in June to 4.4% over the year. That was down from a peak of 13.0% in August 2022 but still above the nation at 3.0% (**Exhibit 1**). The national rate peaked at 9.1% in June 2022.

*Exhibit 1: Phoenix MSA and U.S. Inflation Rates, All-Items CPIU, Over the Year, Percent*



Keep in mind that the all-items inflation rate is a weighted average of price changes for goods and services purchased by U.S. urban residents. It includes sales and excise taxes. The importance of a given good or service in a price index is determined by its share of an average household's budget.

Part of the reason that all-items inflation has come down recently is because commodity inflation has softened significantly. A more important driver of the deceleration in Phoenix inflation has been the services CPIU, which rose 8.0% over the year in June. That was down significantly from its peak in August 2022 of 13.3%.

What is driving down services inflation? Shelter. Within the services CPIU, housing is by far the largest component and within housing shelter is the largest sector. Shelter includes both rent and imputed owner-occupied rent, as well as temporary shelter like hotel rooms. Owner-occupied rent is a concept estimated by the U.S. Bureau of Labor Statistics (which publishes the CPIU) to put the costs of home ownership on the same basis as rent.

In Phoenix, shelter inflation peaked at 19.5% in September 2022. In June it was down to 12.1%. That was still well above the U.S. at 7.8%. The recent deceleration in Phoenix shelter inflation reflects declining median home prices and slower gains in rent.

Single-family housing affordability across Arizona's metropolitan areas fell in the second quarter of 2023 after improving modestly to start the year. According to data from NABH-Wells Fargo, the share of homes sold in the Phoenix MSA in the second quarter of 2023 that were affordable to a

family making the median income was 30.1%. That was down from 34.3% in the first quarter but up from 18.3% in the last quarter of 2022.

Tucson MSA housing affordability also declined in the second quarter of 2023, falling from 46.8% in the first quarter to 38.6% in the second. Both quarters were above the recent low in Tucson of 35.0% in the last quarter of 2022. Similarly, U.S. housing affordability dropped in the second quarter to 40.5%, down from 45.6% in the first quarter but just above 38.1% in the fourth quarter of last year.

Affordability in Phoenix, Tucson, and the U.S. improved a bit during the first half of 2023 because house prices and interest rates stabilized while the estimate of median family income for 2023 (from U.S. Housing and Urban Development) increased.

Housing affordability across Arizona metropolitan areas remained far below pre-pandemic levels in the second quarter. Phoenix MSA housing affordability in the second quarter, at 30.1%, was far below its pre-pandemic level of 64.9%, a decline of 34.8 percentage points. For the Tucson MSA, housing affordability dropped by 32.6 percentage points, from 71.2% to 38.6%. Affordability in the Prescott MSA dropped by 32.4 percentage points during the period, reaching 23.5% in the second quarter. Nationally, housing affordability declined by 22.7 percentage points from the fourth quarter of 2019 to the second quarter of 2023. We see similar trends for the remaining Arizona metropolitan areas.

#### *Exhibit 2: Arizona Housing Affordability by Metropolitan Area, Percent*

While housing affordability in Arizona has lost ground to many western metropolitan areas, it remained very competitive compared to the large metropolitan areas in California. In the second quarter, housing affordability in San Diego (6.3%), Los Angeles (3.2%), San Francisco (7.0%), and San Jose (9.0%) was much lower than in Arizona's metropolitan areas.

As housing affordability has plummeted, and mortgage interest rates more than doubled, housing permits in Arizona tumbled during the second half of 2022 and early 2023. The decline was particularly notable in single-family activity. In better news, single-family permits firmed during the second quarter, although still down over the year.

Overall, Arizona seasonally-adjusted permits through July 2023 were down 16.8% from the same period of 2022 (revised, benchmarked data). Single-family permits accounted for the bulk of the drop (down 25.4%). Multi-family permits were up 0.8%.

In Phoenix, total permits dropped 13.8%, with single-family permits down 25.0% while multi-family permits were up 5.5%.

Tucson housing permits fell 19.4%, with single and multi-family permits down 15.4% and 27.3%, respectively.

#### **Arizona Short-Run Outlook**

The forecasts for Arizona, Phoenix, and Tucson depend on the outlook for the global and national economies. After increasing by 2.1% in 2022, the baseline forecast calls for U.S. real GDP growth to slow to 1.8% in 2023 and 1.2% in 2024. The U.S. economy is projected to be stronger in 2023 than last month, reflecting more robust underlying data released recently. Gains are expected to be slightly softer during 2024-2026. On a quarterly basis, the forecast calls for real GDP to increase through 2033 (no recession).

A slowing national economy means slower economic growth in Arizona, Phoenix, and Tucson in the near term. **Exhibit 3** summarizes the state outlook for jobs, income, taxable sales, population, unemployment, and housing permits.

Arizona job growth is forecast to decelerate from 4.2% in 2022 to 2.3% in 2023 and again to 2.0% in 2024-2025. Even with this deceleration, the forecast calls for Arizona to match the U.S. this year and far outpace it in 2024 and 2025. Slowing job growth implies a modest increase in the unemployment rate in the near term.



Population growth decelerates in 2023 to 1.5%, down from 1.7% in 2022. This reflects reduced net migration, which is expected to soften as the one-time boost from the pandemic dissipates and as greatly reduced housing affordability (and significantly higher interest rates) reduces mobility. Natural increase rebounds after the pandemic, but that improvement is short lived.

*Exhibit 3: Arizona Outlook Summary*

	Actual	Forecast		
	2022	2023	2024	2025
<b>Growth Rate</b>				
Nonfarm Jobs	4.2	2.3	2.0	2.0
Personal Income	3.3	6.5	5.8	6.0
Retail Plus Remote Sales	8.1	1.6	3.1	5.5
Population	1.7	1.5	1.2	1.3
<b>Level</b>				
Unempl. Rate	3.8	3.7	4.3	4.6
Housing Permits	60,994	48,288	41,808	44,876

**Arizona Long-Run Outlook**

Over the next 30 years, Arizona’s prospects are bright. The state is forecast to far outpace the nation across the major macroeconomic indicators: jobs, population, and income. However, growth is also expected to slow markedly from the pace of the prior 30 years.

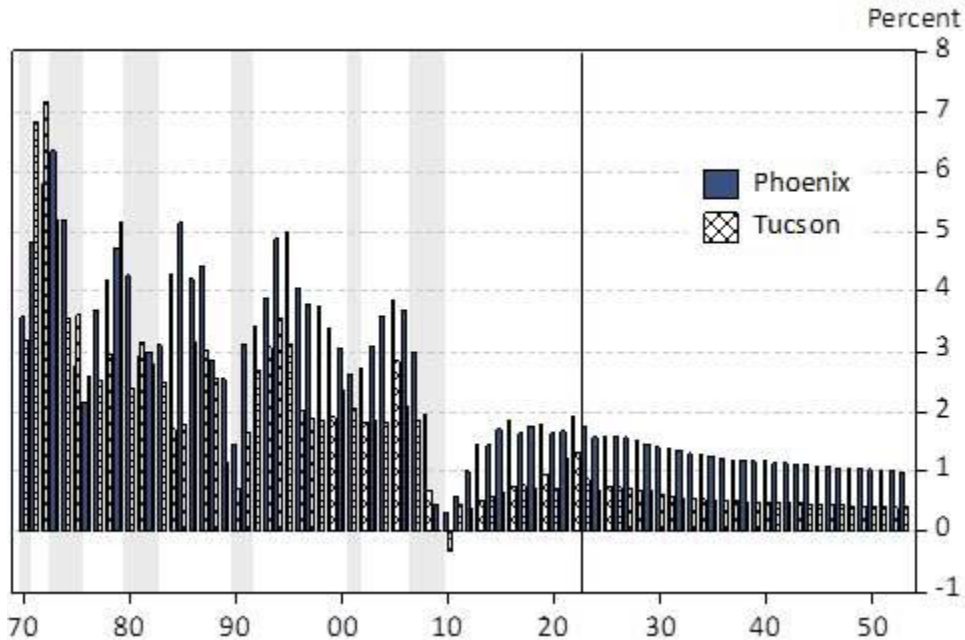
Arizona job growth is projected to average 1.2% per year from 2023-2053. That is quadruple the expected national rate of 0.3% per year. Even so, that is one-half of Arizona’s average annual job growth during the 1992-2022 period.

The story is similar for population growth, with Arizona population projected to reach 10.2 million by 2053. That is an increase of 2.7 million from 2023 and translates into 1.0% per year annual growth. That would be more than double the expected national rate of 0.4% per year. It would also be less than one-half of the state’s average growth rate during the prior 30 years (2.1% per year).

Slowing population growth over the long term is driven by demographic change, as rising deaths outpace the slow pace of births. This transforms natural increase from its historical role of a tailwind to state population growth into a modest headwind by the 2040s.

As **Exhibit 4** shows, Phoenix population growth is expected to far outpace Tucson, which continues to grow at a solid pace. Tucson population is forecast to reach 1.3 million by 2053, an increase of 182,000. That translates into an average annual growth rate of 0.5% per year, faster than the nation, but well below its average growth rate during the prior 30 years of 1.4% per year.

Exhibit 4: Phoenix and Tucson Population Growth, Annual Data



### Risks to the Outlook

The baseline U.S. forecast from S&P Global assumes no U.S. recession this year or next. The baseline forecast is assigned a 55% probability. The pessimistic scenario is assigned 25% and the optimistic scenario is assigned the remaining 20%.

The pessimistic scenario assumes a national downturn in the second half of 2023, driven by tightening lending standards by banks, which restrict consumer and business spending, as well as continued problems arising from the Russian invasion of Ukraine. This generates modest over-the-year job losses in Arizona in early 2024. The optimistic scenario assumes gains faster than expected under the baseline.

In the long run, Arizona's growth will be significantly influenced by innovation (productivity growth), private physical capital investment, public capital investment, and possible resource constraints (primarily water).

Innovation is a key driver of long-run economic growth. In turn, innovation is significantly influenced by human capital development, including education and health. In particular, states and local areas with higher rates of educational attainment tend to generate stronger economic performance than areas with lower attainment. Investment in the state's workforce, as well as overall improvement in educational attainment, will be key to fostering continued strong growth during the next 30 years.

Arizona also needs to maintain a competitive tax and regulatory climate, in order to ensure that appropriate private physical capital investment (machinery and residential and nonresidential structures) in the state is not discouraged. This includes measures to ease residential construction to maintain housing affordability.

It is also important for the state to undertake key infrastructure investments to support growth. These will include investments in highways and roads, water and sewer infrastructure, air transportation, telecommunications, and border ports.


Natural resource availability will also matter, particularly for water. With impending large cuts to the state's Colorado River allocation, drought, and climate change, there is growing pressure to change current water use practices. Restricted water availability and/or rising water costs would raise the cost of living and doing business in the state, with possible negative impacts on growth.

The following is the Forecast for the Tucson Metro Area, compared with that of Arizona from third quarter 2023 baseline scenario forecasts produced in August 2023 by the EBRC:

## Arizona Economic Forecast Data (Statewide)

Arizona Forecast*	2022	2023	2024	2025	2026
Personal Income (\$ mil)	416,973.2	443,969.7	469,519.8	497,879.3	527,434.5
% Chg from Year Ago	3.3%	6.5%	5.8%	6.0%	5.9%
Retail Sales (\$mil)	164,516.0	166,476.0	170,806.0	179,839.0	188,427.0
% Chg from Year Ago	11.3%	1.2%	2.6%	5.3%	4.8%
Total Nonfarm Employment (000s)	3,095.7	3,166.8	3,230.6	3,295.7	3,354.9
% Chg from Year Ago	4.2%	2.3%	2.0%	2.0%	1.8%
Population (000s), July 1st estimates	7,409.2	7,519.5	7,609.9	7,708.3	7,808.9
% Chg from Year Ago	1.7%	1.5%	1.2%	1.3%	1.3%
Residential Building Permits (units)	60,994.0	48,288.0	41,808.2	44,875.8	46,014.4
% Chg from Year Ago	-6.6%	-20.8%	-13.4%	7.3%	2.5%

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## Phoenix-Mesa-Scottsdale MSA Forecast (Maricopa + Pinal Counties)

Phoenix-Mesa-Scottsdale MSA Forecast*	2022	2023	2024	2025	2026
Personal Income (\$ mil)	298,286.5	318,600.3	339,502.1	360,688.2	382,714.9
% Chg from Year Ago	3.4%	6.8%	6.6%	6.2%	6.1%
Retail Sales (\$mil)	119,778.0	122,212.0	126,545.0	133,894.0	141,244.0
% Chg from Year Ago	11.0%	2.0%	3.5%	5.8%	5.5%
Total Nonfarm Employment (000s)	2,319.2	2,373.0	2,428.5	2,482.3	2,535.0
% Chg from Year Ago	4.4%	2.3%	2.3%	2.2%	2.1%
Population (000s)	5,040.4	5,127.9	5,207.8	5,289.8	5,374.2
% Chg from Year Ago	1.9%	1.7%	1.6%	1.6%	1.6%
Residential Permits (units)	47,267.0	38,350.4	34,988.7	36,962.9	38,268.1
% Chg from Year Ago	-6.6%	-18.9%	-8.8%	5.6%	3.5%

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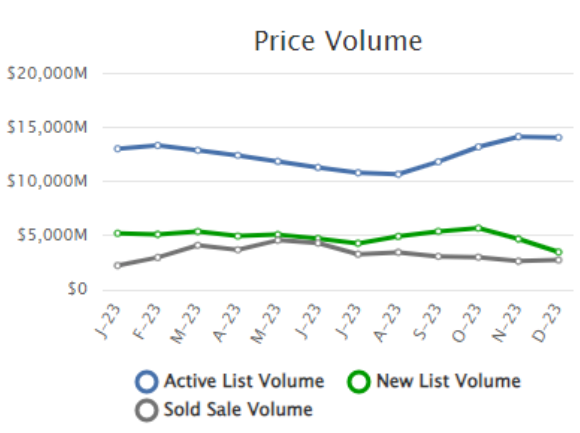
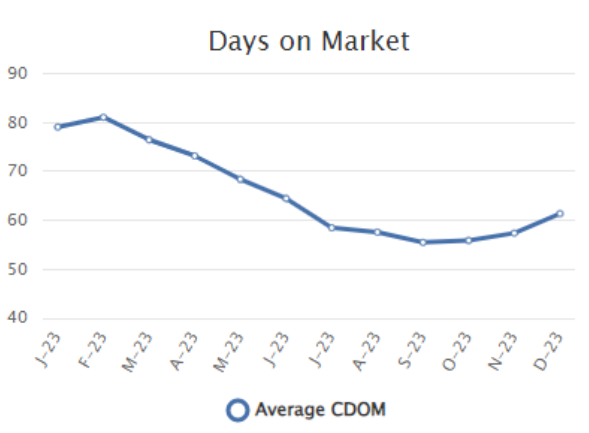
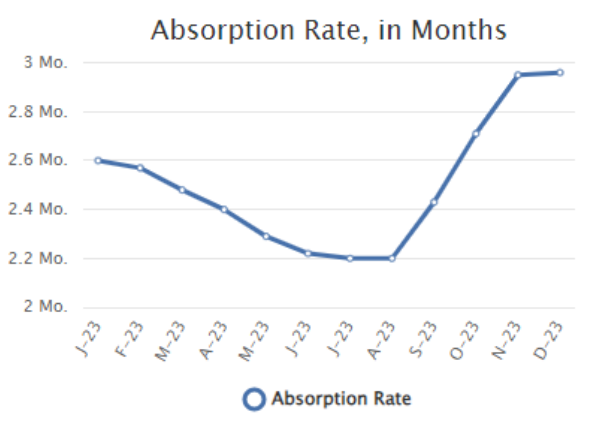
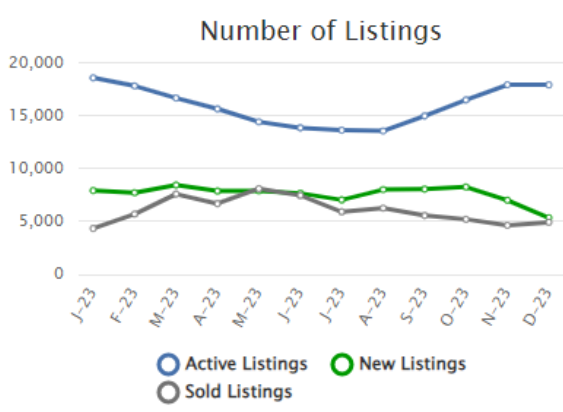
Given the lack of access, most appropriate through the residentially zoned site to the residentially zoned site to the northwest via a gated road, the lack of utilities and restrictive physical characteristics due to floodway and significant slope, a commercial use is not considered to be appropriate for the site.

A low density residential use (one to perhaps two units) is considered to be most appropriate and achievable for the parcel; the following is summary market information for residential property.

The market for this type of property has been increasing over the past several years, particularly 2020 to 2021 where appreciation was indicated to be 15% (single family detached), 2021 to 2022, appreciation indicated to have been 27%; having moderated significantly over the past 12 months, with appreciation indicated to be -4.4% (through December 2023);

The following is a statistical summary of residential trends in the Phoenix metro area over the past 12 months (through December 2023; source ARMLS):

**Residential**



While, as indicated above, the single family residential market has cooled significantly from recent past extremes, significantly reducing home affordability, interest rates have begun to decrease (30 year fixed rate at 6.95 12/14/2023, having been 6.31% one year previously) from highs of the past (30 year fixed rate at 7.79% October 2023), and consumer confidence has moderately rebounded.

**Maximum Profitability:** In conclusion, the subject site is physically restricted due to current lack of access, utilities, floodway and hillside topography. The maximally profitable use is considered to be for assemblage with the adjacent larger parcel currently zoned RE-43 to the northwest. However, omitting this potential and considering the subject site on solely its own merit-conditions, highest and best use as vacant is considered to be a low density (one to perhaps two units) residential use after securing access through the parcel to the north and west to 27<sup>th</sup> Avenue.



## **VALUATION METHODOLOGY**

In the appraisal of real estate, three methods of estimating value are often employed, depending on the characteristics of the property; they include the Cost Approach, Sales Comparison Approach and the Income Approach.

The cost approach is a set of procedures through which a value of the fee simple interest is derived by estimating a reproduction or replacement cost of improvements, deducting accrued depreciation from all sources, and adding the value of the site as if vacant. This approach is particularly useful in the analysis of a property that is new or nearly new, which is not significantly affected by any forms of depreciation, and properties that are not frequently exchanged in the market. As the appraisal considers an unimproved parcel of land the cost approach is not considered to be necessary for credible assignment results.

The Sales Comparison Approach is a set of procedures through which value is estimated by comparison of the subject property to the sales of similar properties that have recently sold, making adjustments to the sales for differences between the subject and the comparable property's based on units of comparison. The sales comparison approach is significant in the estimate of site value.

The income approach is a set of procedures through which value is estimated based on the future benefits of property ownership (income earning potential) of the property appraised. Rental income is estimated based on analysis of similar market properties and or the subject income stream. Incomes are reduced by expenses to the owner and net income is capitalized by either direct capitalization, yield capitalization, or both. As vacant sites are not typically leased or purchased for income earning potential, the income approach is not considered to be necessary for credible assignment results.

In consideration of the availability of comparable site sales from which to estimate value, and due to deficiencies in the cost and income approaches, the sales comparison approach is considered to be the only approach necessary for credible assignment results.

The following analysis considers the subject site if it has legal, physical access; following this analysis, value will be adjusted for this anticipated cost.

## SITE VALUATION

The following comparable sales are chosen in the estimate of site value for the above referenced site. They were selected after a thorough search of the market; services used included affidavits and public records, brokers, appraisers, and others because they represent the best (i.e. most similar) comparables available within a reasonable degree of similarity to the property appraised.

Properties are never identical with respect to all major items which affect value, so the price of each of the comparable properties is adjusted, on a price per square foot basis, for points of significant difference with respect to the property appraised in the order noted. The prices are adjusted, if need be, for (in sequence):

1. Real property rights conveyed
2. Financial terms
3. Conditions of sale
4. Expenditures made immediately after purchase
5. Market conditions
6. Location
7. Physical characteristics
8. Economic characteristics
9. Use
10. Non-realty components of value

Adjustments for items 1-5 above are made first if necessary, indicating an "adjusted sale price". The prices are then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics, and any non-realty components of value.

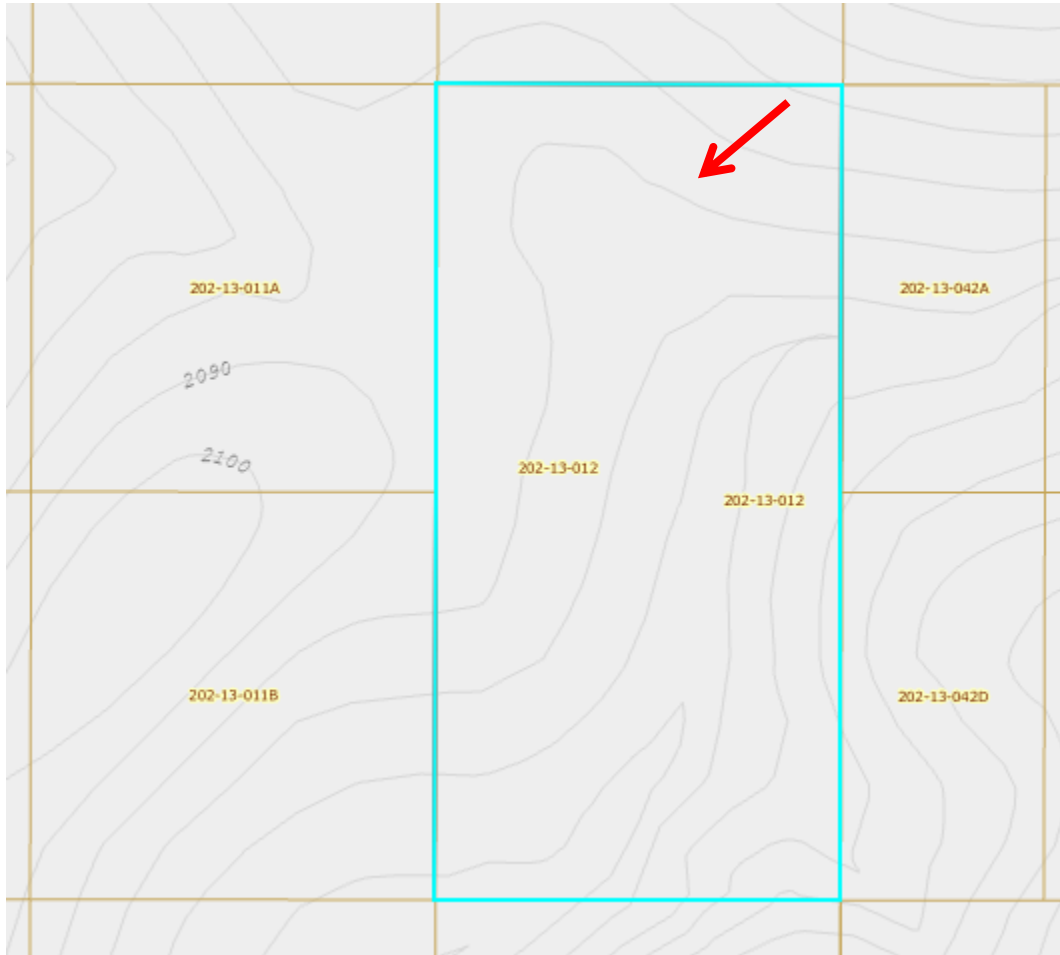
The following sales are considered to be most significant to the valuation of the subject site, after thorough search of market sales comparables.

### Comparable Site Sale One

Location: 33.904726, -112.137555 e/o 46246 N 37<sup>th</sup> Av, e/o I-17, New River, 85087  
Legal Description: LOT 30 /E2 SW4 NE4 SE4/ 5.00 AC, Sec 34 7N 2E, G&SRB&M, Maricopa County, AZ  
Tax Code Number: 202-13-012  
Records: 9/14/2023 document 2023 0479917  
Seller: Ann Connelly  
Buyer: Arizona Home Owner LLC  
Sale Price: \$103,000, \$124,900 Asking Price, 456 DOM  
Terms: \$20,000 cash down to PMM, not considered to have affected the sale price  
Site Size: 217,800sf, 5.0ac (assessor)  
Price Per Unit: \$11.27/sf  
Zoning: RU-43, Maricopa County, Rural, 1 acre per dwelling unit  
Comments: App 1.11mi dirt road to site; rolling topography estimated approximately 10% slope, a moderately higher peak to the east of the site. No utilities with the exception of electricity (under 350'). FEMA X-shaded (0.2% annual chance flood).  
Confirmation: MLS 6332281, Jonathan Baer, listing agent, 623.252-1424, pdh 2023295



Topo Map





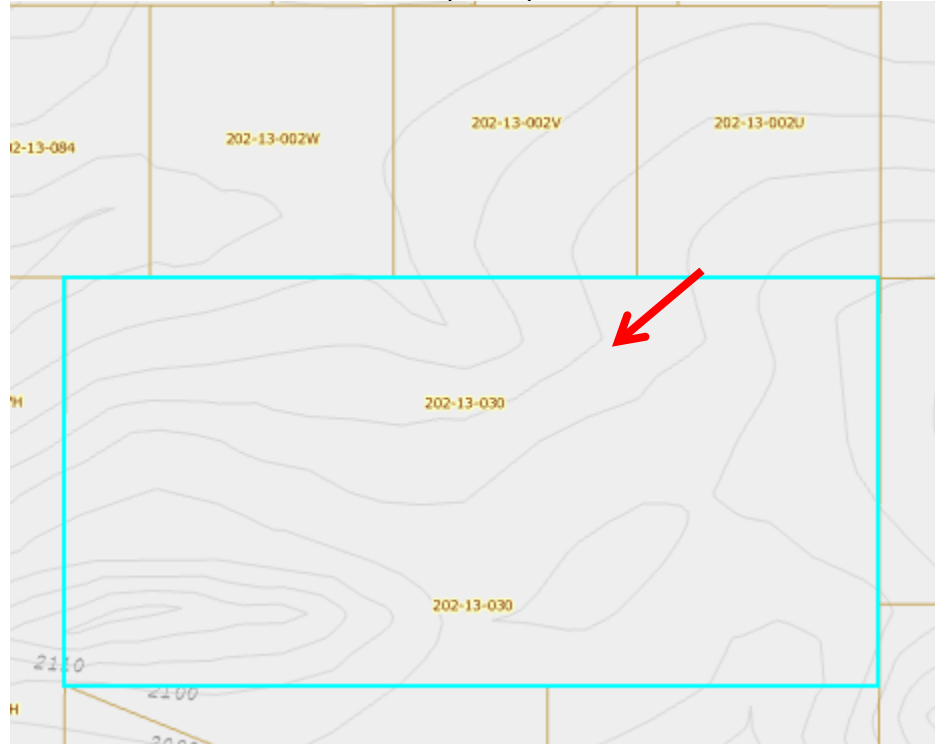
### Comparable Site Sale Two

Location: 33.904726, -112.137555 w/o 46443 N 37<sup>th</sup> Av, e/o I-17, New River, 85087  
Legal Description: LOT 63 /N2NE4NW4SE4, Sec 34 7N 2E, G&SRB&M, Maricopa County, AZ  
Tax Code Number: 202-13-030  
Records: 5/9/2023 document 2023 0241935  
Seller: Tammy Fagan  
Buyer: Red Planet Estates  
Sale Price: \$120,000, \$139,900 Asking Price, 394 DOM  
Terms: Cash  
Site Size: 217,800sf, 5.0ac (assessor)  
Price Per Unit: \$24,000/ac  
Zoning: RU-43, Maricopa County, Rural, 1 acre per dwelling unit  
Comments: App .38mi dirt road to site; rolling topography estimated approximately 11% slope, a moderately higher peak to the southeast of the site. No utilities with the exception of electricity (w/in ½ mi). FEMA X-shaded (0.2% annual chance flood).  
Confirmation: MLS 6378523, Barbara Savoy, buyer's agent, 480.346-4111, pdh 2023295





Topo Map



### Comparable Site Sale Three

Location: 33.836540, -112.099717 19<sup>th</sup> Av , n/o 1837 W Irvine Rd, e/o I-17, New River, 85087

Legal Description: PT SW4 LOT 2 DAF COM SW COR SD SW4 LOT 2 TH N 165.30F TO TPOB TH CONT N 495.18F E 213.30F S 508.49F N 85D 51M W 213.48F TO TPOB EX W 40F RD, Sec 30 6N 3E, G&SRB&M, Maricopa County, AZ

Tax Code Number: 211-50-015D

Records: 12/17/2022 document 2022 0895959

Seller: Nathan Mabe

Buyer: James Geronimo Rosales

Sale Price: \$25,000, \$40,000 Asking Price, 13 DOM

Terms: Cash

Site Size: 87,120sf, 2.0ac (assessor)

Price Per Unit: \$24,000/ac

Zoning: RU-43, Maricopa County, Rural, 1 acre per dwelling unit

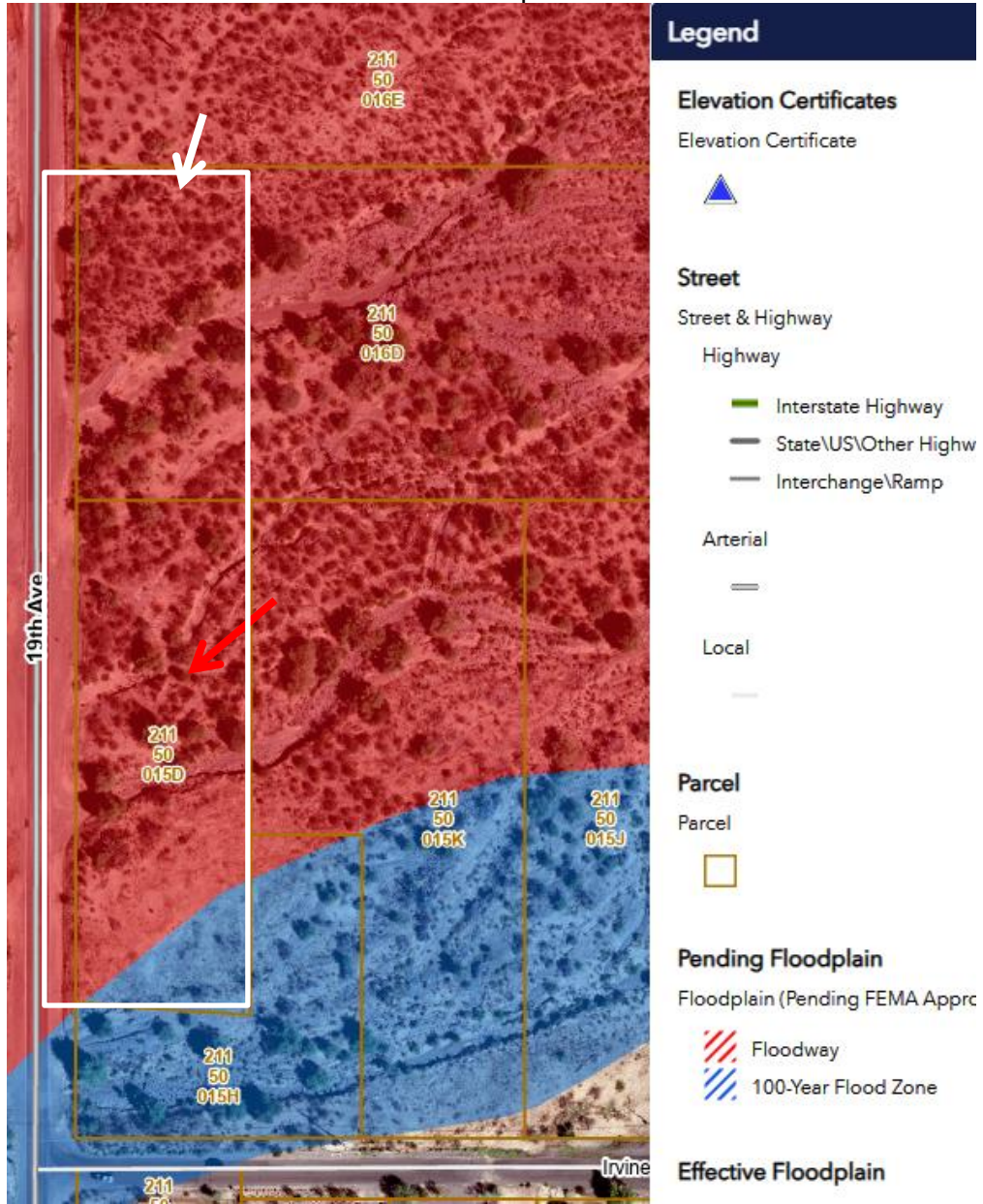
Comments: On the east side of 19<sup>th</sup> Av, paved. The site is largely FEMA Floodway with a small portion on the southeast corner indicated to be AE (indicated in listing as "not being buildable lot". No utilities with the exception of electricity (under 350').

Confirmation: MLS 6489122, Sandra De La Rosa, buyer's agent, 480.375-0016, pdh 2023295





### Flood Zone Map

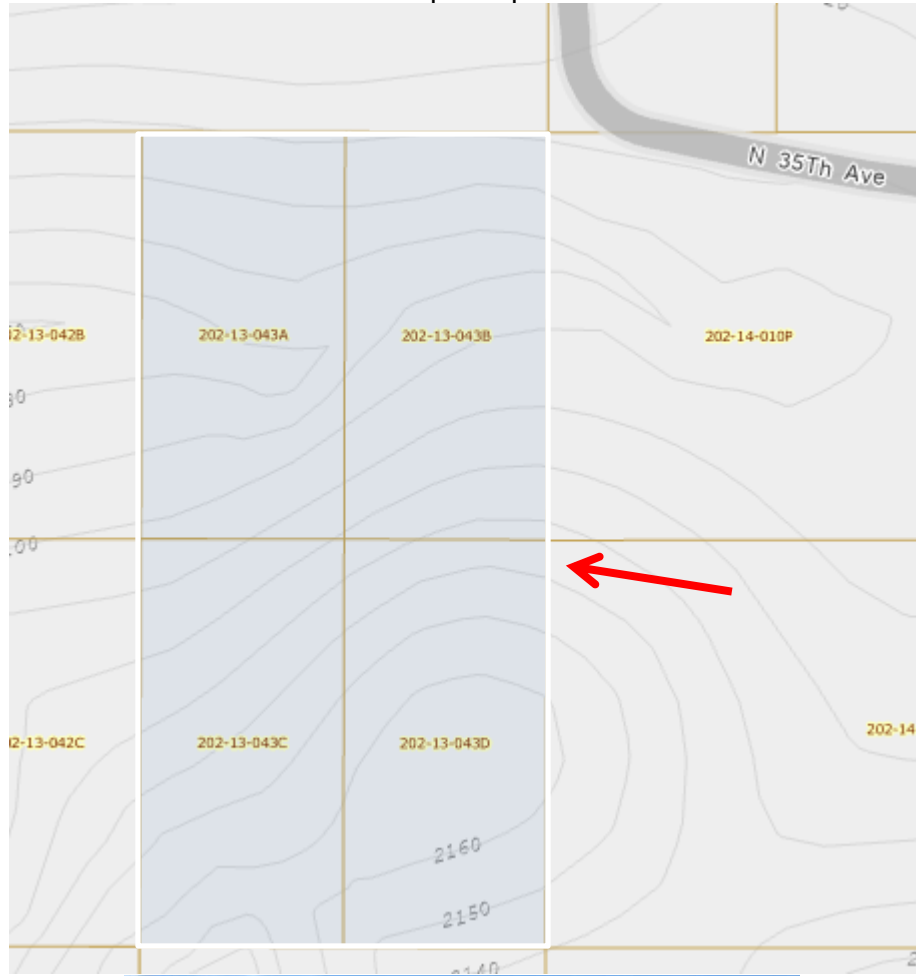


### Comparable Site Sale Four

Location: 33.905176, -112.135106 35<sup>h</sup> Av, e/o I-17, New River, 85087  
Legal Description: Lot 32 E2, SE4, Ne4, SE4, Sec 35, 7N 2E, G&SRB&M, Maricopa County, AZ  
Tax Code Number: 202-13-043  
Records: 8/17/2022 document 2022 0643786  
Seller: Stephen Sandler  
Buyer: Ethan Steinke  
Sale Price: \$90,000, \$100,000 Asking Price, 63 DOM  
Terms: Cash, PMM  
Site Size: 217,800sf, 5.0ac (assessor)  
Price Per Unit: \$18,000/ac  
Zoning: RU-43, Maricopa County, Rural, 1 acre per dwelling unit  
Comments: SW of 35<sup>th</sup> Av, approx. .82 mi south and east of I-17 by dirt road. Rolling topography estimated approximately 18% slope. No utilities with the exception of electricity (w/in ½ mi). FEMA X-shaded (0.2% annual chance flood).  
Confirmation: MLS 6403769, Travis Mast, listing agent, 602.550-5185 , pdh 2023295

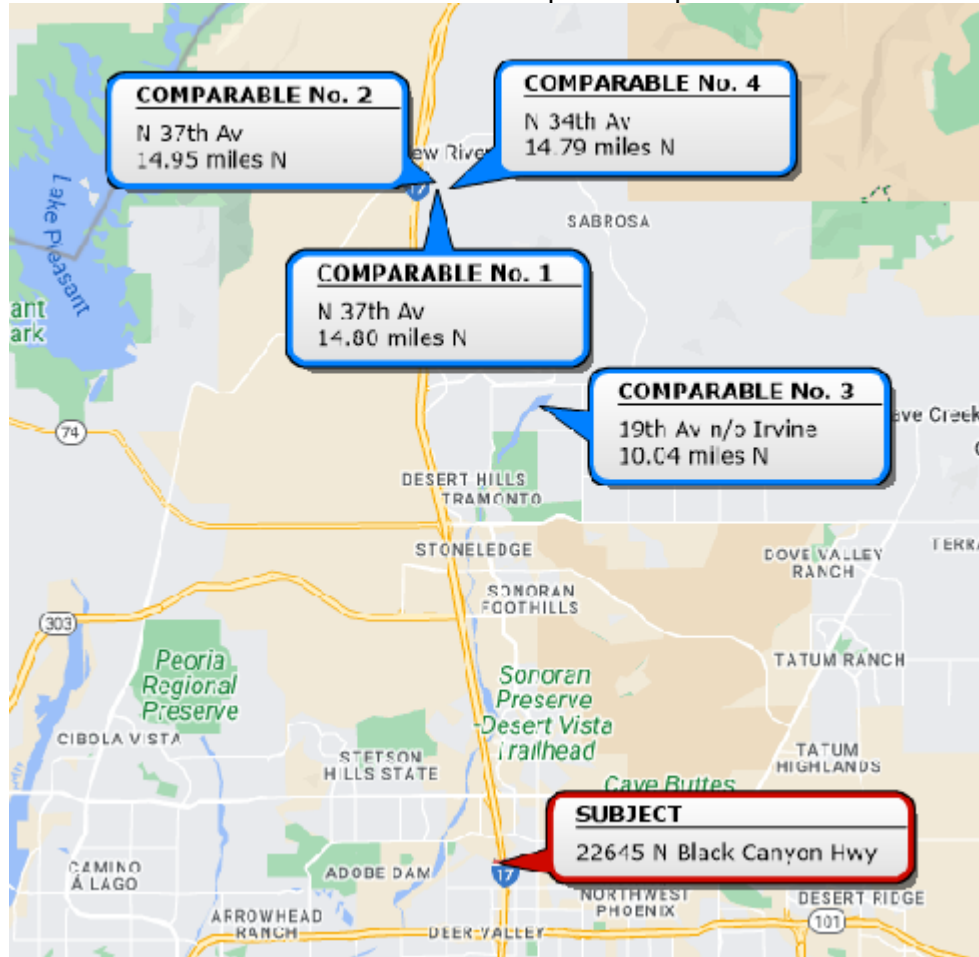


Topo Map





Sales Composite Map



**Comparable Sales Discussion and Adjustments:**

Adjustments are first made, if necessary, for property rights appraised, financing, conditions of sale, market conditions, and expenditures after sale, indicating an adjusted sale price. The comparables are then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics and any non-realty components of value.

Adjustments are applied to provide insight into the relative significance (weight) of the characteristic being considered and difference from the various comparable sales to the subject parcel. While based on appraisal experience and interpretation from the market, they are not intended to be precise to each comparable and category.

Property Rights: Each of the comparable sales involved fee simple interests, there are no adjustments required for property rights conveyed.

Financing: Sales 2 and 3 were cash to seller; sales 1 and 4 involved partial seller carryback, however, terms of sale were not considered to have affected the sale price, no adjustment is considered necessary.

Conditions of Sale: The sales were all reported to have average sales motivation, not requiring adjustment.

Market Condition: The sales occurred from August 2022 through September 2023, the market for this type of property has softened significantly due to rising interest rates and uncertainty in economic conditions; no adjustment for market conditions (time) is considered necessary.

Location: Comparable locations are considered to offsetting as compared to the subject, they are further from the major metro area; but in more homogeneous property types with higher surrounding residential property values.

Size: the sales bracket the subject in site size; they are considered to be similar enough in size as to not warrant adjustment.

Zoning: While the subject is zoned C-2, highest and best use is similar to uses permitted by zonings similar to that of the comparable sales; no adjustment is considered necessary.

Improvements: The subject and sales had no improvements, no adjustment is necessary.

Utilities: The subject and comparables are similar in lack of utilities; no adjustment is necessary.

Site Utility: The subject is quite restricted due to floodway on the southeast and hillside topography on the northwest; sales 1, 2 and 4 are considered to be superior due to greater physical utility and are therefore adjusted downward; sale 3 is considered to be inferior due to being predominately in the floodway, it is adjusted upward.

Site Access\*/View: \* As mentioned, this analysis considers the subject as if it has legal, physical access; it will later be adjusted for this deficiency. It has above average view due to rising topography and raised areas of potential homesite(s). Sale 3's inferior view is considered to be offset by it's being adjacent to paved access. Sale 4 is adjusted upward for inferior access due to distance of relatively difficult dirt toad.

#### **Estimated Market Value Conclusion:**

The subject is bracketed with sales 1 and 2 with net downward adjustment, sales 3 and 4 with net upward adjustment. Less emphasis is placed on sale 3 due to greater gross adjustment necessary; moderately greater emphasis is placed on sales 1 and 2 due to their lesser gross adjustment necessary and being most recent. With emphasis as indicated, a subject site value (before adjustment for lack of access) at \$19,000/ac, rounded to \$50,000, is considered reasonable.

Greater detail on the comparable sales and their adjustment is available on the following grid:

SITE SALES COMPARISON SUMMARY					
Comparable	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Location	L-C-016 Black Canyon Hy	37th Av e/o I-17	37th Av e/o Blck Cnyn Hy	19th Av n/o Irvine	35th Av e/o I-17
Tax ID Number	209-03-005D	202-13-012	202-13-030	211-50-015D	212-13-043
<b>Sales Data</b>					
Date of Sale	N/A	Sep-23	May-23	Dec-22	Aug-22
Sales Price	N/A	\$103,000	\$120,000	\$25,000	\$90,000
Site Size (ac)	2.64	5.00	5.00	2.00	5.00
Property Rights (Interest)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Interest adjustment	0%	0%	0%	0%	0%
Financing	Cash	Cash, PMM	Cash	Cash	Cash, PMM
Cash Equivalent Price	N/A	\$103,000	\$120,000	\$25,000	\$90,000
Conditions of Sale	Average	Average	Average	Average	Average
Condition Adjustment	0%	0.0%	0%	0.0%	0.0%
Market Condition (Time)	N/A	Sep-23	May-23	Dec-22	Aug-22
Market Conditions Adj.	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted price per Ac	N/A	\$20,600	\$24,000	\$12,500	\$18,000
<b>Physical Characteristics</b>					
Location	Average	Offsetting	Offsetting	Offsetting	Offsetting
Size	2.64	5.00	5.00	2.00	5.00
Zoning	C-2	RU-43	RU-43	RU-43	RU-43
Improvements	None	None	None	None	None
Utilities	Lacking	Similar	Similar	Similar	Similar
Site Utility	Restricted	Superior	Superior	Inferior	Similar
Access*/View	Avg*/Good	Offsetting	Sim/Offset	Offsetting	Inferior
<b>Adjustments</b>					
Location	0.0%	0.0%	0.0%	0.0%	0.0%
Size	0.0%	0.0%	0.0%	0.0%	0.0%
Zoning	0.0%	0.0%	0.0%	0.0%	0.0%
Improvements	0.0%	0.0%	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%	0.0%	0.0%
Site Utility	0.0%	-10.0%	-10.0%	20.0%	-10.0%
Access*/View	0.0%	0.0%	0.0%	0.0%	15.0%
<b>Net Physical Adjustments</b>					
Net Physical Adjustments	N/A	Downward	Downward	Upward	Upward
Net Adjustment (Overall)	0.0%	-10.0%	-10.0%	20.0%	5.0%
Adjusted Comp Price/sf		\$18,540	\$21,600	\$15,000	\$18,900
Subject Value (\$/Ac)*	\$19,000				
Subject Value Opinion*	\$50,000				

### Adjustment for Lack of Access:

As mentioned, the subject site is not permitted access via frontage on Black Canyon Hwy (I-17); it is therefore landlocked with no access from the south (Williams Dr if extended) due to this portion of the site being in the floodway. It is separated from 27<sup>th</sup> Ave access to the north by the adjacent parcel to the north and west.

Access would most reasonably come from this adjacent northwestern parcel which is not improved in this area.

This site (APN 209-03-006A) is indicated to be approximately 23.63 acres, presently zoned RE-43, approved for rezoning to C-2\* and RH\* from a 1990 zoning case #Z-38-84. Other sales providing insight into this site value, retained in my file, indicates a reasonable opinion of value for this site at approximately \$24,000/ac.

In consideration of subject site shape, topography and that of the adjacent site, it would be considered reasonable to access from 27<sup>th</sup> Av to the northwest corner (closest point to the road). This point of access is estimated (GIS mapping) to be approximately 5,400sf (30' wide) approx. 160' along western boundary, 30' southern boundary, approx. 200' along eastern boundary to NEC of access  $(160 \times 30) + (200 - 160) \times 30 = 5,400\text{sf}$

An access easement reduction in value at approximately 75% of underlying site value is appropriate by an "Easement Valuation Matrix" published by Donnie Sherwood in the November/December 2014 issue of Right Of Way periodical, indicating 51%-74% for "conveyance of ingress-egress rights", as well as published rates by Arizona State Land Department indicating 99% for public roads, landscape easements and trails. The cost for the easement is thus opined at approximately \$2,231  $(5,400\text{sf} \times (\$24,000/\text{ac} / 43,560\text{sf}) \times 75\%)$ , rounded up to \$2,240.

However, absent sufficient incentive, the adjacent property owner may not be willing to permit such an easement. From discussions with local attorneys, rough cost estimates to sue for access, if necessary, is opined in the range of approximately \$20,000-\$30,000 (reasonable) to perhaps twice that, and even up to \$100,000, if strongly disputed. A reasonable cost for incentive or judicial remedy, if necessary, at \$30,000, is considered to be reasonable.

Thus the total adjustment for lack of existing access is \$32,240  $(\$2,240 + \$30,000)$ , indicating an adjusted value As Is at \$17,760  $(\$50,000 - \$32,240)$ , approximately \$6,724/ac, \$0.15sf.

#### Auditing Breakdown

Auditing Breakdown	
Land	\$50,000
Improvements	\$0
Severance	\$0
Cost for Access	-\$32,240
Special Benefits	\$0
Total	\$17,760

### CERTIFICATE OF APPRAISER

**Project Number: M697201X**

**Parcel Number: L-C-016**

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. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were 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 expresses 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 analyses, opinions, 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 conjunction with the disposition of excess land related to right of way for a highway 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 not revealed the findings and result of such appraisal to anyone other than the proper officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by proper 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 my opinion of the MARKET VALUE for disposition of the parcel as of the 18th day of January, 2024, is \$17,760, based upon my independent appraisal and the exercise of my professional judgment.

Date: 1/18/2024

Signature:



Arizona Certified General Real Estate Appraiser #30197



## STATEMENT AND CERTIFICATION OF APPRAISER

I certify that, 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 no personal interest with respect to the parties involved.

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

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

my compensation 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.

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 & Standards of Professional Appraisal Practice of the Appraisal Institute. (C.S.R.1-1)

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

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

No one provided significant professional appraisal assistance to the person signing this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.(C.S.R.1-2).

As of the date of this report, I have completed the continuing education program of the Appraisal Institute (C.S.R.1-3).

I have performed no services regarding the subject property within the prior 3 years as an appraiser or in any other capacity.

If this report is in any way disassembled, reproduced, altered, or used in any other capacity than that made known to the appraiser at the time of the request and stated herein, the appraiser is not responsible for this report and it is invalid.

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING



Paul D. Hendricks, MAI  
Arizona Certified General Real Estate Appraiser 30197

## APPENDIX

1. Appraisal Assumptions and Limiting Conditions
2. Subject Exhibits
3. Disposal Title Report
4. Consultant Qualifications
5. Purchase Order

## **LIMITING CONDITIONS AND ASSUMPTIONS**

### **of Standard Real Estate Appraisal**

(Consisting of the 23 Items Below and Others as Mentioned)

#### **1. Information Used, Trade Secrets**

The appraiser(s) shall not be responsible for the accuracy of any information obtained from the client or any other source and used in the appraisal, subject to the due diligence provision of the Uniform Standards of Professional Appraisal Practice. The appraiser(s) shall not be liable for any information or work obtained from any subcontractor. It is strongly suggested that the client consider independent verification of all factual data as a prerequisite to any transaction involving the purchase, sale, lease, or other decision involving a significant commitment of funds affecting the subject property. The client agrees that the appraisal produced pursuant to this agreement consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4) and furthermore agrees to obtain the appraiser(s) authorization before reproducing the appraisal in whole or in part.

#### **2. Authentic Copies, Changes, Modifications**

The authentic copies of this report will be signed in blue ink. Any copy not having said seal is unauthorized and may have been altered. The appraiser(s) reserve the right, at their sole discretion, and at any time, to alter statements, analysis, conclusions or any value estimate(s) in the appraisal if facts pertinent to the appraisal process and report which were unknown at the time of completion become known to the appraiser(s).

#### **3. Use of Appraisal, Limit of Liability**

This report is intended solely and exclusively for use by the client. The sole purpose of the report is to assist the client by valuation of the subject property. The client also acknowledges and agrees that some of those involved with the assignment appraisal may be independent contractors and the client hereby agrees not to hold the appraiser(s) liable for any acts of same. Notwithstanding anything herein to the contrary, the client will forever indemnify and hold appraiser(s) harmless from any claims by third parties related in any way to this appraisal.

The liability of the appraiser and affiliated business entities, its officers, directors, shareholders or employees (hereinafter collectively referred to as appraiser) is limited to the herein named client only. No liability shall extend to any third party, and the total amount of such liability shall in no event exceed the amount of the fee actually received by the appraiser(s).

Third parties shall include, but not be limited to, general and limited partners of the client if said client is a partnership, stock holders of the client if said client is a corporation, and all lenders, tenants, past owners, successors, assigns, offerees, transferees and spouses of client. The appraiser(s) shall not be held responsible for any costs incurred to investigate or correct any deficiencies of any type which may be present in the real estate and/or real property herein appraised. Acceptance and/or use of this report by the client constitutes acceptance of all limiting conditions and assumptions set forth herein.

#### **4. Court Testimony**

Testimony or attendance in court by reason of this appraisal, with reference to the property in question, shall not be required, unless arrangements have previously been made.

#### **5. Copies, Publication, Distribution of the Report**

Possession of any copy of this report shall not authorize or empower the client or any third party with any publication rights whatsoever, or with any authorization to use the appraisal other than for its intended and stated purpose noted in the agreement and/or in the report. The physical report(s) shall remain the property of the appraiser(s) at all times and appraiser(s) hereby grant the client permission to use the appraisal report(s) solely for the purposes set forth. The client agrees that the payment of the appraisal fee is in exchange for the analytical services of appraiser(s) and by the payment of said fee, the client has not purchased the appraisal report. With the exception of public disclosure indicated below, neither all nor any part of this appraisal report shall be given,

recited, published, copied, distributed, nor in any way communicated to third parties in any manner, in whole or in part, without the prior written consent of the appraiser(s).

## **6. Confidentiality**

All conclusions and opinions concerning the analysis as set forth in this report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report. No changes shall be made in the report by anyone other than the appraiser(s). The appraiser(s) shall not be held responsible for any unauthorized changes or such consequences as may transpire from unauthorized changes. The appraiser(s) may not divulge the material contents of the report to anyone other than the client or his designee as specified in writing, except as may be required by the professional association(s) of which the appraiser(s) are members as may be requested in confidence for ethics enforcement, or by a court of law, or any other body with the power of subpoena.

## **7. Measurements, Exhibits**

The sketches, maps and photographs in the appraisal report are included solely for the purpose of assisting the reader in visualizing the property and are not necessarily to scale. The appraiser(s) have made no survey of the property and site plans included in the report are not to be considered as surveys unless so designated. Any sketch or map in the appraisal report shows approximate dimensions and is included for general illustrative purposes only. It is the responsibility of a qualified engineer, architect, or registered land surveyor to show the exact location of the subject improvements thereon, existing or proposed, as well as the measurements and areas of land and improvements. In the absence of a survey, the appraiser(s) may have used Tax Assessor's maps or records or other maps provided by the client which may or may not represent the exact measurements of the subject property or other comparable data relied upon in estimating the market value of the subject property. Any variation in land or building areas from those considered in the appraisal may alter the estimates of value contained in the report.

## **8. Legal, Title, and Market Value Premise**

The appraiser(s) have no responsibility for matters of any legal nature affecting the property being appraised or the title thereto; the appraiser(s) assume title to be good and marketable, and free of clouds unless otherwise noted. No Title Policy or report has been furnished to the appraiser(s), unless so stated in the report. The property is being appraised as though it were under financially sound and responsible ownership with typical and competent management. The hypothetical sale referred to in the definition of market value assumes adequate marketing efforts and exposure time normal for the property. The appraiser(s) are not responsible for the accuracy of legal description.

## **9. Engineering, Structural Matters; Hazardous or Toxic Materials, Physical Condition**

The appraiser(s) have inspected the land and the improvements. However, it is not possible to observe conditions beneath the soil surface, or hidden structural, mechanical, or other components; the appraiser(s) shall not be held responsible for any defects in the property related thereto. The property appraised is as though there are no hidden or unapparent conditions which would affect market value; this includes subsoil conditions, potential flood conditions, hydrological and/or structural conditions. The appraiser(s) are not responsible for such conditions or those engineering efforts which might be required to discover and/or correct such factors. The value estimate assumes there are no defective property conditions that would cause a loss of value. The land or the soil of the area being appraised is assumed to be firm and otherwise satisfactory for building use. Although soil subsidence and the influence of toxic material in the area of the subject and its environs is unknown, the appraiser(s) do not warrant against this condition or occurrence of problems from soil (or toxic atmospheric) conditions known or unknown.

Unless otherwise stated in the report, the existence of hazardous material, substance or gas, which may or may not be present within, on or near the property, has been disregarded in the appraisal. The appraiser(s) are not qualified to detect such substances as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous material and/or substances which may adversely affect the value of the property. The value estimate is predicated on the assumption that there is no such toxic material and/or condition affecting the property that would cause a loss in value. The appraiser(s) are not responsible for any such condition and/or the engineering expertise required to discover any such condition. The client is urged to retain an expert in this field, if so desired. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are

assumed to be in good working order unless otherwise stated. Appraiser(s) are not responsible for the adequacy or type of insulation, or energy efficiency of the improvements or equipment, which are assumed to be standard for the subject property type. Unless otherwise stated, the appraiser(s) have not been supplied with a termite inspection report or occupancy permit. The appraiser(s) shall not be held responsible for, nor shall the appraiser(s) be deemed to have made any representations regarding any potential costs associated with obtaining same or for past or present, legal or physical, deficiencies which may be found. Client further agrees that the appraiser(s) shall not be held responsible for any costs incurred or consequences arising from the need, or the lack of need, for flood hazard insurance.

#### **10. Utilities**

In the absence of a qualified professional engineer's study, information regarding the existence of utilities is made from a visual inspection of the site and review of available public information. The appraiser(s) have no responsibility for the actual availability of utilities, their capacity, or any other problem which might result from a condition involving utilities. Although public utility lines might be located adjacent to the subject property, the capacity of these lines for any proposed development is not known. The respective companies, governmental agencies or entities should be contacted directly by concerned individuals. Unless otherwise stated in the report, utilities of all types are considered in the appraisal to be present in adequate quality and quantity for the intended use or highest and best use of the property.

#### **11. Legality of Use, Management of Property**

The appraisal is based, unless otherwise stated, on there being full compliance with all applicable federal, state and local environmental regulations and laws, that all applicable zoning, building, use regulations and restrictions of all types have been complied with and, moreover, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate. The appraisal is prepared under the assumption that the property which is the subject of this report is maintained and managed pursuant to prudent and competent ownership and management.

#### **12. Component Values, Special Studies**

The distribution of the total valuation in this report between land and improvements applies only under the existing program of use. The separate valuations for land and building must not be used separately and are invalid if so used. No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or within the report.

#### **13. Inclusions.**

Furnishings, equipment, personal property or business operations which may sometimes be considered a part of the real estate, have been disregarded, unless otherwise specified and only the real estate is considered in the value estimate. In some limited circumstances, business and real estate interests and values may be combined depending on the specific situation and as determined by a written agreement. Please see the appraisal report for further clarification.

#### **14. Proposed Improvements, Conditional Value**

Any improvements proposed, on- or off-site, as well as any repairs required, will be assumed, for purposes of this appraisal, to be completed in a good and workmanlike manner according to information submitted by the client for consideration by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of the property by the appraiser after construction is completed. The estimate of market value is as of the date shown, as proposed, and as if completed and operating at the levels shown and projected or as otherwise indicated and labeled in the appraisal report.

#### **15. Value Change, Dynamic Market, Influences on Market Value, Alteration of Estimate and/or Analysis Herein By Appraiser**

The estimated market value, as defined in the report, is subject to change with market fluctuations over time; value is highly related to exposure, time, promotional effort, terms, motivation, and personal and general economic and supply/demand conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property both physically and economically in the marketplace.



The market value estimated, and the costs used, are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate. The client hereby agrees that the appraisal report and value estimate are subject to change if the physical or legal entity or the financial arrangements are different than that envisioned in this report or upon change in, or discovery of, certain influencing market conditions or property conditions as well.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use, the client hereby acknowledges and agrees that such estimates are intended to be a reflection of benefits which the appraiser(s) have been directed to assume as given, as well as from the appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the market and value is naturally dynamic. The client agrees that these types of appraisals are based on reasonable estimates and as such, will not hold appraiser(s) responsible for any errors in the estimated values. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present or previous owners nor upon the occupants of the properties in the vicinity of the property which is the subject of the appraisal.

**16. After-Tax Analysis, Investment Analysis, and/or Valuation**

Any "after" tax income or investment analysis and resultant measures of return on investment are intended to reflect only possible and general market considerations, whether as part of estimating value or estimating possible returns on investment at an assumed value or price paid; the client acknowledges and agrees that the appraiser(s) do not claim any expertise in tax matters and moreover will not rely on any information prepared by appraiser(s) which in any way relates to income tax matters.

**17. Information furnished by Client and Third Parties**

Any and all information furnished by the client and/or third parties is logically presumed to not only be correct but complete, either in entirety or summarized as presented, and if there are no other documents modifying the one or ones mentioned herein.

**18. Federal Law OMB Circular A-129 & Bulletins 91-05 and 92-06 Amending Circular A-129**

These require USPAP standards and practices be used under State certification and license programs under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (P.L. 101-73) and OMB Bulletin 92-06 applies these USPAP to the 17 affected Federal eminent-domain agencies subject to the regulations of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), as amended by regulations in 49 CFR Part 24. Agencies not subject to the Uniform Act should follow the revised 49 CFR Part 24 to conform to OMB Bulletin 92-06.

**19. Americans With Disabilities Act (ADA)**

This act became effective January 26, 1992. The appraiser(s) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. As the appraiser(s) have no direct evidence relating to this issue, possible or direct noncompliance with the requirements of ADA in estimating the value of the property was not considered.

**20. Pygmy Owl Habitat**

It is assumed that the site is not a cactus ferruginous pygmy owl habitat (defined by US Fish & Wildlife as: Land below 4000 feet in elevation that has saguaro greater than 8 feet tall or containing a woodpecker cavity) ironwood, mesquite, or palo verde vegetation (must be >6 inches in diameter).

**21. Report Type**

This is a Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. It is believed to be compliant with ADOT "Detailed Narrative Report". Supporting documentation concerning the data, reasoning, and analysis is retained in the

appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

## **22. Other Information for Readers**

We recommend that if sewer or septic connection, or condition of same, is of concern to client or other readers of this report, a qualified expert should be hired to inspect the system and perform appropriate tests as he/she deems necessary. Further, if water source, status, possible toxic influences on air, water, soil, or improvement construction material or condition of mechanical, structural or other systems or components are of concern, an appropriate expert should be engaged as we are not experts in such matters. The reader is cautioned that value is dynamic and changes with changing market conditions over time. Subsequent sales, listings, and other market influencing activity may influence value after the date of the value estimate. The value estimate is an estimate, not a determined fact.

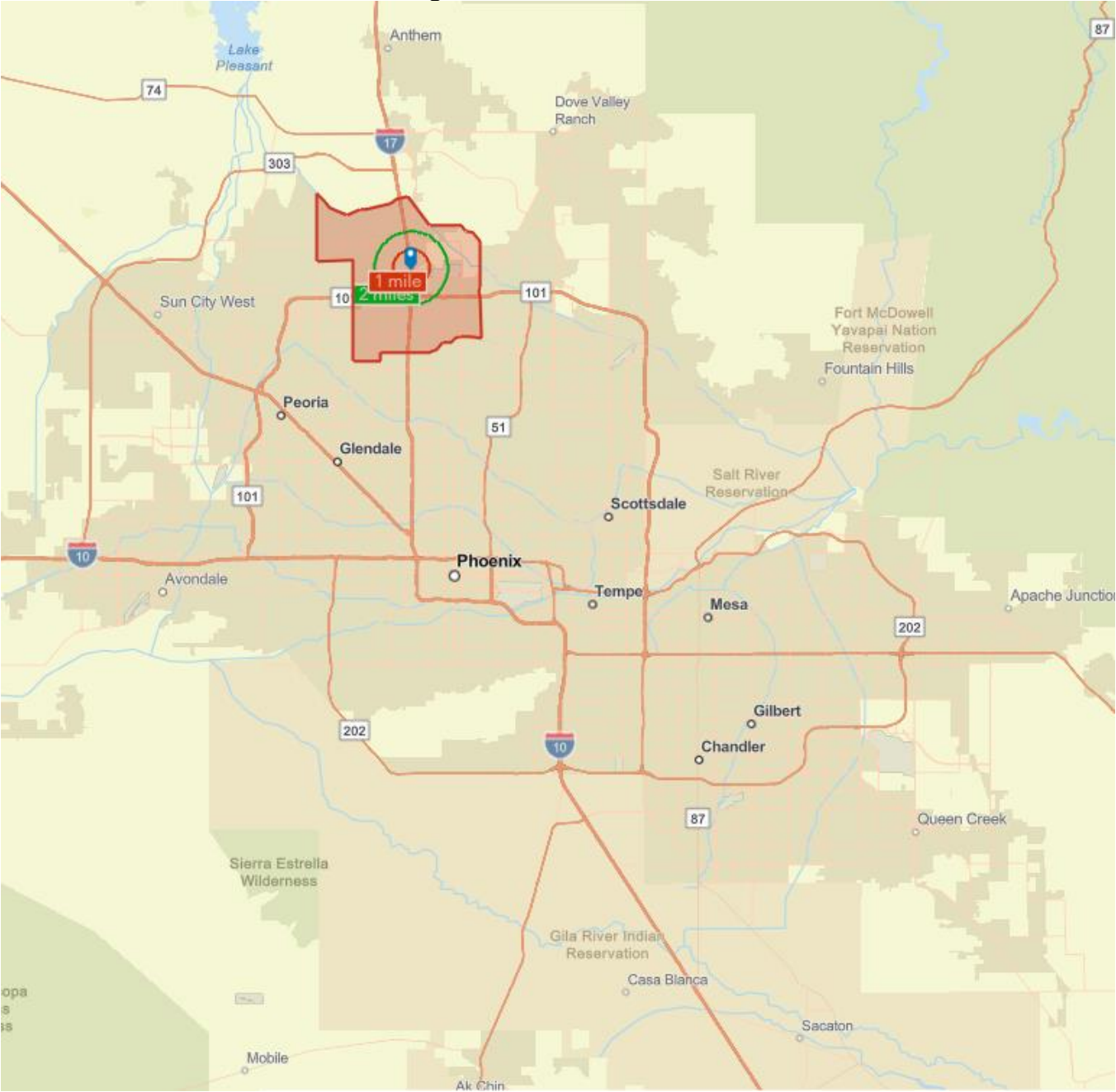
## **23. Conclusion**

Acceptance of and/or use of this appraisal report by the client or any third party reader or user, constitutes acceptance of the above stated conditions as well as any other(s) stated in this report. The acceptance of this appraisal report also constitutes acceptance of responsibility for payment of the appraisal fee balance due and any costs incurred by the appraiser(s) in collection of same. Appraiser liability extends only to stated client, not subsequent parties or users; any additional appraiser liability is limited to the actual amount of fee received by said appraiser(s).

These Limiting Conditions and Assumptions are in conjunction with any form type page(s) of similar nature in the appraisal report package; further, the reader is advised that certain comments in the report may point out other specific assumptions and/or limiting conditions pertaining to this appraisal even though an attempt has been made to summarize all limiting conditions and assumptions herein; the client or designated user of the appraisal report should inspect the property and confirm factual information before a final decision is made concerning the subject.

--- end ---

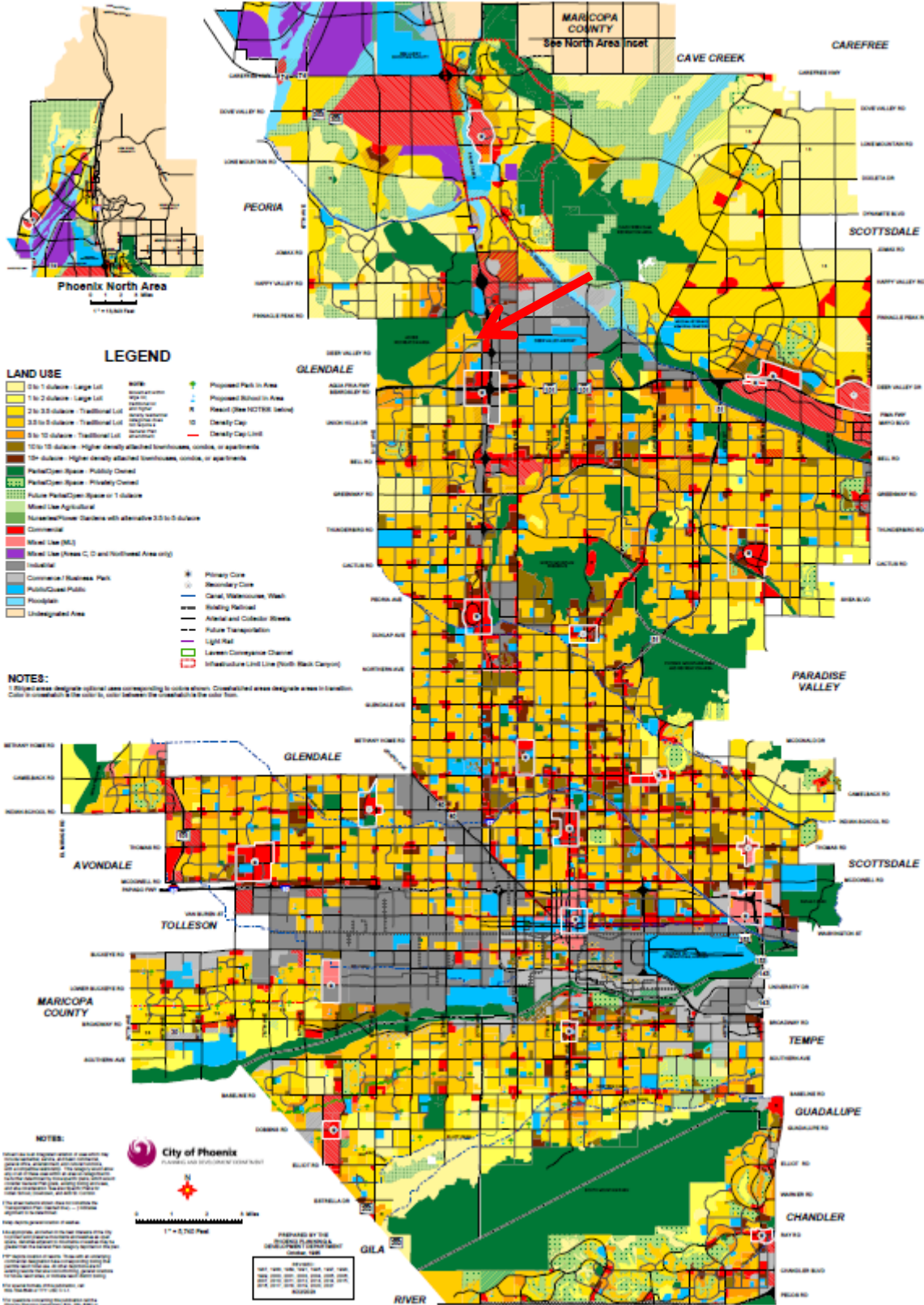
**SUBJECT EXHIBITS**  
**Neighborhood/Market Area**





# CITY OF PHOENIX GENERAL PLAN

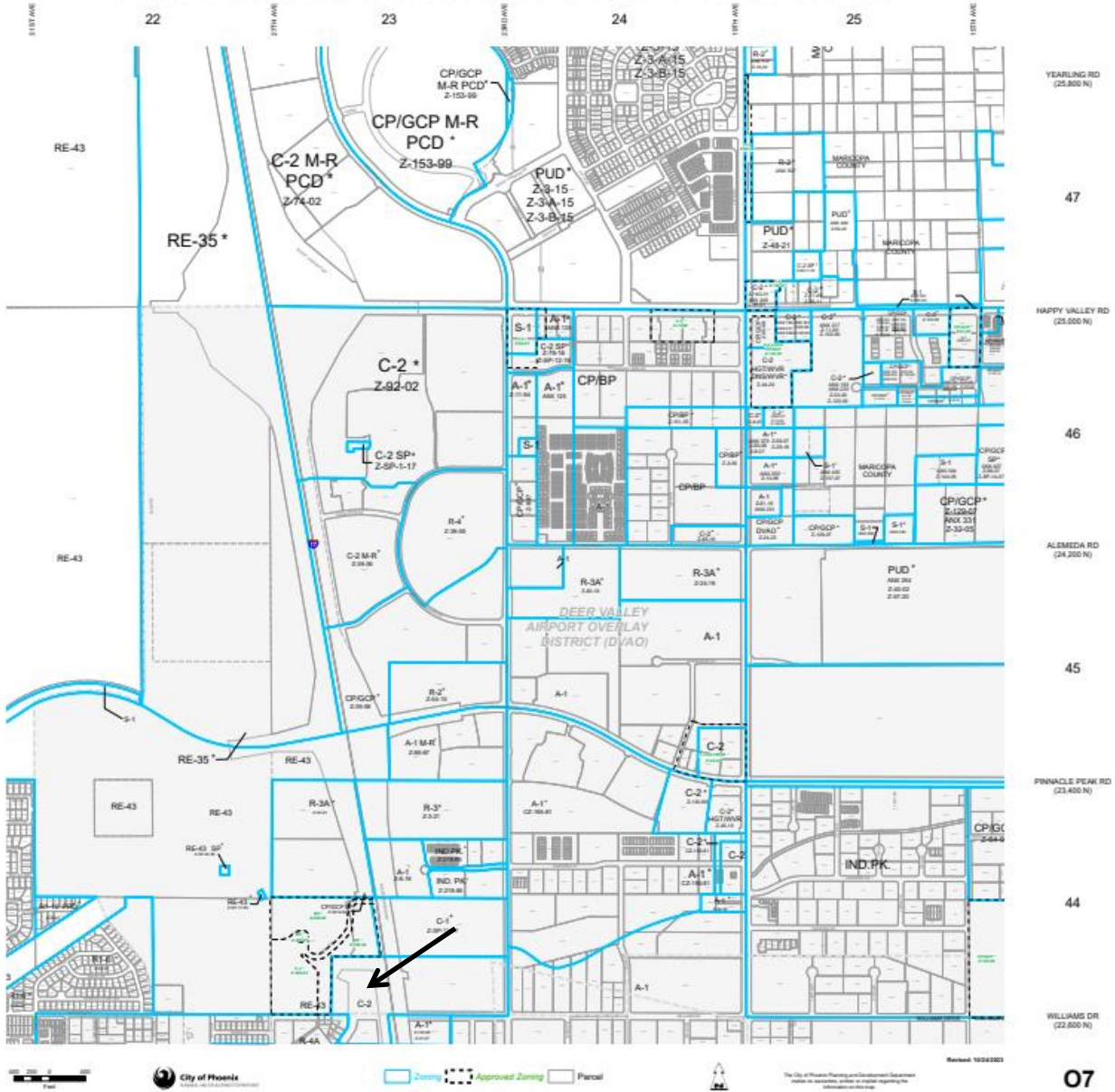
## A Vision for the Future

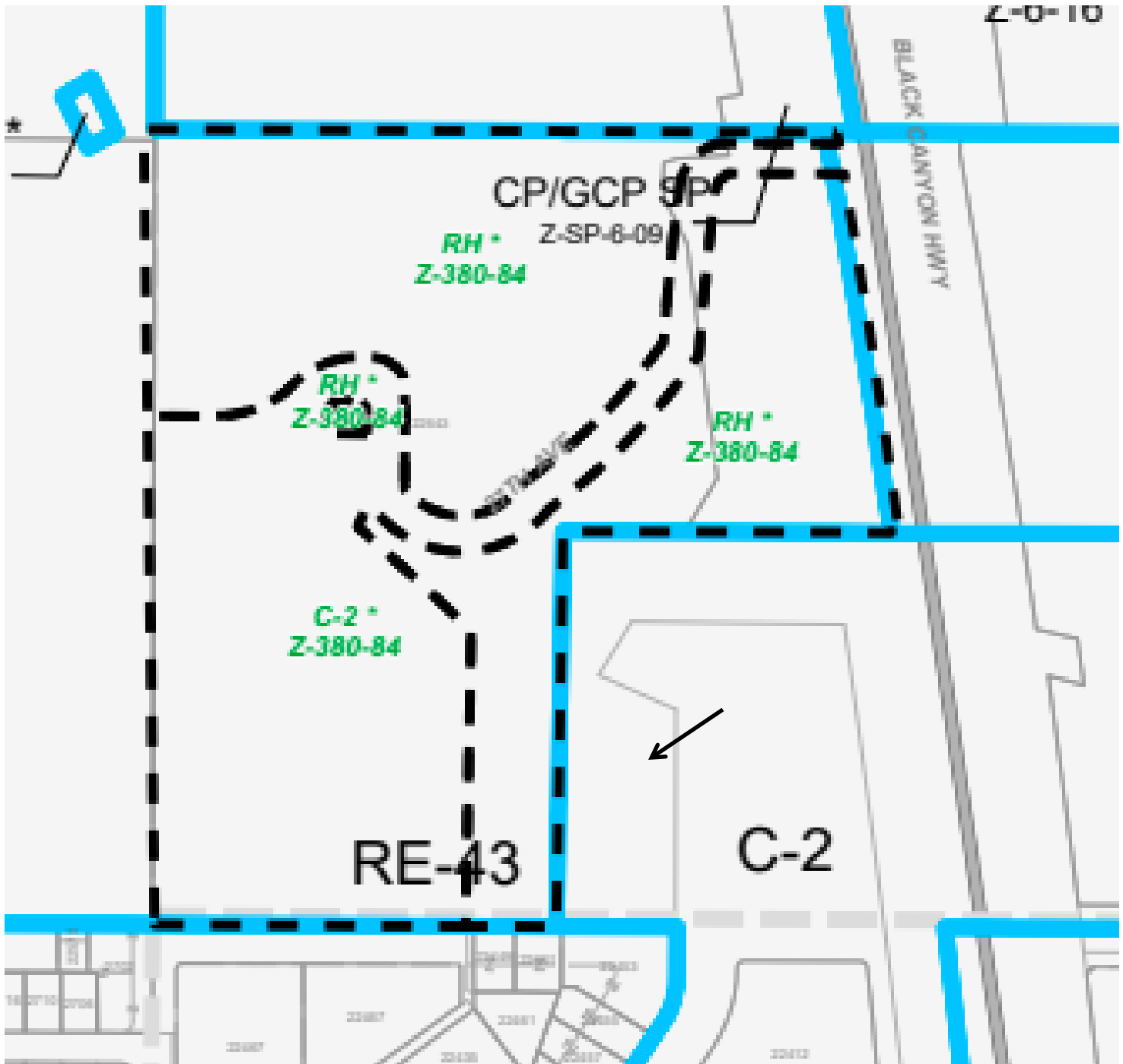




### Zoning Map

#### PHOENIX PLANNING AND DEVELOPMENT DEPARTMENT MAP: 07





FLOOD ZONE MAP

National Flood Hazard Layer FIRMette



112°7'12"W 33°41'42"N



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	Without Base Flood Elevation (BFE) Zone A, V, A99
	With BFE or Depth Zone AE, AO, AH, VE, AF
	Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD	0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
	Future Conditions 1% Annual Chance Flood Hazard Zone X
	Area with Reduced Flood Risk due to Levee. See Notes, Zone X
	Area with Flood Risk due to Levee Zone D
OTHER AREAS	No SCREEN Area of Minimal Flood Hazard Zone X
	Effective LOMRs
	Area of Undetermined Flood Hazard Zone D
GENERAL STRUCTURES	Channel, Culvert, or Storm Sewer
	Levee, Dike, or Floodwall
OTHER FEATURES	Cross Sections with 1% Annual Chance Water Surface Elevation
	Coastal Transect
	Base Flood Elevation Line (BFE)
	Limit of Study
	Jurisdiction Boundary
	Coastal Transect Baseline
	Profile Baseline
	Hydrographic Feature
MAP PANELS	Digital Data Available
	No Digital Data Available
	Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

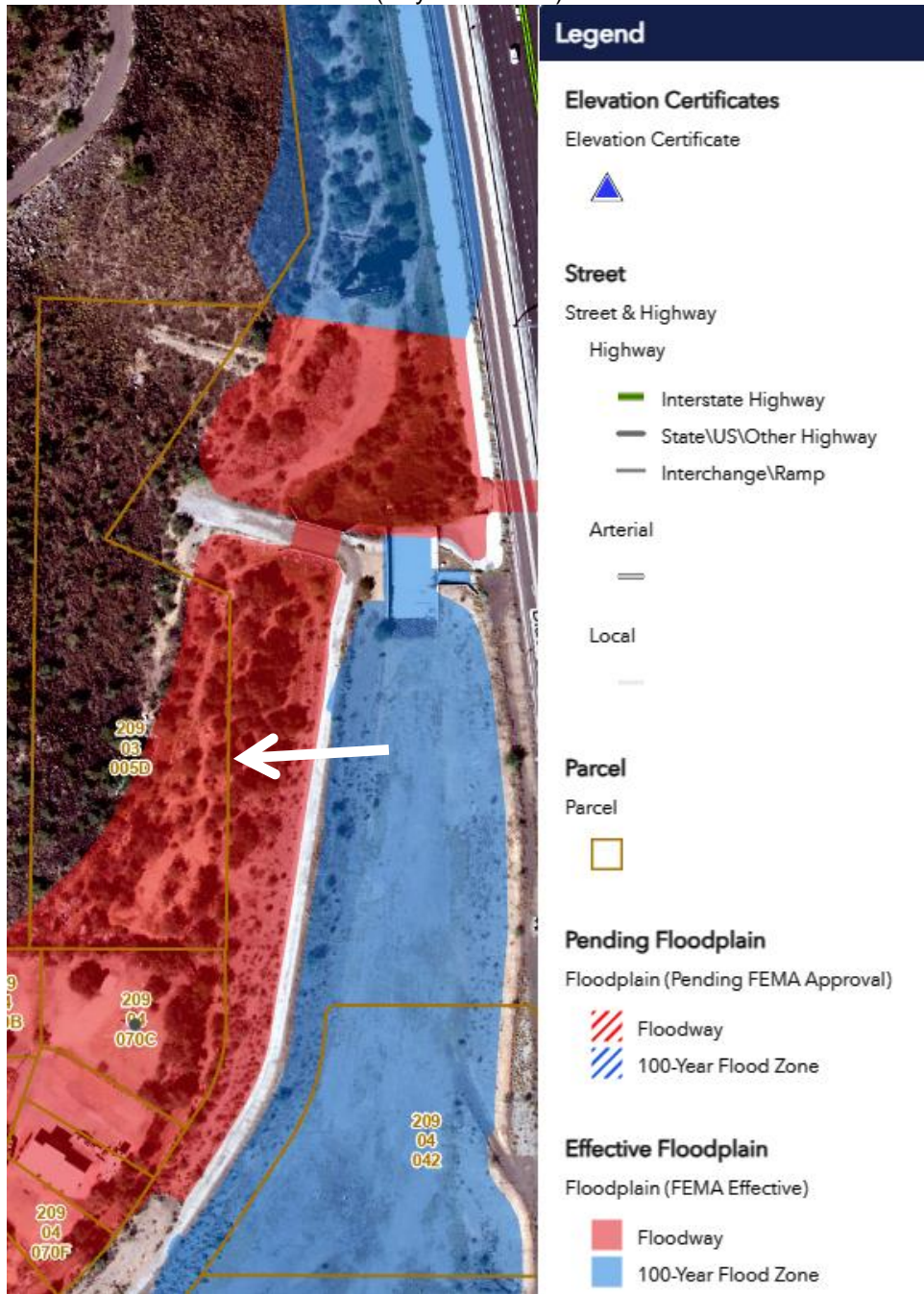
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 12/5/2023 at 10:01 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.



(City of Phoenix)

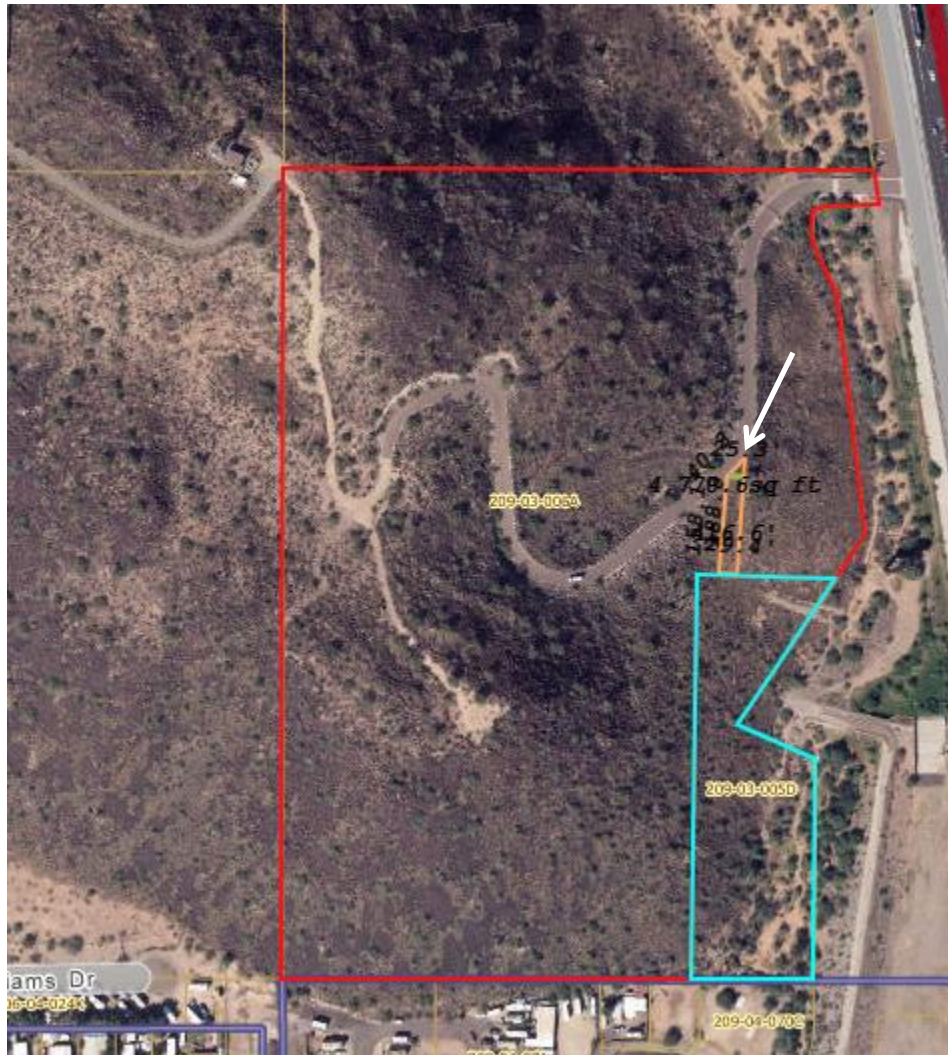


Topography Maps





Potential Access (orange)





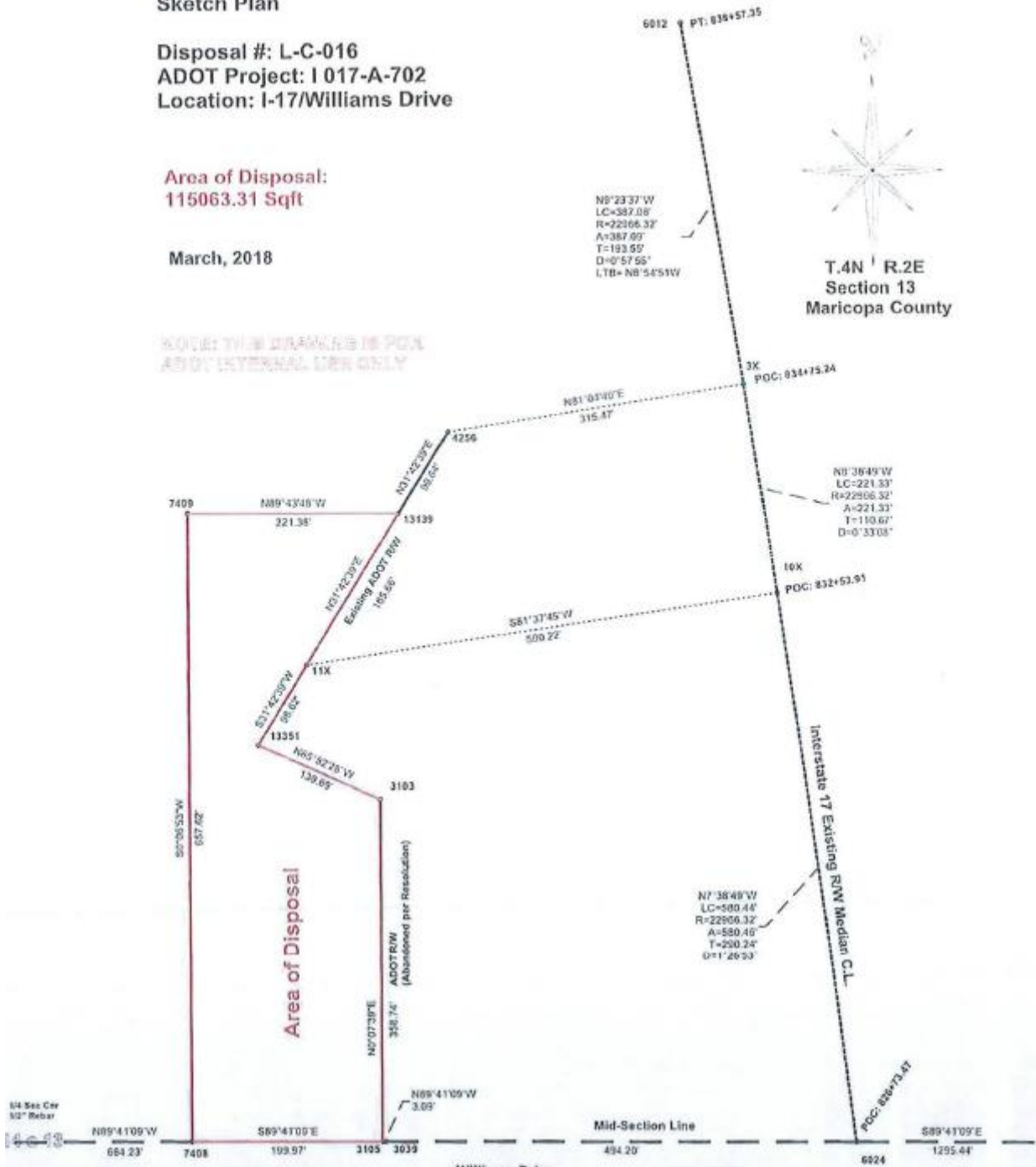
**Sketch Plan**

**Disposal #:** L-C-016  
**ADOT Project:** I 017-A-702  
**Location:** I-17/Williams Drive

**Area of Disposal:**  
 115063.31 Sqft

March, 2018

NOTE: THIS DRAWING IS FOR  
 ADOT INTERNAL USE ONLY



## EXHIBIT "A"

That portion of the Grantors' property that is described in the following PROPERTY DESCRIPTION located in the Southwest quarter of the Northwest quarter (SW $\frac{1}{4}$ NW $\frac{1}{4}$ ) of Section 13, Township 4 North, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona, lying westerly of the following described EXISTING RIGHT OF WAY LINE:

PROPERTY DESCRIPTION:

(Instrument No. 99-1094570, Maricopa County, Arizona)

That portion of the Southeast quarter of the Southwest quarter of the Northwest quarter of Section 13, Township 4 North, Range 2 East of the Gila and Salt River Meridian, Maricopa County, Arizona, described as follows:

COMMENCING at the Southwest corner of the Southeast quarter of the Southwest quarter of the Northwest quarter of said Section 13, being the TRUE POINT OF BEGINNING;

Thence North 00 degrees 10 minutes 26 seconds West along the Westerly line of said Southeast quarter of the Southwest quarter of the Northwest quarter of Section 13, a distance of 658.00 feet;

Thence North 89 degrees 59 minutes 27 seconds East along the Northerly line of said Southeast quarter of the Southwest quarter of the Northwest quarter of Section 13, a distance of 456.62 feet to a point on the Westerly Right-of-Way line of I-17;

Thence Southeasterly along a convex curve, being the Westerly Right-of-Way line of I-17, having a radius of 22,818.32 feet and a central angle of 00 degrees 45 minutes 36 seconds, a distance of 302.66 feet;

Thence North 89 degrees 58 minutes 17 seconds West a distance of 300.57 feet;

Thence South 00 degrees 10 minutes 26 seconds East, a distance of 359.00 feet to a point on the Southerly line said Southeast quarter of the Southwest quarter of the Northwest quarter of Section 13;

Thence North 89 degrees 58 minutes 17 seconds West along said Southerly line, a distance of 200.00 feet to the TRUE POINT OF BEGINNING;

(continued)

PAGE 1

PROJECT: 017 MA 215 H5162 017-A-702	LOCATION: S.R. 101 – Carefree Highway Disposal	PARCEL: L-C-016 cg 11-01-2018
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Except 1/16<sup>th</sup> of all oil, gases and other hydrocarbon substances, coal, stone, metals, minerals, fossils and fertilizers of every name and description and except all materials which may be essential to the production of fissionable material as reserved in Arizona Revised Statutes.

**EXISTING RIGHT OF WAY LINE DESCRIPTION:**

Commencing at a ½ inch rebar stamped "Hersey" marking the West quarter corner of said Section 13, being North 89°41'09" West 2656.92 feet from a brass cap in hand hole marking the Center quarter corner of said Section 13;

thence along the East – West mid section line of said Section 13, South 89°41'09" East 864.20 feet to the POINT OF BEGINNING on the former existing westerly right of way line of Interstate Highway 17 (PHOENIX – CORDES JUNCTION HIGHWAY) that was abandoned to the City of Phoenix by ADOT Resolution No. 2017-09-A-056 recorded in Document No. 2017-0699916, Maricopa County Records;

thence along said former existing westerly right of way line of Interstate Highway 17, North 00°07'39" East 358.74 feet;

thence continuing along said former existing westerly right of way line, North 65°52'28" West 139.69 feet;

thence continuing along said former existing westerly right of way line, North 31°42'39" East 98.62 feet to the current existing westerly right of way line of said Interstate Highway 17;

thence continuing along said existing westerly right of way line of Interstate Highway 17, North 31°42'39" East 285.30 feet;

thence continuing along said existing westerly right of way line, North 07°17'08" West 391.88 feet;

thence continuing along said existing westerly right of way line, North 26°37'37" West 82.90 feet;

thence continuing along said existing westerly right of way line, North 08°35'17" West 23.45 feet;

thence continuing along said existing westerly right of way line, North 03°41'18" East 36.75 feet;

thence continuing along said existing westerly right of way line, North 71°43'59" East 22.67 feet;

thence continuing along said existing westerly right of way line, North 86°30'48" East 85.74 feet;

(continued)

**PAGE 2**

<b>PROJECT:</b> 017 MA 215 H5162 017-A-702	<b>LOCATION:</b> S.R. 101 – Carefree Highway Disposal	<b>PARCEL:</b> L-C-016 cg 11-01-2018
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thence continuing along said existing westerly right of way line, North 09°52'47" West 95.94 feet;

thence continuing along said existing westerly right of way line, North 80°07'08" East 37.99 feet;

thence continuing along said existing westerly right of way line, North 09°52'47" West 163.12 feet;

thence continuing along said existing westerly right of way line, North 17°33'10" West 1146.20 feet to the POINT OF ENDING on the North line of said Section 13, being South 89°50'27" East 596.24 feet from a GLO brass cap marking the Northwest corner of said Section 13.

115,063 square feet, more or less.

The parcel of land herein conveyed shall have no right or easement of access to or from said Interstate Highway 17.

**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.

**PAGE 3**

<b>PROJECT:</b> 017 MA 215 H5162 017-A-702	<b>LOCATION:</b> S.R. 101 – Carefree Highway Disposal	<b>PARCEL:</b> L-C-016 cg 11-01-2018
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**Disposal Title Report Documents**

**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 "TO COME".

**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.

Amended October 24, 2018, JG, to add Examiners Note.

<b>Date of Search:</b> June 19, 2018	<b>Examiner:</b> Jim Gregg	<b>Reviewer:</b> Chuck Mullany
<b>Update to:</b>	<b>Examiner:</b>	<b>Reviewer:</b>
<b>Update to:</b>	<b>Examiner:</b>	<b>Reviewer:</b>
<b>Update to:</b>	<b>Examiner:</b>	<b>Reviewer:</b>
<b>Update to:</b>	<b>Examiner:</b>	<b>Reviewer:</b>

<b>County:</b> MARICOPA	<b>Tax Arb:</b> 209-03-005B	<b>Disposal:</b> L-C-016
<b>Tracs No.:</b> 017MA215H5162	<b>Highway:</b> PHOENIX-CORDES JUNCTION	<b>Excess Land:</b> N/A
<b>Fed. No.:</b> N/A	<b>Section:</b> SR101-CAREFREE HIGHWAY	<b>Parcel No.:</b> 7-10435

**1<sup>st</sup> Amendment**

**SCHEDULE A-1  
LEGAL DESCRIPTION**

That portion of the Southeast quarter of the Southwest quarter of the Northwest quarter of Section 13, Township 4 North, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, as depicted on, Sheet P-4, the Right of Way Plans of Phoenix - Cordes JCT. Highway SR 101 - Carefree Highway, Project, 017 MA 215 H5162 01R.

**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.) Final Order of Condemnation by and between the State of Arizona ex rel. Victor M. Mendez, Director, Department of Transportation, Plaintiff, vs. TLE, LLC, and Maricopa County, Defendants, dated September 25, 2009, recorded October 8, 2009 in Document No. 2009-934459.

**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 to the property being acquired by Condemnation.

## **END OF REQUIREMENTS**



**SCHEDULE B**

1. Perpetual Easement Agreement from The State of Arizona, by and through its Department of Transportation to Clear Channel Outdoor, Inc., a Delaware corporation, dated August 18, 2009, recorded August 27, 2009 in Document No. 2009-798480.
2. Perpetual Easement Agreement from The State of Arizona, by and through its Department of Transportation to Clear Channel Outdoor, Inc., a Delaware corporation, dated August 18, 2009, recorded August 27, 2009 in Document No. 2009-798481.

**END OF SCHEDULE B**

**EXAMINER NOTES FOR INFORMATIONAL PURPOSES ONLY**

1. Right of Way, No. 2565, by and between the State of Arizona, Grantor, and the Maricopa County Board of Supervisors, Grantee, dated August 12, 1960, recorded October 10, 1960 in Book 3448, page 258 shows what appears to be legal access. Upon viewing area aerial maps and on-site inspection, there appears to be no physical access to the subject property.

**END OF EXAMINER NOTES**

**CONSULTANT'S QUALIFICATIONS**  
**PAUL D. HENDRICKS, MAI**  
4708 E. Scarlett, Tucson, AZ 85711  
Voice & Fax (520) 325-6512  
Email: PaulHendricksMAI@gmail.com  
www.TucsonAzAppraisal.com

## EDUCATION

### Academic

Bachelor of Science in Business Administration, University of Arizona; Real Estate and Finance Major.

Valuation

#### Appraisal Courses and Examinations:

- Standards of Professional Practice; A, B
- Standards of Professional Practice, C
- Investment Analysis
- Highest and Best Use, and Market Analysis
- Valuation Analysis and Report Writing
- Case Studies in Real Estate Valuation
- Income Approach to Value and Capitalization
- Basic Principles, Methods 1A

#### Appraisal Seminars

- Appraisal Business Management
- Critical Building Inspections
- Fair Lending and the Appraiser
- Residential Real Estate Econometrics
- Commercial Appraisal; Lender Requirements

- Americans with Disabilities Act
- Due Diligence/Environmental Checklist
- Residential Appraisal Techniques
- FEMA Flood Hazard
- Arizona Appraisal Law
- Construction and Engineering Awareness
- Reviewing Appraisals
- Small Residential Income Property Appraisal
- Hazardous Materials
- Litigation Valuation
- Appraiser as Expert Witness
- Partial Interest Valuation; Undivided
- Land Valuation Assignments
- Residential & Commercial Solar Valuation
- Uniform Standards Appraisal Federal Land Acquisitions

## **EXPERIENCE**

### **November 1995 - Present:**

#### **Real Estate Appraiser/Consultant, Paul Hendricks Appraisal & Counseling, Tucson, Arizona**

In November 1995, Mr. Hendricks again returned to his own firm which performs appraisal and consulting assignments primarily in Arizona; he also works as an independent contractor for other appraisal firms in the Tucson area. He continues to work as an independent contractor with Hendricks, Vella, Weber & Williams, a California corporation with assignments primarily in California.

### **1994-November 1995:**

#### **Senior Real Estate Analyst; The Dorchester Group, Scottsdale, Arizona.**

In January 1994 Mr. Hendricks joined The Dorchester Group as a Senior Analyst. He has provided consulting and valuation services on several complex real estate issues and assignments for the firm which specialized in litigation support for its operations in Arizona and California.

### **1986-1993:**

#### **Real Estate Appraiser/Consultant, Paul Hendricks Appraisal & Counseling; Tucson, Arizona.**

During this time Mr. Hendricks performed real estate appraisals and consulting for his own firm as well as working as an independent contractor primarily for Swango Appraisal. Appraisal assignments included a wide variety of property types including industrial and retail, special use, apartment, motel, subdivision and land as well as residential properties and commercial appraisal reviews.

### **1979-1986:**

#### **Senior Real Estate Analyst, Swango Appraisal & Consultation; Tucson, Arizona.**

Mr. Hendricks primarily performed a wide variety of appraisal assignments for residential and commercial properties.

## **PROPERTIES**

Property experience encompasses virtually all types, including apartments, retail centers, industrial, offices, motels, special use properties and commercial appraisal reviews. Clients include private, corporate, institutional, and governmental entities.

## **COMPUTERS**

Mr. Hendricks' experience includes development of specialized spreadsheets dealing with anticipated income streams from tenant leases, analysis of various leasehold positions and Discounted Cash Flow analyses and projections.

### **PROFESSIONAL AFFILIATIONS**

- Member Appraisal Institute, MAI (Membership No. 7811)
- Certified General Real Estate Appraiser, State of Arizona (30197)
- President, Appraisal Institute, Tucson Chapter (1997)
- Vice President, Appraisal Institute, Tucson Chapter (1996)
- Secretary, Appraisal Institute, Tucson Chapter (1995)
- Treasurer, Appraisal Institute, Tucson Chapter (1994)
- Board of Directors, Appraisal Institute, Tucson, Arizona (1991-1993)

### **GEOGRAPHIC WORK/MARKET EXPERIENCE**

Mr. Hendricks has completed real estate assignments and has market familiarity in Arizona, California and Nevada.

### **EXPERT WITNESS EXPERIENCE**

Mr. Hendricks will always sign appraisal reports and be responsible for analysis of the appraisal problem, primary and secondary data research, selection and confirmation of comparable properties, inspection and all analysis as well as defense of conclusions.

Mr. Hendricks has been qualified as an expert witness in Superior Court in Arizona and has given depositions and testimony experience in bankruptcy proceedings, condemnation, and other litigation. He has performed analysis for condemnor and condemnee parties.

Prior 4 year experience:

7/23/21 Testimony (telephonic interview) Arizona Superior Court, Pima County, Hon Gary J. Cohen; for City of Tucson Danielle Constant, Esq. and Dina Aouad, assistant; for Defendant-Hector Ochoa.

11/9/20 Testimony (via go to meeting) in Arizona Superior Court, Judge-Daniele Viola. Staples V Watson Chevrolet; for plaintiff-Lesley Lukach, ESQ, Pima County Assessor, for Defendant-Jeremy Shorbe, ESQ. Stubbs & Schubart.

### **SPECIAL PROJECTS**

In Tucson, Mr. Hendricks worked as an independent fee appraiser for the City of Tucson and Pima County in the condemnation, acquisition and negotiation of several large road projects including Country Club, Alvernon and Speedway Boulevard, Golf Links, Wetmore Road and La Cholla as well as condemnation for the acquisition of Central Arizona Project pumping station sites.

In Phoenix, Mr. Hendricks is an independent fee appraiser for the City of Phoenix with experience in appraisal of a variety of commercial property types for the Central Phoenix/East Valley Light Rail Project.

Mr. Hendricks is under contract with Arizona Department of Transportation and has experience in appraisal of a variety of commercial property types.

At The Dorchester Group, Mr. Hendricks has assisted in the analysis of the impact of the Exxon Valdez Oil Spill in Prince William Sound, Alaska on certain real estate holdings and litigation support for the U.S. Justice Department in relation to acquisition of and subsequent development of Lake Pleasant. Consulting assignments have analyzed market rental and effects in value from site contamination and soil subsidence.



**Department of Insurance and Financial Institutions**  
**State of Arizona**

**CGA - 30197**

This document is evidence that:  
PAUL D. HENDRICKS 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**

**PAUL D. HENDRICKS**

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**

Purchase Order



**PURCHASE ORDER**

PHOENIX, on 12/6/2023

CTR0.54970/ JW-24-012/ M697201X/ L-C-016/ Appraisal due 60 days from approval-PAUL HENDRICKS  
REAL ESTATE APPRAISAL AND CONSULTIN

**SUPPLIER**

PAUL HENDRICKS REAL ESTATE APPRAISAL  
Attn: Mr. Paul Hendricks  
Address: 4708 E Scarlett St  
UNITED STATES  
Tucson, 85711  
Phone: 5203256512  
E-mail: pdhend18@gmail.com

**ORDER No. P00000616639**

*(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  
1801 W Jefferson St  
UNITED STATES  
Phoenix, Arizona 85007

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: 100% Upon Acceptance

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054970-2	730312-1	CTR0.54970/ JW-24-012/ M697201X/ L-C-016/ Appraisal due 60 days from approval Commentaire : L-C-016	1.0000	Total Cost	2,950.0000	2,950.00

**Total before Tax** 2,950.00 USD  
Non-Taxable - 0 % 0.00 USD  
**Total after Tax** 2,950.00 USD





## PURCHASE ORDER

### DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item





## 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.





## 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. Protection of State Cybersecurity Interests.** Seller shall comply with State Executive Order No. 2023-10, which includes, but is not limited to, a prohibition against (a) downloading and installing of TikTok on all State-owned and State-leased information technology; and (b) accessing TikTok through State information technology.

**11. 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.

**12. 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

**13. 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.

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

**15. 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

**16. 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.

**17. 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.

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

**19. 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.

**20. 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







## PURCHASE ORDER

seq., and the rules thereunder, A.A.C. R2-7-101 et seq.)

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

**22. 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.

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

