



# MEMORANDUM

PUBLIC WORKS-REAL PROPERTY SERVICES

Date: February 12, 2016

To: C.H. Huckelberry  
County Administrator

From: Neil J. Konigsberg, Manager  
Real Property Services/PWA

RE: RB Land Acquisition

Below are our responses to questions from Supervisor Miller's office regarding the acquisition of approximately 326.48 acres of Floodprone land from RB Land, LLC by the Regional Flood Control District.

1. Question: Page 7 of the appraisal states the site is not currently listed for sale. It is, however, listed online as a land investment project of 80 acres of developable land with the remainder as mitigation land. <http://www.randallmartin.com/portfolio/#marker10> My understanding of FLAP is that the property owner must request we purchase their land. Since they turned down our \$650K offer in 2011, is there an underlying reason that they are approaching us now to acquire the land? Environmental issues?

Answer: The property is not listed for sale. The owner of the property is RB Land, LLC. The sole member of the LLC is Randy Bury. Rand Bury is the President of Randall Martin, a land investment company that lists its current projects on its website. There is no broker, no listing with a broker, and no listed sales price.

The closing of the acquisition is subject to receiving a satisfactory phase I, which the County has ordered. A draft has been received, and it reveals no REC (recognized environmental condition), HREC (historically recognized environmental condition) or CREC (controlled recognized environmental condition) in connection with the subject property.

With respect to the Seller's reasons for wanting to sell now, we know that the Seller is anxious to close quickly so that it can liquidate the property. We do not know to what use the Seller intends to put the funds generated from the sale.

2. Question: The appraiser cautions that this is not intended to stand alone as an appraisal report; that the appraisal she prepared on 12/28/11 should be included & made a part of this appraisal. Can we get a copy of it?

Answer: we have provided a copy of the prior appraisal. However, the most recent appraisal is a complete appraisal.

3. Question: Have the \$10,054.81 in delinquent taxes through 6/30/15 been paid? If not, how will they be addressed?

Answer: according to the Treasurer's records the 2015 taxes have been paid in full. To the extent they were not paid, they would have been paid by the Seller at Closing. There will be no 2016 taxes due.

4. Question: Why are Exhibits C, D & E not completed?

Answer: The contract provides in section 4 that there are no wells or underground improvements. Exhibits C & D are only completed if there are wells or underground improvements. Exhibit E is intended only as a form of deed, per section 7.3.1 of the contract. We include a form of deed so that we do not have to negotiate the terms of any recorded instruments at closing.

6. Question: Is the FEMA Map #04019C1020L dated 6/16/11 reflective of the FEMA floodplain mapping review/ratings conducted that year?

Answer: The FEMA Special Flood Hazard Area was originally delineated with the first set of Flood Insurance Rate Maps in 1983, and have remained as originally delineated. Periodically FEMA re-prints the Flood Insurance Rate Maps to clean up any map changes that have occurred. The 6/16/11 date is the last re-printing of the map. No changes occurred in this location as a result of the re-printing. It remains a high hazard area.

## SUMMARY APPRAISAL REPORT

**PREPARED FOR:** Mr. Doug Laney, MAI, SR/WA  
Appraisal Supervisor  
Pima County Real Property Services  
201 N. Stone Avenue, Sixth Floor  
Tucson, AZ 85701

**PREPARED BY:** Beverly Weissenborn, MAI  
Burke Weissenborn, LLC  
110 South Church, Suite 8300  
Tucson, AZ 85701

**DATE OF VALUE:** December 28, 2011

**DATE OF THE REPORT:** January 6, 2012

**FILE NUMBER:** 03-11-91-L

**OWNERS:** RB Land, LLC

**PROPERTY:** 326.48 acres of vacant land located about 2.5 miles west of Sandario Road and 1.0 to 2.0 miles south of Avra Valley Road, Pima County, Arizona.

**LEGAL:** Located in Section 19, Township 12 South, Range 11 East

**TAX CODE NOS:** 215-19-002D, 215-19-002J, 215-19-005C



January 6, 2012

Mr. Doug Laney, MAI, SR/WA  
Appraisal Supervisor  
Pima County Real Property Services  
201 N. Stone Avenue, Sixth Floor  
Tucson AZ 85701

REF: Appraiser's File No.: 03-11-91-L

Dear Mr. Laney:

At your request, I have provided an opinion of market value of 326.48 acres of vacant land located on the north side of the Emigh Road alignment, 2 to 3 miles west of Sandario Road, in Avra Valley, Pima County, Arizona. The site is located in Section 19, Township 12 South, Range 11 East.

The date of value is December 28, 2011, the date of the most recent property inspection. The intended use of the appraisal is to provide a valuation basis for the potential acquisition of the property by Pima County for open space. Pima County and its assignees are the exclusive intended users of the report.

This is a summary appraisal report that is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice* promulgated by the Appraisal Standards Board of the Appraisal Foundation. It is also intended to comply with the appraisal requirements set forth by Pima County.

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

Based upon my judgment and the data and discussions contained in this report, the market value of the subject property is as follows:

Mr. Doug Laney, MAI, SR/WA  
January 6, 2012  
Page 2

**MARKET VALUE OPINION OF THE  
SUBJECT PROPERTY .....\$650,000**

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

In order to guarantee the authenticity of this report, the designated appraiser has imprinted this letter of transmittal with an embossed seal. Any copy without same is not a certified copy and the appraiser assumes no responsibility or liability for such a report.

Respectfully submitted,

Burke Weissenborn, LLC

By   
Beverly Weissenborn, MAI  
*Certified General Real  
Estate Appraiser #30125*

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## CONTINGENT AND LIMITING CONDITIONS

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

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

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

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

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

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

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

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

The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such factors. To the extent that published data from public agencies is available on the above, the Appraiser has made an effort to consult this information.

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

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

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

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

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

The appraiser has not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which is identified as an endangered or threatened species

by the U.S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraiser is not qualified to detect or analyze such plants and wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since the appraiser has no direct evidence relating to this issue, possible endangered or threatened species were not considered in valuing the property.

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

**SUMMARY OF SALIENT FACTS**

PROPERTY: 326.48 acres of vacant land

PROPERTY LOCATION: On the north side of the Emigh Road alignment, 2 to 3 miles west of Sandario Road and 1 to 2 miles south of Avra Valley Road, Pima County, Arizona

DATE OF VALUATION: December 28, 2011

DATE OF INSPECTION: December 23 and December 28, 2011

DATE OF REPORT: January 6, 2012

TYPE OF REPORT: Summary

OWNER OF RECORD: RB Land, LLC

CLIENT: Mr. Doug Laney, MAI, SR/WA  
Pima County Real Property Services

INTEREST APPRAISED: Fee Simple

TAX CODE NUMBERS: 215-19-002D, -002J and -005C

SITE DATA: The site is located in a rural area of Pima County known as Avra Valley. It is just west of the town of Marana a suburb of metropolitan Tucson. Legal access is provided by a 30' right-of-way extension of Emigh Road. Physical access is available to the north and west boundaries off private dirt roads and/or easements. Electric and telephone are nearby. There is no developed water source or sewer lines. Area residents rely on individual wells for domestic water and septic systems for waste disposal. Propane is available through private services.

FLOOD HAZARD: About 96% of the site is in the Brawley Wash Floodplain Flow Corridor and bisected by the East Branch of the Brawley Wash. According to the National Flood Insurance Program's Flood Insurance Rate Map, Community Panel 04019C, Panel No. 1020L, revised June 16, 2011; the subject site is in Zones AO-2 and AO-3, areas subject to 100-year flooding with

a depth of 2 to 3 feet. To obtain a Floodplain Use Permit, an Engineering Report that maps the hydraulics of the wash must be prepared by an Arizona Registered Professional Civil Engineer. The results of the report will dictate whether or not habitable structures would be allowed. If allowed, any structures would have to be elevated one foot above the base flood elevation.

ZONING: RH, Rural Homestead with a minimum lot site of 4.13 acres.

COMPREHENSIVE PLAN: RT; Resource Transition

LANDS CONSERVATION SYSTEM: IRA: Important Riparian Area; 93% Xeroriparian D and 7% Xeroriparian C.

HIGHEST & BEST USE: Investment, with the potential for use as mitigation land.

MARKETING TIME/EXPOSURE TIME: 18 to 24 months

**OPINION OF MARKET VALUE OF THE  
SUBJECT SITE, AS VACANT,  
AS OF DECEMBER 28, 2011 .....\$650,000**

## THE APPRAISAL PROCESS

An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social and economic forces.

The front section of the appraisal contains the appraisal criterion and factual data. The second half of the appraisal is the Valuation Section which contains the Highest and Best Use Analysis and the valuation. The highest and best use of the subject property is the basis upon which market value is estimated.

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

**PROPERTY IDENTIFICATION**

The subject site consists of 326.48 acres of vacant land. It is located on the north side of the Emigh Road alignment, two to three miles west of Sandario Road and one to two miles south of Avra Valley Road in an area of Pima County known as Avra Valley. According to the legal description in the Title Report dated October 24, 2011, the property is legally described as follows.

**Parcel 1**

**The Southwest Quarter of Section 19, Township 12 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona.**

**{JV Arbs 22 and 23}**

**Parcel 2**

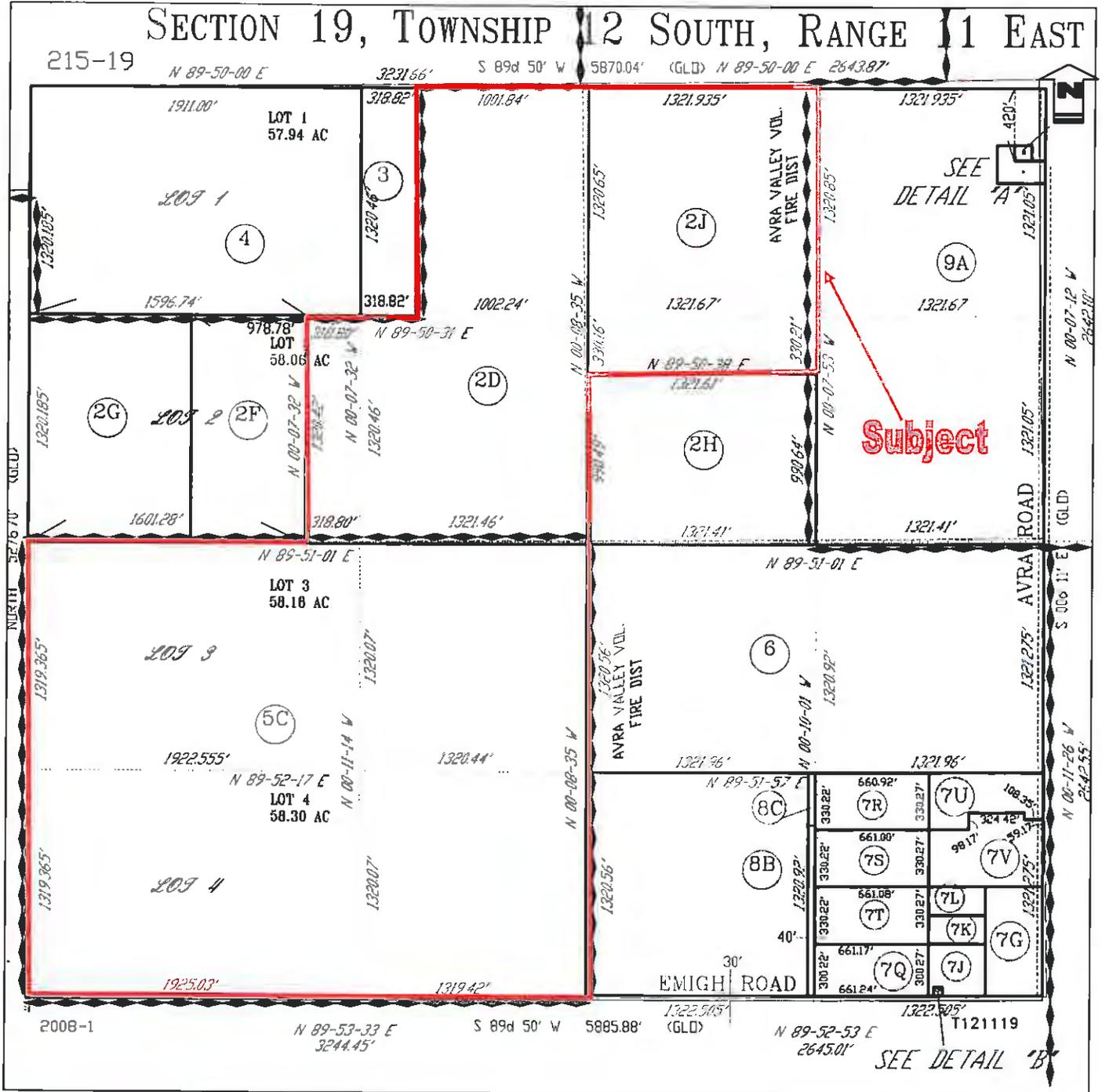
**The Northeast Quarter of the Northwest Quarter, EXCEPT the West 318.82 feet thereof; and the Southeast Quarter of the Northwest Quarter; and the East 318.8 feet of Lot 2; all in Section 19, Township 12 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona.**

**{JV Arb 21}**

**Parcel 3**

**The Northwest Quarter of the Northeast Quarter and the North Half of the North Half of the Southwest Quarter of the Northeast Quarter of Section 19 Township 12 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona.**

# PROPERTY IDENTIFICATION MAP



**INTENDED USE/USER OF THE APPRAISAL**

***Intended Use of the Appraisal:*** To provide an opinion of market value to be used as the financial basis for the potential acquisition of the subject property by Pima County.

***Intended User:*** Pima County and their designees and/or assigns.

***Date of Valuation:*** December 28, 2011, the date of the most recent property inspection.

***Date of the Appraisal:*** January 6, 2012

**DEFINITION OF MARKET VALUE**

The following definition of market value from page 177 of The Dictionary of Real Estate Appraisal, Fourth Edition is applied in this appraisal.

"The most probable price, as of a specified date, in cash or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and self-interest, and assuming that neither is under undue duress.

**INTEREST TO BE APPRAISED**

The interest to be appraised is the fee simple estate which is defined as:

"This interest in the fee is a fee without limitations to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power, and taxation. The property is appraised as if free and clear and without any restrictions or encumbrances which would limit the marketability of the property."

**OWNERSHIP HISTORY AND FIVE-YEAR CHAIN OF TITLE**

According to the Title Report, title to the subject site is vested in RB Land, LLC. Title was acquired by virtue of a Deed recorded June 21, 2011 in Sequence No. 20111720394. The grantor was RB Land Venture 1, LLC who was a related party. On the same day RB Land Venture 1, LLC acquired title from the Marana Unified School District No. 6. According to Will White, the buyer's representative, this acquisition was part of an exchange in which Marana Unified School District acquired about 107.65 acres on Grier Road for a price of \$3,200,000. Title to the subject property was conveyed at an allocated value of \$165,000 or about \$500 per acre based on an appraisal. The subject site was donated to the school district in 1986.

## SCOPE OF WORK

According to the 2010-11 Uniform Standards of Professional Appraisal Practice, Scope of Work Rule identifies the following three criteria that must be addressed in each appraisal.

1. Identify the problem to be solved.
2. Determine and perform the scope of work necessary to develop credible assignment results; and
3. Disclose the scope of work in the report.

The subject site is a vacant parcel of land located in a rural area west of Metropolitan Tucson. The property was inspected by the appraiser on December 23 and 28, 2011. The site is located two to three miles west of Sandario Road and one to two miles south of Avra Valley Road. It is situated along the East Branch of the Brawley Wash. The closest access to the west boundary is from Avra Valley Road via several interior access easements that are not publically maintained. There is a farm road across private land that provides physical access to the north boundary. Legal access is via the 30-foot right-of-way to Emigh Road. Emigh Road ends about ½ mile east of the southeast corner and Twin Peaks Road ends about ¼ mile east of the northeast corner of the site.

The most significant characteristic impacting the subject site is the location within the Brawley Wash Floodplain Flow Corridor. According to FEMA maps and a hydrology report prepared by the Pima County Flood Control District, the site is within the following designated flood areas. In addition, the entire site is classified as an Important Riparian Area (IRA). As can be seen from the table below, most of the site is in Xeroriparian Area D.

<b>Parcel #</b>	<b>Total Acreage</b>	<b>Zone AO-2</b>	<b>Zone AO-3</b>	<b>Riparian Classification</b>
215-19-002D	79.96	39.18	40.78	99.76%; Xeroriparian D
215-19-002J	49.85	49.85	0	95.8%; Xeroriparian D
215-19-005C	197.56	110.70	86.86	84.38%; Xeroriparian D & 14.02% Xeroriparian C
<b>Total</b>	<b>327.37 Acres*</b>	<b>199.73 Acres</b>	<b>127.64 Acres</b>	
<b>Percentage</b>		<b>61%</b>	<b>39%</b>	

\*Slight difference in total acreage due to estimated areas in the floodplain.

For any development to occur, a Floodplain Use Permit must be issued which requires an engineering study completed by an Arizona Registered Professional Civil Engineer that outlines the effects a proposed development will have on the flow of water through the area being developed and surrounding areas. However, for all practical purposes development is not allowed in Zone AO-3. Development regulations for all other zones require the finished floor of any habitable structure be elevated one foot above the base flood elevation or a total of 3 feet in Zone AO-2. Also there is a 250 foot setback from the East Branch of the Brawley Wash which carries over 10,000 cfs.

In an area designated as an Important Riparian Area (IRA), mitigation is required if more than one-third of a parcel is disturbed.

In addition to the limitations resulting from the floodplain and riparian restrictions, the recent economic downturn has negatively affected demand for land regardless of the potential use. Residential land, in particular, has been negatively impacted. While there has been some recent activity, it is expected that until the existing inventory of improved lots and land that is platted and/or entitled is absorbed, there will be very little demand for large vacant sites like the subject.

A search for recent sales has been conducted with a focus on the rural areas in the western, southern and northwest portions of metropolitan Tucson. Regardless of the zoning and/or potential use, there are very few land sales in excess of 50 acres that have recently occurred. Only six recent sales can be considered relevant to the valuation of the subject. In addition, two nearby land leases will be analyzed. Tabulations of the sales and discussions will be presented to arrive at a value conclusion for the subject site.

### NEIGHBORHOOD DATA

Since the parties for whom this appraisal is prepared are familiar with the subject neighborhood, only a brief description is presented. The neighborhood boundaries are defined as the Pima/Pinal County line to the north, Sandario Road, Saguaro National Park and Tucson Mountain County Park on the east, the Tohono O'Odham Nation to the south and Ironwood Forest National Monument and the Tohono O'Odham Nation to the west. Although portions of the neighborhood are within the incorporated limits of Marana, much of the land in the neighborhood, including the subject property, is located in unincorporated Pima County.

Historically, Marana has been a farming community located on the outskirts of Tucson. In recent years, the Town of Marana has aggressively expanded by annexing land to the southeast to enlarge the tax base. Today, the population of Marana is 34,961 and includes the master-planned communities of Continental Ranch and Dove Mountain. In addition, Marana includes much of the commercial development in the vicinity of I-10 and Cortaro Farms Road, Ina Road, Thornydale Road and Orange Grove Road.

The subject property is located in a rural area known as Avra Valley located south and west of Marana, between the Ironwood Forest National Monument and Saguaro National Park. Surrounding land uses are primarily low density, rural residential developments consisting mostly of manufactured homes and some site-built homes. The predominance of manufactured homes is largely a function of affordability, zoning and the floodplain restrictions. Development of manufactured homes on floodprone land is often allowed providing the homes are elevated on block piers, with stem walls and skirting or the building pads are raised one foot above the base flood elevations and the homes are angled appropriately in the event of a flood.

One new subdivision has been developed relatively close to the subject property. Tierra Linda is located on the south side of Emigh Road, about 1.5 miles west of Sandario Road and about one mile east of the subject property. Approximately 214 acres were purchased in November 2003 for development of 190 ¾-acre lots. Pepper Viner Homes purchased 76 lots under a rolling option agreement. They started selling homes in October 2005. The prices initially ranged from about \$300,000 to \$400,000. Today, prices have been reduced to \$229,990 to \$329,990.

There are several small commercial uses nearby including a Minit Market and Arizona Fuel at the southwest corner of Sandario and Picture Rocks Road about 4.5 miles southeast of the subject site. Other smaller commercial uses are located in this vicinity. Most recently developed is a Chevron gas station and convenience store located on the east side of Sandario Road north of Picture Rocks Road. With the exception of several other small convenience stores and commercial uses scattered throughout the area, the closest commercial services are at Cortaro Farms Road and Silverbell or at I-10 and Ina Road about 12 miles southeast of the subject property.

Primary asphalt paved roads providing access within the neighborhood include Sandario Road, Sanders Road, Picture Rocks Road, Avra Valley Road, Manville Road, Silverbell Road and Trico Road. Most of the secondary neighborhood streets are graded dirt, many of which are private easements. Due to the floodplains of the Brawley Wash, the Black Wash and the Blanco Wash which traverse the area from south to north, many neighborhood roads become impassible during heavy rains.

The subject property is within the Marana Unified School District. A new campus for Marana Junior High School was recently completed. Marana High School is located about two miles east of the subject property at the northwest corner of Emigh Road and Sandario Road.

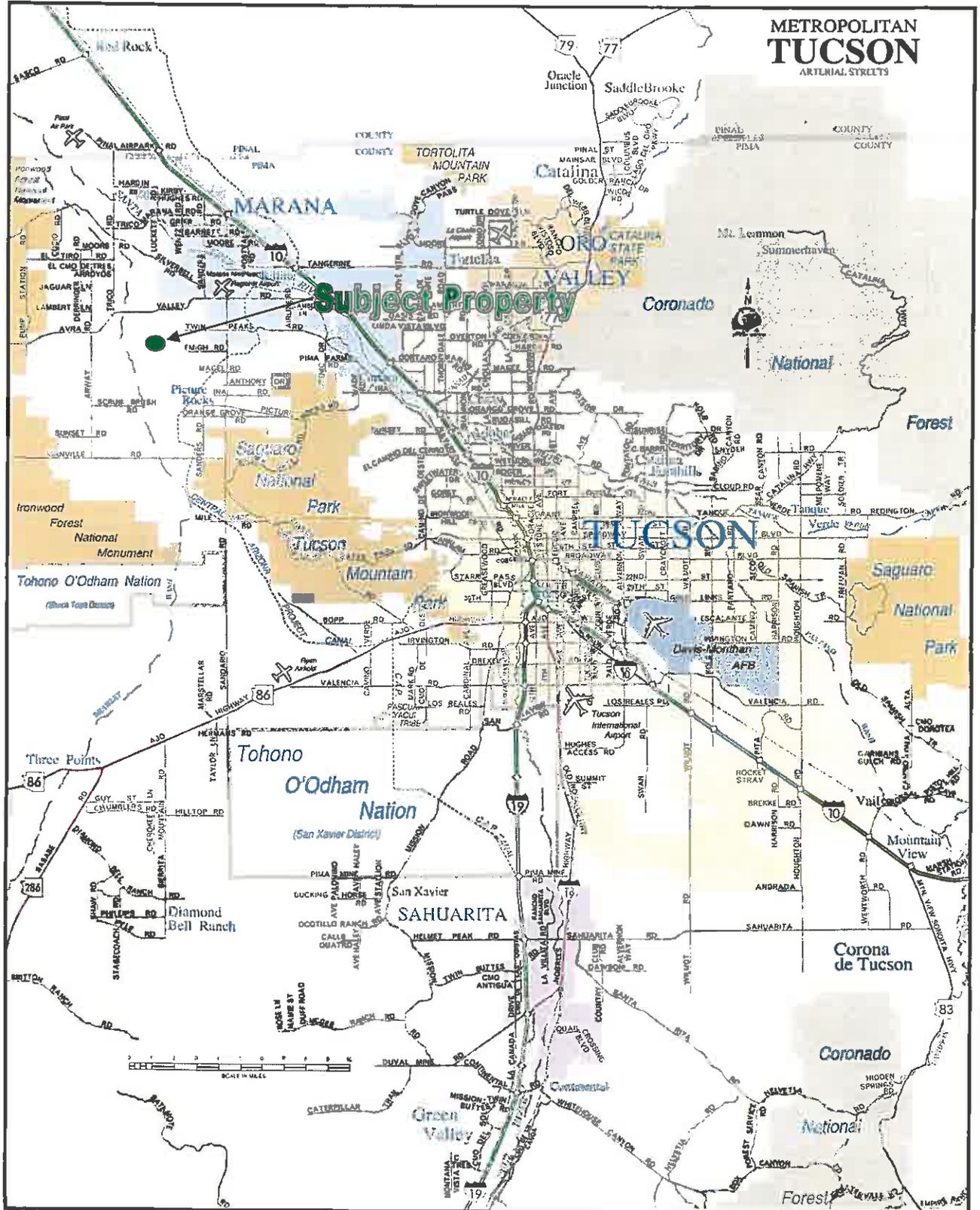
Police protection is provided by Pima County Sheriff's Department. Fire protection is provided by Avra Valley Volunteer Fire Department and Picture Rocks Volunteer Fire Department. A new station has recently been completed on the west side of Sandario Road, north of Picture Rocks Road. Trico Electric Cooperative and Tucson Electric Power supply electricity. Century Link (formerly Quest Communications) provides telephone service. Throughout the neighborhood, water is supplied by several small water companies or by individual wells. In the immediate vicinity of the subject property, water is supplied by individual wells. Although municipal sewer is not generally available, the wastewater treatment plant is being improved and sewer is being extended to the higher density developments north of the subject property in Marana. Lower density subdivisions with one-acre lots have individual private septic systems for waste disposal.

There are several large employers in the area including Tucson Ready-Mix, Sargent Controls and Aerospace, Evergreen Air Center, Costco, and Arizona Portland Cement. Two solar power generating facilities have recently been approved on two large

acreage sites within close proximity to the subject. In June 2011 the Pima County Board of Supervisors unanimously approved a project by FRV Tucson Solar to develop a photovoltaic solar power generating plant on a 305-acre site that wraps around the northwest corner of Sanders Road and Emigh Road about ½ mile east of the subject. In a separate agreement, NRG Solar will develop a 320-acre site one mile south of Avra Valley Road on the west side of the Garvey Road alignment which is about 1/2 mile west of the subject. Both solar projects are sited on land owned by Tucson Water Company and both are the subject of 20-year lease agreements that coincide with agreements to sell energy to Tucson Electric Power. In the short term, the plants will generate about 600 construction jobs. The longer term job creation will be nominal.

Historically, the northern portion of the neighborhood in the vicinity of Marana was characterized as a rural, farming community. However, with the recent construction of the Santa Cruz River levee which removed a significant amount of land from the floodplain, some of the farm land in the vicinity of I-10 and the Town of Marana, has been, or is planned for development of higher density, residential subdivisions. In the vicinity of the subject property, the area has a rural flavor with homes situated on large lots typically one to five acres and larger. Higher density development is unlikely in this area due to the lack of infrastructure and the floodplain restrictions. In addition, Tucson Water owns about 20,000 acres in Avra Valley. Most of this is fallow farmland that was acquired about 20 years ago for control of water rights. Due to the recent decline in growth as a result of the economic recession and down turn in the housing market, no significant growth is expected in rural areas like the subject in the foreseeable future.





## SITE DATA

### *Location:*

The subject property is located two to three miles west of Sandario Road and one to two miles south of Avra Valley Road. The site is located in Avra Valley, a rural area of Pima County just west of metropolitan Tucson.

### *Site Area/Shape:*

According to the Pima County Assessor's records, the site consists of 326.48 acres. It is comprised of three Assessor Parcel Numbers and is irregularly shaped.

### *Topography/Vegetation:*

The terrain is generally level and bisected in a north-south direction by the East Branch of the Brawley Wash. The site has native Sonoran desert scrub vegetation. The majority of the site is sparsely vegetated except along braided channels and the East Branch of the Brawley Wash which are lined with mesquites.

### *Access:*

There is physical access in close proximity to the north and west boundaries of the subject site via private dirt easements that are accessible from Avra Valley Road. There is a private dirt farm road that extends south of Avra Valley Road about one mile to the north boundary of the subject site. Access to about 1,200 feet of the west boundary is from the north via El Paso Gas Road, to Maggies Farm Lane, to Desert Owl Way and Ghost Ranch Road. With the exception of El Paso Gas Road which is a dirt road maintained by Pima County, these roads are dirt and not publically maintained. They may become impassible during times of wet weather.

According to the Assessor's Maps, legal access is via a 30 foot wide right-of-way for Emigh Road which extends along the south boundary of Section 19. At this time, Emigh Road dead-ends about ½ mile east of the southeast corner of the subject site. If the subject site were ever developed, Emigh Road and all-weather access across the East Branch of the Brawley Wash would have to be built in order to facilitate access to the majority of the subject site.

There are no other apparent dedicated rights-of-way to allow legal access to the subject site.

### *Utilities:*

Electric and telephone are available to the residential properties just west of the site and about one-quarter mile east of the site. Overhead lines also extend along the north boundary. Service is provided by Tucson Electric Company and Century Link Communications. There is no developed water source. Domestic water is typically supplied by individual wells or shared wells. Since homes in the area are generally situated on large lots of one acre and more in size, septic systems are used for waste disposal. There is no municipal sewer service in the area. Propane is supplied by private contract. There is no natural gas available for local service.

**Surrounding Uses:**

There is irrigated farmland to the north and northeast of the subject site along the Brawley Wash. The adjoining land to the east is vacant. There are residential lots about ¼ mile east that are improved with either site-built or manufactured homes. About ½ mile east at the northwest corner of Sanders Road and Emigh Road, the City of Tucson recently leased a 305 acre site for development of a solar power generating facility. Across the street from this facility is the Tierra Linda subdivision. Along the Brawley Wash to the south the land is mostly vacant and owned by the City of Tucson. Much of the land in this area is fallow or irrigated farm land. There are scattered manufactured homes on large lots to the west of the subject. Many of these have been elevated to comply with floodplain regulations.

**Flood Zone:**

According to FEMA Map #04019C1020L dated June 16, 2011, the entire site is in the 100-year floodplain. Based on the FEMA maps, Pima County Flood Control reports the number of acres located within each floodplain classification.

Parcel #	Total Acreage	Zone AO-2	Zone AO-3	Riparian Classification
215-19-002D	79.96	39.18	40.78	99.76%; Xeroriparian D
215-19-002J	49.85	49.85	0	95.8%; Xeroriparian D
215-19-005C	197.56	110.70	86.86	84.38%; Xeroriparian D & 14.02% Xeroriparian C
<b>Total</b>	<b>327.37 Acres*</b>	<b>199.73 Acres</b>	<b>127.64 Acres</b>	
<b>Percentage</b>		<b>61%</b>	<b>39%</b>	

\*Slight difference in total acreage due to estimated areas in the floodplain.

The AO zones are subject to 100-year flooding with depths of 2 to 3 feet. As can be seen on the following map, the areas Zoned AO-2 include approximately 65 acres at the extreme northeast corner of the site, an area along the west boundary and the middle of the site between two channels of the Brawley Wash. Each channel is designated AO-3 and most impacted by flooding. While AO-2 is generally developable providing the finish floor is elevated three feet and other requirements are met pertaining to pier depths, building angles, runoff and access, development of land in Zone AO-3 is extremely limited.

According to the Pima County Floodplain Department, the subject site is in the Brawley Wash Floodplain Flow Corridor. As such, a Floodplain Use Permit is needed to develop any portion of the subject site. To obtain a Floodplain Use Permit, an engineering study is required from an Arizona Registered Professional Civil Engineer that outlines the effects any proposed development will have on the flow of water through the area being developed and the surrounding areas. The study is then used to evaluate the possible flood hazards and to render a decision on the suitability of development. Ms. Suzie Bohnet, senior hydrologist with Pima County, indicated the flow totals about 21,000 cfs at a point near the north boundary. This is a significant amount of water in a 100-year event and suggests that development of the site will be extremely difficult based on current engineering. She further noted that there is a 250-foot building setback from the top of the

banks of each channel. The reader should refer to the Addenda for a map of the Brawley Wash Corridor and the associated copy of the engineering requirements.

***Conservation Lands System:***

Nearly 100% of the subject site is designated as IRA, Important Riparian Area. The majority of the site (87%) is in Xeroriparian D. About 13% of the site along the East Branch of the Brawley Wash is designated Xeroriparian C. These are regulated areas that require a mitigation plan and Board approval when 1/3 acre or more per parcel is disturbed. Mitigation can be handled onsite or offsite but must be approved by the Pima County Regional Flood Control District and the Flood Control District Board of Directors. If onsite mitigation is not feasible, offsite mitigation may be approved under one of the following three options.

- (1) Restoration of disturbed or degraded Regulated Riparian Habitat (RRH) on another parcel of land that provides comparable or superior biological function similar to the RRH proposed for disturbance, with appropriate long-term protection measures.
- (2) Land transfer proposals; and
- (3) Payment in an in-lieu fee

***Archaeological:***

The presence of any archaeological features is unknown.

***Easements:***

According to the Title Report prepared by First American Title on October 24, 2011, there is only one easement that affects the subject site. This is an access easement that extends east-west through the north central portion of the property.

***Environmental Hazards and Nuisances:***

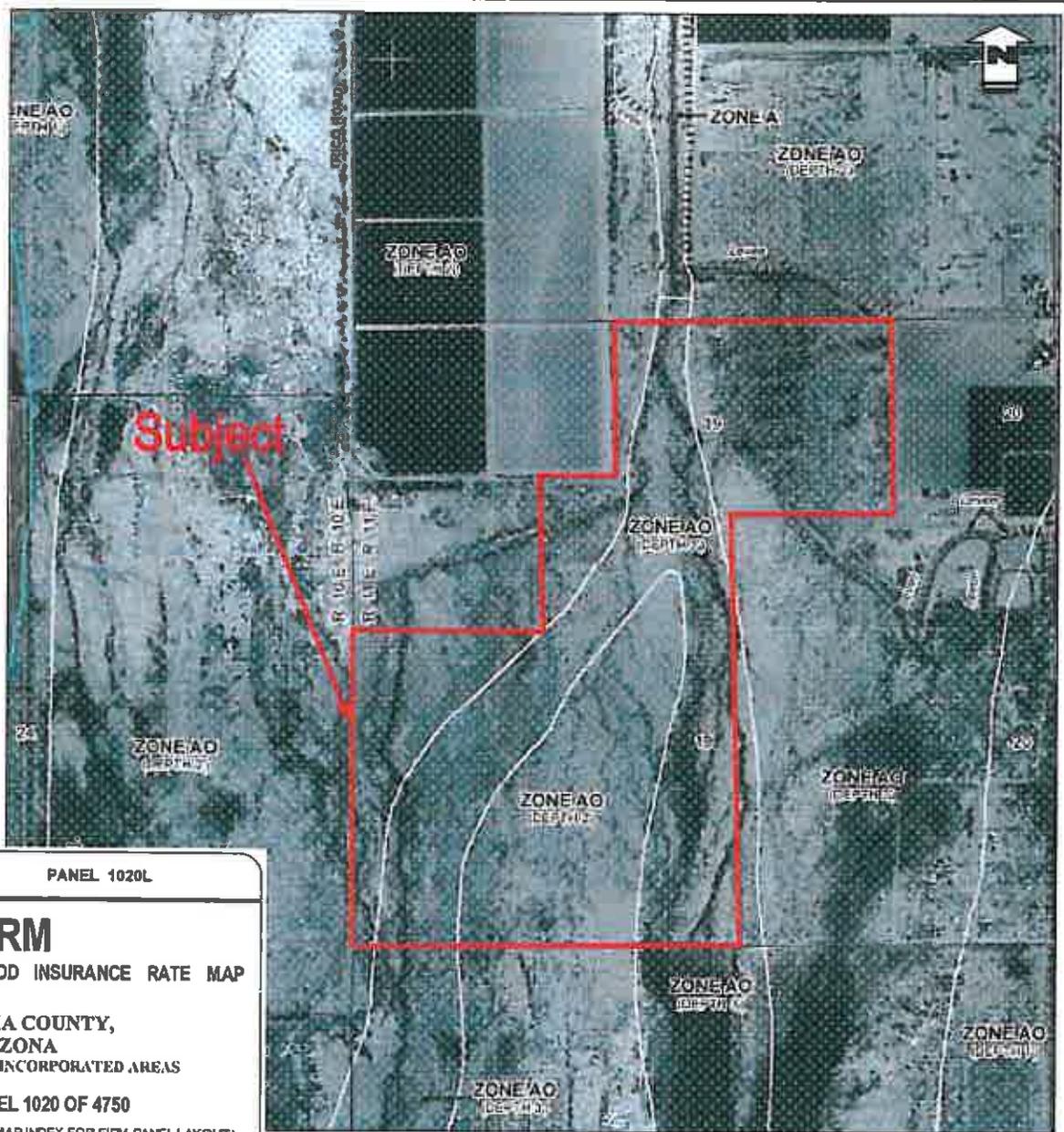
Although there was nothing of significance noted on the subject site, there has been some target shooting and wildcat dumping. This appraisal assumes no environmental contamination.

***Tax Data and Assessed Valuation:***

The subject site is assessed under the following Assessor's Parcel Numbers. The full cash values are reported for each parcel. According to the Assessor's office, all parcels are tax exempt. Until June 2011 the site was owned by the Marana Unified School District. It is expected that taxes will be assessed in 2012 since the site is now in private ownership.

<u>Assessor Parcel Number</u>	<u>2012 Full Cash Value</u>
215-19-002D	\$44,000
215-19-002J	\$27,500
215-19-005C	<u>\$108,064</u>
<b>Total</b>	<b>\$179,564</b>

# FLOOD MAP



**Boundaries Are Approximate**

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 1020L

## FIRM

FLOOD INSURANCE RATE MAP

**PIMA COUNTY,  
ARIZONA  
AND INCORPORATED AREAS**

**PANEL 1020 OF 4750**  
(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

**CONTAINS**

COMMUNITY	NUMBER	PANEL	SUFFIX
MARANA TOWN OF PIMA COUNTY	040116 040175	1020 1020	L L

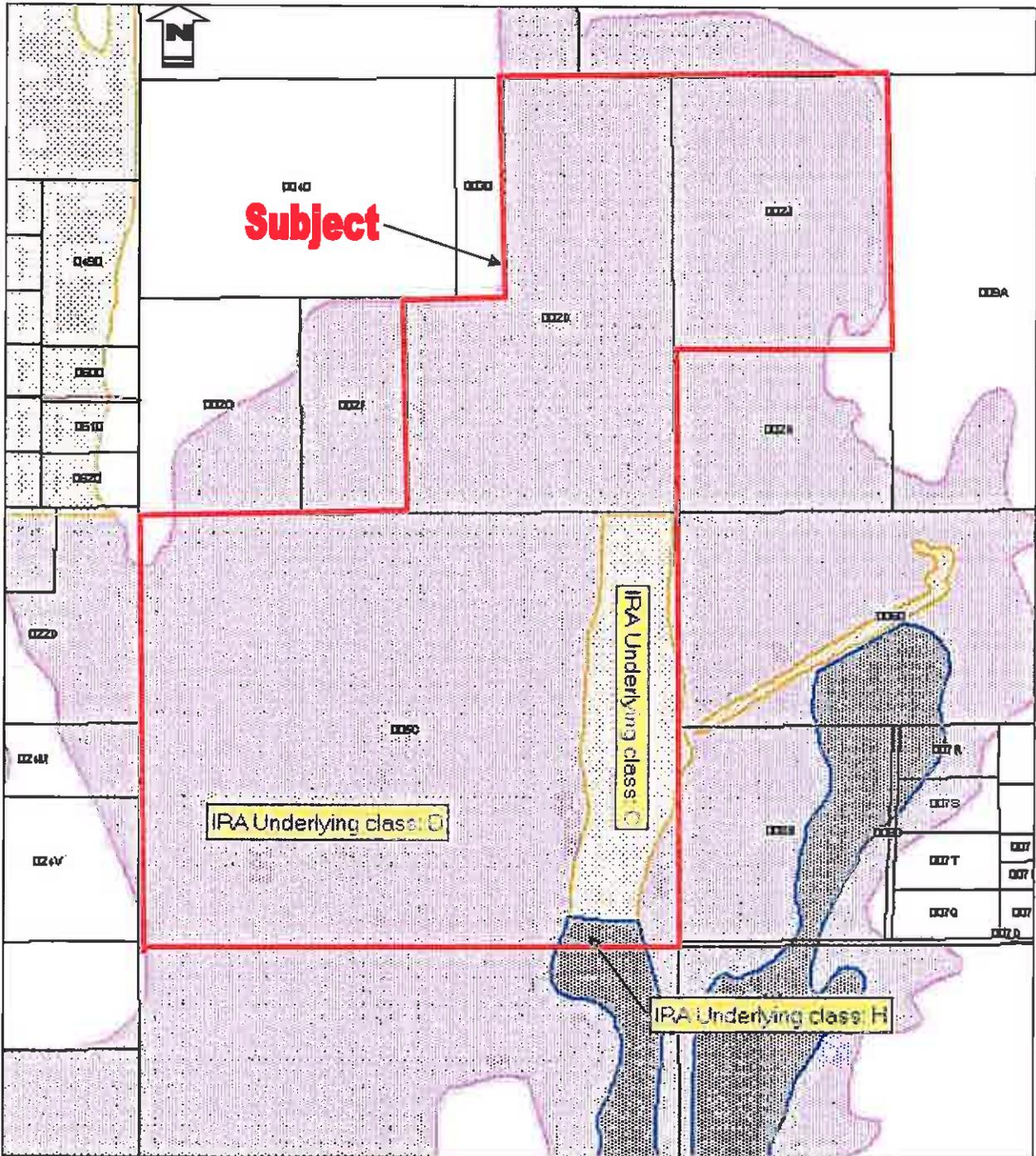
**Notice to User:** The Map Number shown below should be used when placing 200 products. The Community Number shown above should be used on insurance applications for the subject community.

**MAP NUMBER**  
04019C1020L

**MAP REVISED**  
JUNE 16, 2011

Federal Emergency Management Agency

# RIPARIAN HABITAT





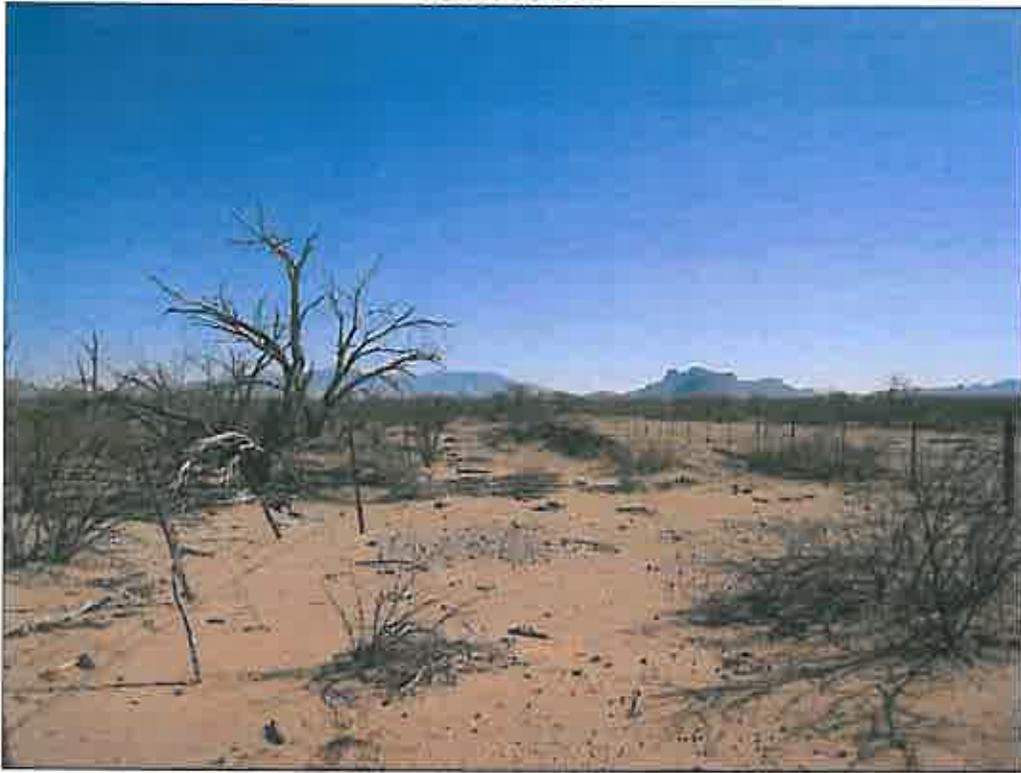
**LOOKING NORTH ALONG EAST BOUNDARY OF SUBJECT PROPERTY  
FROM SOUTHEAST CORNER**



**LOOKING NORTHWEST ACROSS SUBJECT PROPERTY FROM  
SOUTHEAST CORNER**



**LOOKING NORTH ACROSS SUBJECT PROPERTY FROM SOUTH  
BOUNDARY**



**LOOKING NORTH ALONG EAST BRANCH OF THE BRAWLEY WASH**



**VIEW OF EMIGH RIGHT-OF-WAY AT SOUTHEAST CORNER OF  
SUBJECT PROPERTY**



**LOOKING NORTHWEST ACROSS NORTHERN PORTION OF SUBJECT  
PROPERTY**



**LOOKING EAST ACROSS NORTHERN PORTION OF SUBJECT PROPERTY**



**LOOKING SOUTHEAST ACROSS EAST BRANCH OF BRAWLEY WASH**



**FARM ROAD TO NORTH BOUNDARY (PRIVATE)**



**LOOKING EAST ACROSS THE CENTRAL PORTION OF THE SUBJECT SITE FROM THE WEST BOUNDARY**



**LOOKING SOUTHEAST ACROSS THE SUBJECT SITE FROM THE  
WEST BOUNDARY**



**LOOKING SOUTH ACROSS THE SUBJECT SITE FROM THE  
WEST BOUNDARY**



**GHOST RANCH TRAIL NEAR THE WEST BOUNDARY OF THE  
SUBJECT SITE**



**LOOKING WEST ALONG THE EMIGH ROAD ALIGNMENT ¼ MILE EAST OF  
THE SOUTHEAST CORNER OF THE SUBJECT PROPERTY**



## ZONING

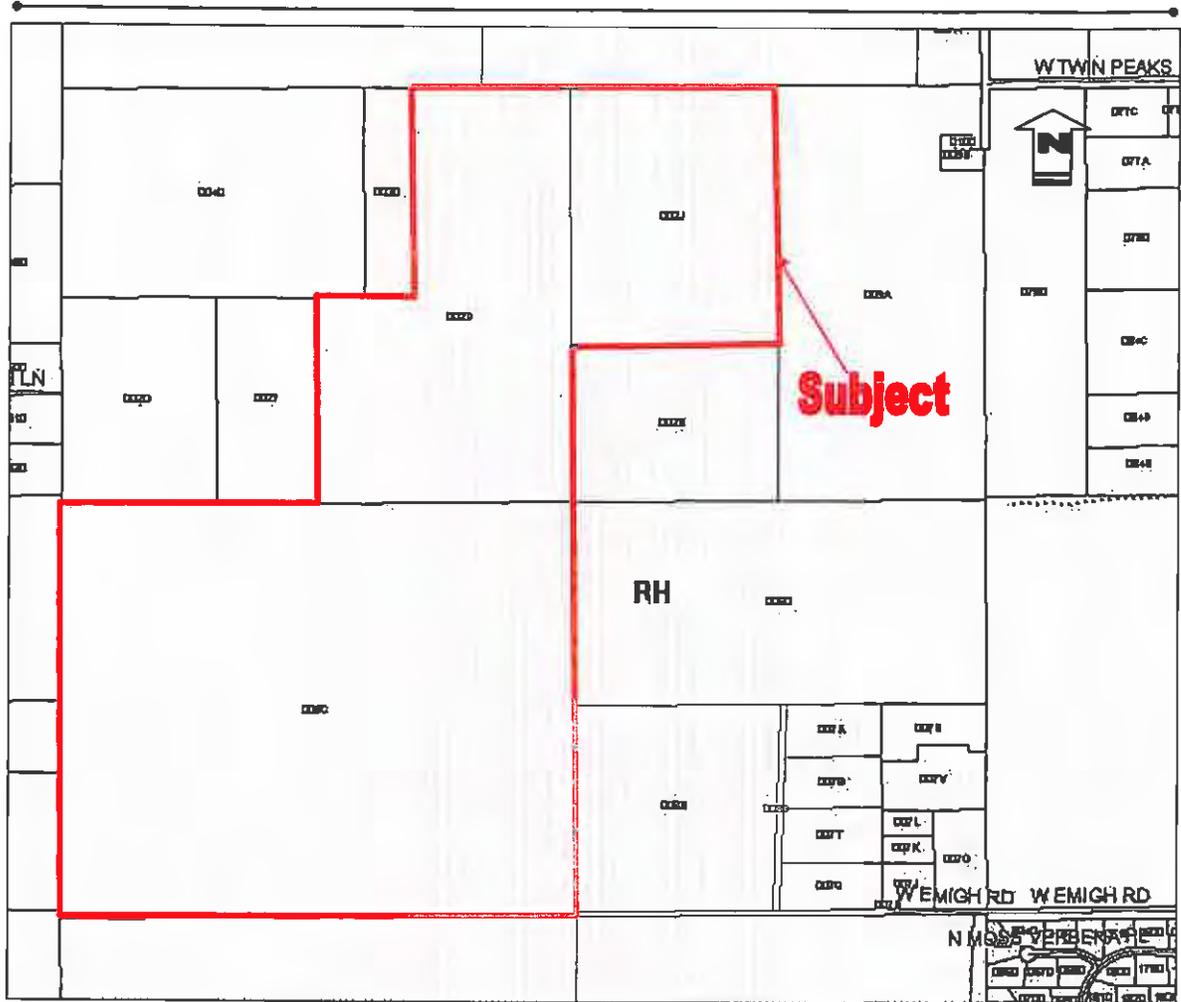
The subject site is zoned RH, Rural Homestead. The purpose of this zone is to preserve the character and encourage the orderly growth of rural areas in the county. It is intended to encourage rural development in areas lacking facilities for urban development and to provide for commercial and industrial development only where appropriate and necessary to serve the needs of the rural area. Single-family detached housing, manufactured, mobile homes or trailers are allowed in addition to crop production, raising and grazing of livestock, and other community uses such as schools and governmental buildings.

The minimum lot size per dwelling unit is 180,000 square feet or 4.13 acres. The minimum setback requirements are 15' in front, 20' on the side and 50' in the rear. The maximum height is 34' or two stories.

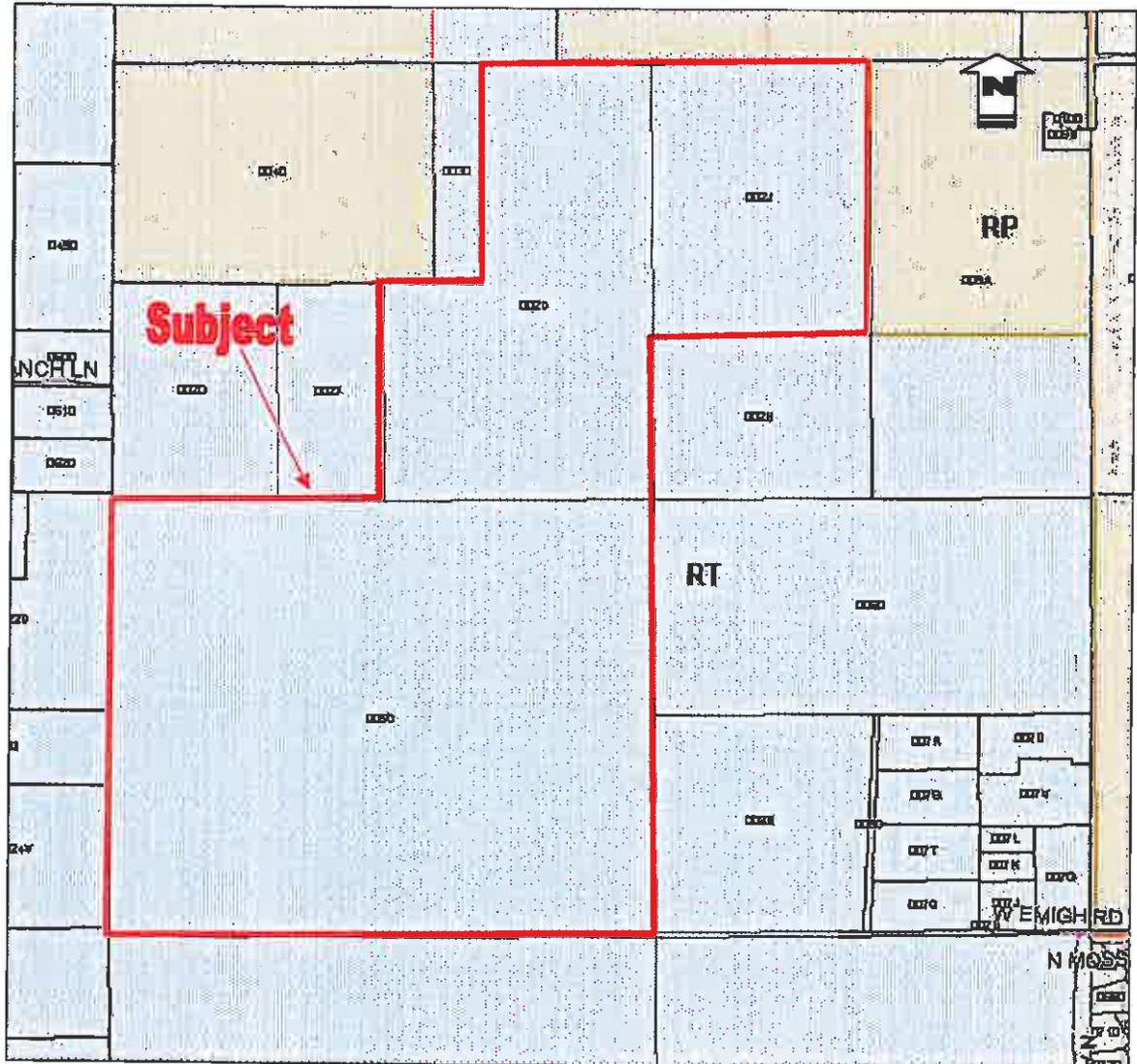
Under the Comprehensive Plan, the subject site is designated RT, Resource Transition. The purpose of the RT designation is to preserve open space characteristics of development sensitive lands in the vicinity of public resource management units and to promote development that blends with the natural landscape; to extend visually the public land boundaries; and to protect wildlife habitat. Zoning districts considered in conformance with the RT designation include RH, SR or MR. With an MR zoning there is a 30% natural open space requirement. In essence, the RT designation is intended to maintain a low density rural residential use as permitted by the RH zoning.

Under the RH zoning, a maximum of 79 lots are allowed. However, the East Branch of the Brawley Wash bisects the subject site and limits the development potential of the property due to the floodplain restrictions associated with the AO-2 and AO-3 designations and the 250 foot setback requirement. The two wash corridors isolate only two areas that could be developed. One is located near the northeast corner of the site. The other is along the west boundary. In addition, the IRA designation restricts the amount of grading that can occur. Only 1/3 acre per parcel can be cleared without an approved mitigation plan. Please refer to the Site Description for a complete discussion of the floodplain and riparian area regulations.

# ZONING MAP



# COMPREHENSIVE PLAN



## HIGHEST AND BEST USE

According to the 13th Edition of The Appraisal of Real Estate, published by the Appraisal Institute, highest and best use may be defined as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. (Page 277-278)"

The highest and best use of the land as vacant must meet four criteria. The highest and best use must be:

- 1) **Physically Possible:** Based on the physical characteristics of the site, what uses are physically possible?
- 2) **Legally Permissible:** What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?
- 3) **Financially Feasible:** Which uses meeting the first two criteria will produce a positive return to the owner of the site?
- 4) **Maximally Productive:** Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best use.

### ***Physically Possible:***

The subject site consists of 326.48 acres of vacant land. It is located in an area known as Avra Valley which is west of the Tucson Mountains, west of the City of Tucson and west of the Town of Marana. The property is situated in a rural residential area along the Brawley Wash. The site is basically level and bisected by two main channels of the Brawley Wash. Vegetation consists primarily of creosote, mesquite, cholla and other Sonoran desert scrub. The eastern portion of the site along the East Branch of the Brawley Wash is more densely vegetated. Except along the two channels, the central portion of the site is noticeably void of vegetation that is typical of floodprone land. It is possible the area was farmed years ago and cleared of native vegetation. Other possible reasons may be that the soil is not conducive to plant growth or sheet flooding has continuously stripped the soil of plant life.

Overhead electric and telephone extend along the north and west boundaries of the site. Electric and phone are also within ¼ to ½ mile of the east boundary. There are no wells registered with the Arizona Department of Water Resources. Also, there is no sewer in the area. Waste disposal is typically supplied by individual septic systems.

At this time, access to the site is limited. It is physically possible to access the west boundary via several interior dirt roads that extend south off Avra Valley Road. These roads provide access to about 40 acres in Floodzone AO-2 without having to cross any portion of the Brawley Wash which is in Zone AO-3. Physical access is also possible to the northwest portion of the property via a dirt farm road that parallels the Brawley Wash across the adjoining farm. However, most of the potentially developable land on the subject property lies east of the wash and is not accessible during times of bad weather. Both means of physical access are via private easements that do not appear to benefit the owners of the subject site.

Legal access is provided to the southeast corner of the subject site via a 30 foot wide dedicated right-of-way of Emigh Road. However, the road itself has not been improved. The closest developed access in this area is nearly a half mile east of the southeast corner of the subject site. While physical access could be developed along this right-of-way, the East Branch of the Brawley Wash crosses the site near the southeast corner. The wash corridor is within Floodzone AO-3 and in a biologically sensitive area. Development of a road in this area in compliance with floodplain and biological regulations could be difficult and costly.

Surrounding land uses are a combination of rural residential properties that include site built or manufactured homes or farmland that is either irrigated or fallow. Many nearby parcels remain vacant particularly those located in the floodplain. The City of Tucson also owns a number of properties in the Avra Valley area that were acquired for water rights, recharge and/or storage. Two sites have recently been leased to solar companies for development of solar power generating facilities.

***Legally Permissible:***

The subject site is zoned RH, Rural Homestead. The RH zoning is intended to preserve the rural character of an area and encourage orderly growth. Permitted uses include single family residences, manufactured homes, mobile homes and trailers, in addition to crop production, and the grazing of livestock. If appropriately located, commercial and industrial uses may also be allowed if such uses are needed to serve the needs of a rural community. Although the minimum lot size is 4.13 acres, there are two provisions in the RH zoning code that allow a reduction in the lot size providing the number of lots does not exceed the number allowed under the existing RH zoning.

According to the Comprehensive Land Use Plan, the subject site is designated RT; Resource Transition. The purpose of this designation is to preserve the open space characteristics of an area. Zonings considered in conformance with the RT designation include RH, SR and MR.

In addition to the zoning classification, development of the subject property is limited by the floodplain restrictions and riparian habitat regulations. The entire site is in the Brawley Wash Floodplain Flow Corridor and within the FEMA designated 100-year floodplain. About 200 acres or 61% of the site is in Zone AO-2. The balance, consisting of approximately 127 acres or 39% of the site, is designated AO-3. The AO-3 portion parallels and includes the two drainage corridors of the West Branch of the Brawley Wash which traverse the site in a north-south direction. In areas within AO-2 and AO-3 the flood depths are two and three feet, respectively.

According to a representative with the Pima County Floodplain Department, the floodplain classifications require the owner of the subject property to obtain a Floodplain Use Permit in order to develop any portion of the site. This will require an engineering study prepared by a Registered Professional Civil Engineer which outlines the effects the proposed development will have on the flow of water through the area being developed and the surrounding areas. The study would be used to evaluate the possible flood hazards and to render a decision on the suitability of the proposed development. At a minimum, any development in Zone AO-2 will require the finished floor of a structure to be at least one foot above the base flood elevation or a minimum three feet with either a raised building pad or three foot high stem walls with skirting. All-weather access is not necessarily required, but must be disclosed. In addition, any new development cannot increase the depth of flow by more than one-tenth of one foot on an adjacent property. Generally, development is not allowed in Zone AO-3. From a practical standpoint, a maximum of about 80 acres located at the northeast and northwest corners of the site could be developed. This would require securing legal access.

Under the Conservation Lands System, the subject site is designated as an Important Riparian Area (IRA). If 1/3 of an acre or larger is disturbed per parcel, an approved mitigation plan is required. This generally requires on-site mitigation including replacement of plants and open space set asides. Though the IRA designation adds an additional layer of regulations, the floodplain restrictions are more onerous.

Given the interior location of the property, commercial and industrial development would not be considered viable or necessary for the surrounding community. Residential development, crop production and ranching are the only uses that are physically possible and legally permissible. Open space or use of the site for off-site mitigation associated with development of another biologically sensitive property may also be viable.

***Financially Feasible and Maximally Productive:***

At this point, the uses that are physically possible and legally permissible are evaluated in regards to their financial feasibility. At first glance, low density residential development appears most likely given the size of the site, rural location and surrounding uses. However, the following regulations will add significantly to the cost of development. First and foremost, is the site's location in the FEMA 100-year floodplain. At a minimum, an engineering study prepared by a registered civil engineer would be required. Any habitable structures would need to be elevated one foot above the base flood elevation or a total of three feet in an AO-2 zone. No structure can obstruct or cause additional flow of water onto another property. About 39% of the site or 128 acres is within the channels of the Brawley Wash and designated AO-3. Development would not be allowed in these areas and a building setback of 250 feet from the top of the banks would be required restricting the potential land area that could be developed.

In addition to the floodplain restrictions, the site is designated as an Important Riparian Area (IRA). Any development of greater than 1/3 of an acre per parcel would require an approved mitigation plan. This can increase the cost of development by up to \$40,000 per acre for every acre that is disturbed. As can be seen, the floodplain and riparian regulations alone will exponentially increase the cost of development.

In the mid-2000's, when there was a significant amount residential development, these potential costs would not have precluded some potential buyers. However, today, there is very little residential demand and, that which exists, is occurring on sites that are development-ready. Reportedly, there are about 5,000 improved residential lots available for home construction. Of this total, homebuilders control about 80% of the lots. As of November 2011, only 1,320 new home permits had been issued in 2011 throughout the metropolitan area. Assuming a total of 1,400 permits issued by year-end, it will take 3.5 years to absorb the existing inventory. The current statistics demonstrate a 22% decline from one year ago and represent only a fraction of the 11,250 permits that were issued in

2005. Considering the lack of residential demand and the development challenges of the property, residential development of the subject site is not feasible.

Farming is another potential use of the land. There are existing irrigated farms to the north and south along the Brawley Wash Corridor. The soil appears conducive to farming and, in areas where needed, man-made dikes have been built to divert excessive flooding. Most of these are owned by long time farmers and were cultivated long before riparian regulations were implemented. Generally, the farms are irrigated by on-site irrigation wells with Type I water rights. While farming would be allowed on the subject site under current floodplain regulations, there is no water right associated with the land. Irrigation water would have to be supplied by an adjacent property owner in order to cultivate the land. Though this may limit the market to an adjacent user, IRA regulations limit the potential for farming. Under these restrictions, the land could not be mass graded without significant off-site mitigation that would have to be approved by the Pima County Regional Flood Control District and the Flood Control District Board of Directors. Therefore, given the lack of an on-site water source and the IRA regulations, farming is highly unlikely.

As reported previously, there are two solar power generating facilities in the immediate vicinity of the subject site that have recently been approved for development. The FRV Tucson Solar project is located on a 305 acre site situated on the north side of Emigh Road about ½ mile east of the subject site. The NRG Solar project is situated on a 320 acre site located about ½ mile west of the subject. Both projects are located on land owned by Tucson Water. Each solar company has a 20-year agreement to supply solar generated power to TEP for a 20 year term. Each signed a corresponding 20-year lease with Tucson Water to lease the land for construction of the solar panels. The location of these two projects, each within a half-mile of the subject property, could suggest that such a use is possible for the subject. In order to evaluate this prospect, I have consulted with representatives from Pima County Flood Control, Development Services, Tucson Water and Tucson Electric Power.

In general, the site criterion for a solar generating facility includes a level parcel, 300 to 400 acres in size, proper zoning with few regulations and close proximity to an electrical distribution line. A rural location without a lot of neighbors is also a positive attribute. The subject site is suitable for a solar generating facility in regards to topography,

size, zoning, rural location and proximity to distribution lines. It differs from the sites that were selected for development due to the additional floodplain regulations and riparian habitat restrictions.

Though both solar projects are located in the 100-year floodplain, they are outside the Brawley Wash Corridor and in FEMA Flood Zone AO-1 which has fewer restrictions. Because solar panels are mounted on pedestals that are roughly three feet off the ground, the AO-2 and AO-3 floodplain restrictions on the subject site would require elevated pedestals and cause concern for the equipment in the event of a flood. Security of the equipment is also a consideration for the solar companies which typically require a wall to be built around the perimeter of the project. Again the floodplain regulations associated with the subject's AO-2 and AO-3 zonings could preclude development.

Because building a solar generating facility requires approval by the Pima County Board of Supervisors, the proposed developments must also comply with the Conservation Lands System. For this reason, the sites selected by the solar companies had previously been farmed and cleared of much of the native vegetation which reduced the need for biological mitigation. Nonetheless, the developers of each project were required to mitigate for the land that will be cleared for the solar panels. In the case of the NRG Solar project, Tucson Water will set aside additional lands in Avra Valley as part of the lease agreement. These lands were purchased for water rights as part of the recharge and recovery project associated with the CAP. They have no intended purpose and are ideal for habitat mitigation. The FRV Solar project is solving their mitigation needs with a combination of on-site and off-site mitigation with the "payment of an in-lieu fee". Reportedly, the company contributed an undisclosed fee to the County for the purpose of acquiring mitigation land. In the case of the subject site, which is entirely within the Important Riparian Area, mitigation of 1.5 acres for every 1.0 acre of disturbed land would be necessary. Again, this regulation coupled with the floodplain regulations detract from the desirability of the subject site as a potential solar generating facility. In addition, the site lacks suitable access at this time.

Given the IRA designation and floodplain restrictions it would appear that the subject site is ideally suited as mitigation land. Demand for mitigation land is generated by any type of development on sensitive land. Because of the recent recession and stagnant economy there has been little demand for any development, particularly residential uses.

However, as demonstrated above, there has been an increase in demand for solar power generating facilities which require large sites. The State has mandated that TEP and other power providers generate 25% of their power from renewable sources by 2025. This mandate has spurred investment in the renewable energy industry. To determine the potential for continued demand, I have consulted with Carmine Tilghman, manager of Renewable Energy Resources with TEP. According to Mr. Tilghman, the circuit that is being used by the two new solar generating plants to transmit power is at capacity. Mr. Tilghman states there will be no new agreements for renewable energy sources in the Avra Valley area in this decade. The company will likely approve additional facilities in other areas of metropolitan Tucson. Different locations are desirable due to the potential for outages at any one location. Though the demand for additional power generating sites could continue to create demand for mitigation land, Mr. Tilghman indicated that one of the criteria in the site selection was to choose sites that are the least environmentally sensitive.

I have also consulted with Ms. Sherri Ruther with Pima County Development Services. Ms. Ruther has been actively involved with the approval process for the two proposed projects. She indicated that both projects were benefiting from a Federal Incentive program scheduled to expire at the end of 2011. She is unaware of any others in the planning or permitting stage. Likewise, Asia Philbin with Tucson Water was unaware of any other renewable energy generating projects in the planning stages on land owned by Tucson Water.

In conclusion, the subject site has little, if any development potential particularly in the current market which lacks demand. However, with the floodplain regulations and the Important Riparian Area designation, the site seems best suited as mitigation land and there appears to be some demand for this type of use albeit limited in the current market.

## MARKET OVERVIEW

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

As noted in the Highest and Best Use section, the real estate market in general has slowed considerably over the past five years. Demand for residential properties has declined and there is very little new construction. As a result, there are very few comparable land sales, particularly sales of large acreage properties like the subject. The following tabulation summarizes the sales that were found in the west, northwest and south submarkets that occurred in the past three years that are comparable to the subject in terms of location, floodplain classification and zoning/potential use.

Adjustments are applied for the following elements of comparison: property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics and zoning/use. The adjustments are based on the sale price per acre unit of comparison. This is equal to the sale price divided by the total number of acres of the sale.

Here follows a tabulation of the comparable sales, overall map, individual sales write-ups and analysis.

# LAND SALES TABULATION

SALE	DATE	GRANTOR GRANTEE	LOCATION	SALE PRICE	SITE SIZE (ACRES)	SALE PRICE PER ACRE	FLOODPLAIN	ZONING COMPLAN
1	05/08/09	LaFamilia Financial Ltd Pishp Li Marana 200, LLC	North of Manville, off Reservation Road 1/2 mile south of the subject property	\$470,000	200.00	\$2,350	100% AO-1	RH RT
2	10/30/09	K. Hovananian Pascua Yaqui Tribe of AZ	North side of Valencia 1/2 mile east of Camino Verde	\$1,250,000	239.92	\$5,210	65% Zone A; 35% AO-1 Incl 5%+/- in Black Wash Adm Fidwy	CR-4 LIU-3.0 & NAC
3	02/08/10	Title Security Agency of AZ Pima County	North & south sides of Snyder Hill Road 1 - 2.5 miles west of San Joaquin Rd.	\$3,482,078	814.54	\$4,275	75% Zone AO-1; 25% Zone AO-2 Incl 35% in Black Wash Adm Fidwy	765 Ac. RH 58 Ac. GR-1 585 Ac. RT 150 Ac. LIU-3.0
4	03/16/11	James & Christine Tappan Jesus Rosales Badillo	Peaceful Lane; East of Sandario Road South of Snyder Hill Road	\$135,000	80.00	\$1,688	100% Zone A	RH RT
5	08/04/11	Toone Family Limited Pishp Arnoldo & Judith Burruel	Southwest of Silverbell Rd; West of Trico and East of Cocio	\$2,000,000	381.26	\$5,246	100% Zone AE	RH LIR
<b>OTHER SALE CONSIDERED</b>								
6	12/23/10	Avra Valley Ranch & Props Torrence Potter Family Tr.	Ragged Top Road; west of Silverbell Rd.	\$900,000	602.00	\$1,495	Zone X; Outside floodplain	RH; LIR
Subject	12/23/2011 Date of Value	RB Land, LLC	West end of Ernigh; 2.5 miles west of Sandario & 1 - 2 miles south of Avra Valley Rd	N/A	326.48	N/A	61% AO-2 & 39% AO-3 East Branch of Brawley Wash	RH RT

UNRECORDED



**COMPARABLE LAND SALE**

COMPARABLE SALE: 1

LOCATION: North of Manville Road, off Reservation Road, Pima County, Arizona

LEGAL DESCRIPTION: West half of the southwest quarter and the northeast quarter of the southwest quarter of Section 12; and the west half of the northwest quarter of Section 13, Township 13 South, Range 10 East, Pima County, Arizona

TAX CODE NUMBERS: 208-41-036A; -036D; and -0600 (now -060A and -060B)

RECORDS: Instrument: Special Warranty Deed  
Date Recorded: May 8, 2009  
Document #: 13554/2002

SELLER: LaFamilia Financial Limited Partnership

BUYER: LI Marana 200, LLC

SALE PRICE: \$470,000

TERMS: Cash

SITE SIZE: 200 acres

SALE PRICE PER ACRE: \$2,350

ZONING: RH, Residential Homestead, Pima County

COMPREHENSIVE PLAN: RT, Resource Transition

CONSERVATION LANDS SYSTEM: About 15% Important Riparian Area, 45% Multiple Use Management Area, and 40% outside Conservation Lands System.

PHYSICAL DESCRIPTION:

Topography/Shape: Level / 'L' shaped.

Flood Zone: 100% AO-1, according to FEMA Map #04019C-1575K, dated February 8, 1999.

Utilities: Electric and telephone adjacent. Two wells. Septic needed.

Access: Roughly paved, privately maintained roads off Manville Road. Gravel road through the site.

THREE YEAR HISTORY: No sales in the prior three years.

CONFIRMED WITH: Affidavit of Value; no listing for buyer. Repeated telephone calls to the seller were not returned. Jay Anderson (480) 633-3753. Prior listing agent, Robert Bunch, provided additional information.

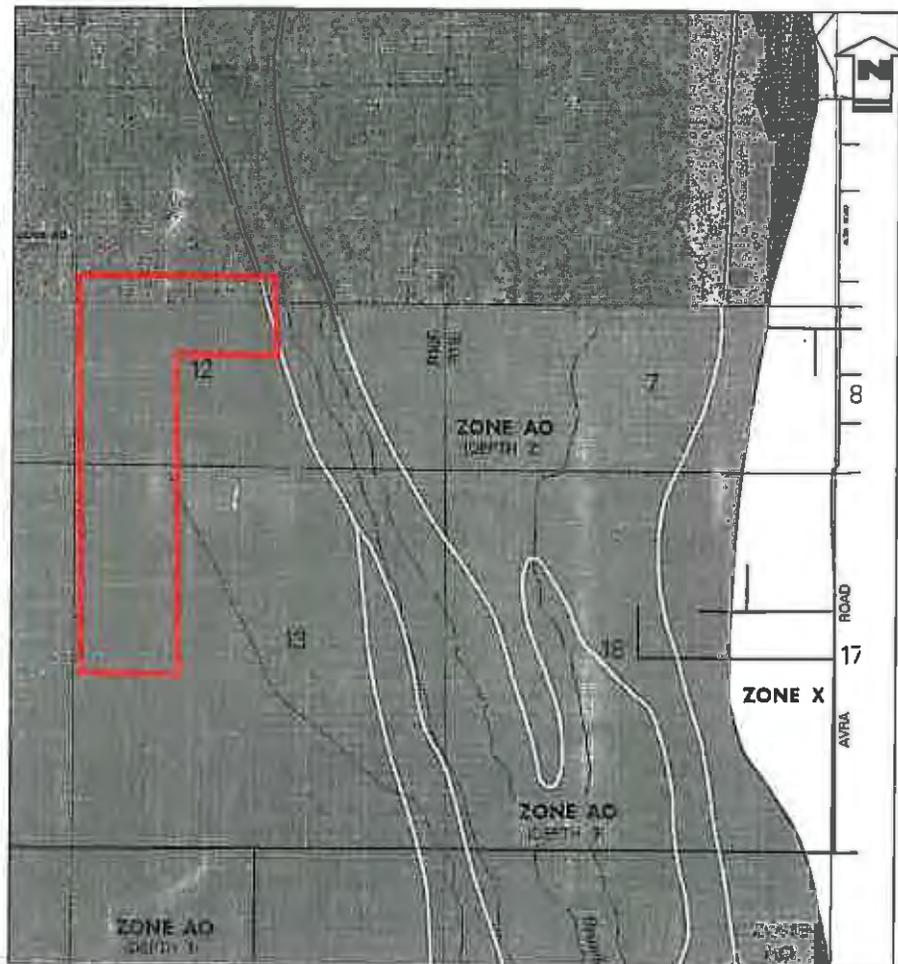
DATE CONFIRMED: December and September 2009

COMMENTS: The site appears subject to sheet flooding. It had been on the market one year at \$1,000,000 or \$5,000 per acre. The agent believed it was overpriced. Reportedly, the buyer had been a contractor for the seller.





### COMPARABLE LAND SALE ONE



Map in effect at time of sale.

**COMPARABLE LAND SALE**

COMPARABLE SALE: 2

LOCATION: North side of Valencia, ½ mile east of Camino Verde, Pima County, Arizona

LEGAL DESCRIPTION: Blocks 1-8, and Common Areas A and B, of La Luna; located in Section 11, Township 15 South, Range 12 East, Pima County, Arizona

TAX CODE NUMBERS: 210-22-0160 through -0250

RECORDS: Instrument: Warranty Deed  
Date Recorded: October 30, 2009  
Document #: 13675-2537

SELLER: K. Hovnanian Great Western Homes, LLC

BUYER: Pascua Yaqui Tribe of Arizona

SALE PRICE: \$1,250,000

TERMS: Cash

SITE SIZE: 236.92 acres

SALE PRICE PER ACRE: \$5,276

ZONING: CR-4, Pima County

COMPREHENSIVE PLAN: LIU-3.0 (Low Intensity Urban) and NAC (Neighborhood Activity Center)

CONSERVATION LANDS SYSTEM: Except for a small strip (5%± near the southwest corner), the site is outside the Conservation Lands System

PHYSICAL DESCRIPTION:

Topography/Shape: Level / Irregular

Flood Zone: 65% Zone A, 35% AO-1, according to FEMA Map #04019C-2225K, dated February 8, 1999. 5% in Black Wash floodway.

Utilities: Electric, phone, water and sewer adjacent.

Access: The site has access from Valencia Road, a two-lane, asphalt-paved roadway.

THREE YEAR HISTORY: Sellers bought the land in March 2006 for \$3,055,000 or \$12,976 per acre. It was zoned GR-1. They since completed engineering, rezoning, etc., at an estimated cost of \$6-\$7,000,000.

CONFIRMED WITH: Will White, buyer's broker, (520) 514-7454

DATE CONFIRMED: December 2009

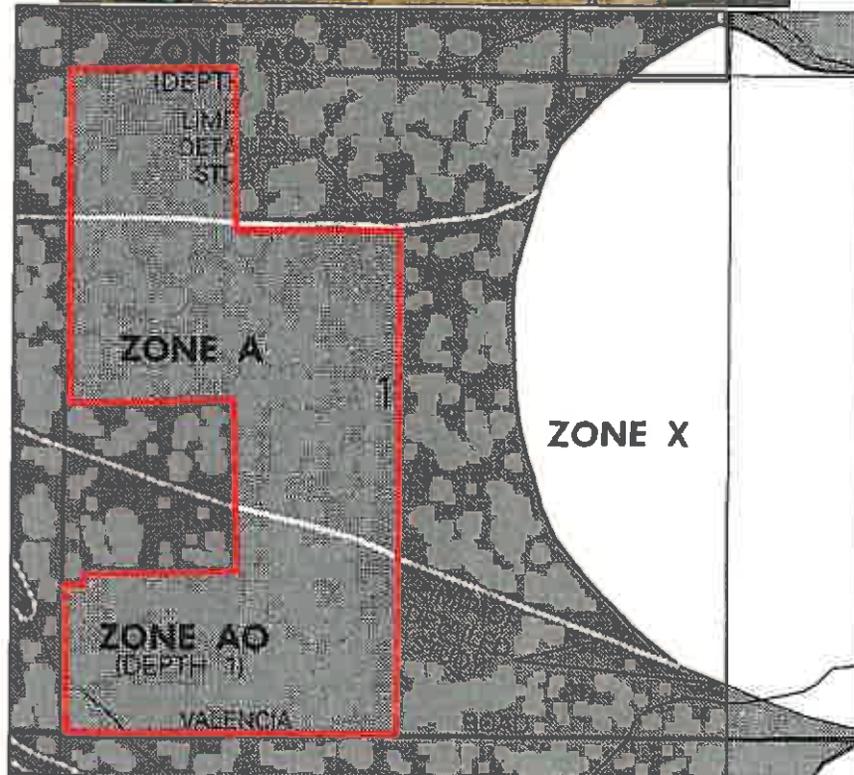
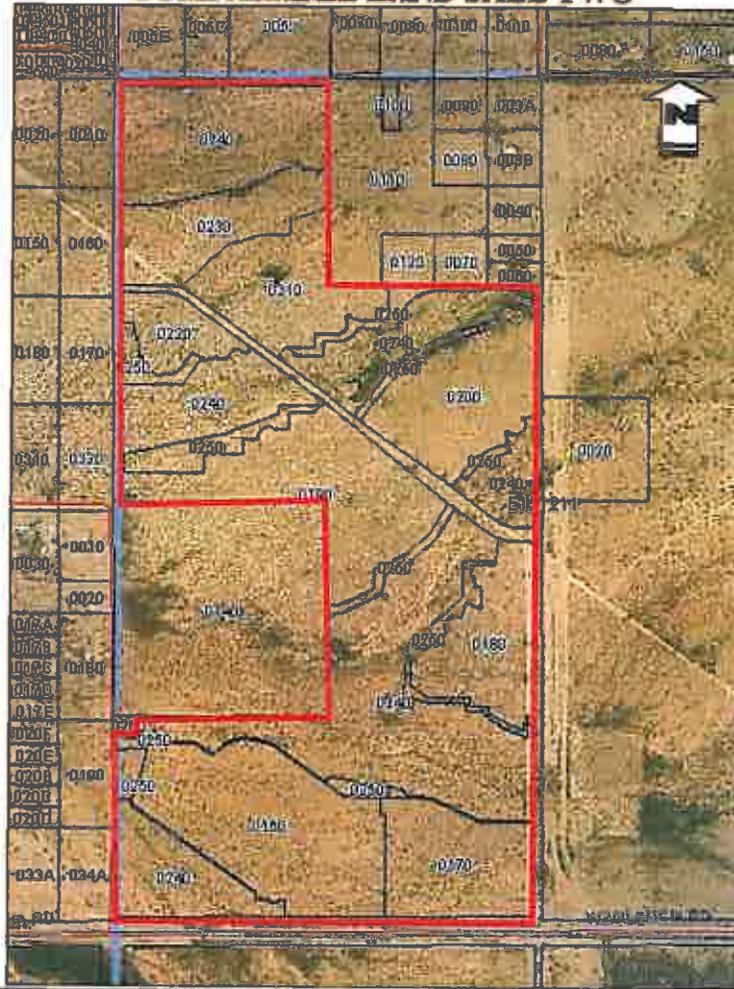
COMMENTS:

The site is block platted with 223.42 acres designated for 534 residential lots and 13.5 acres for commercial use. A tentative preliminary plat was submitted in March 2008 for 390 lots on the northern 2/3 of site. Southern 1/3 of site intended for 144 lots, plat not yet submitted.

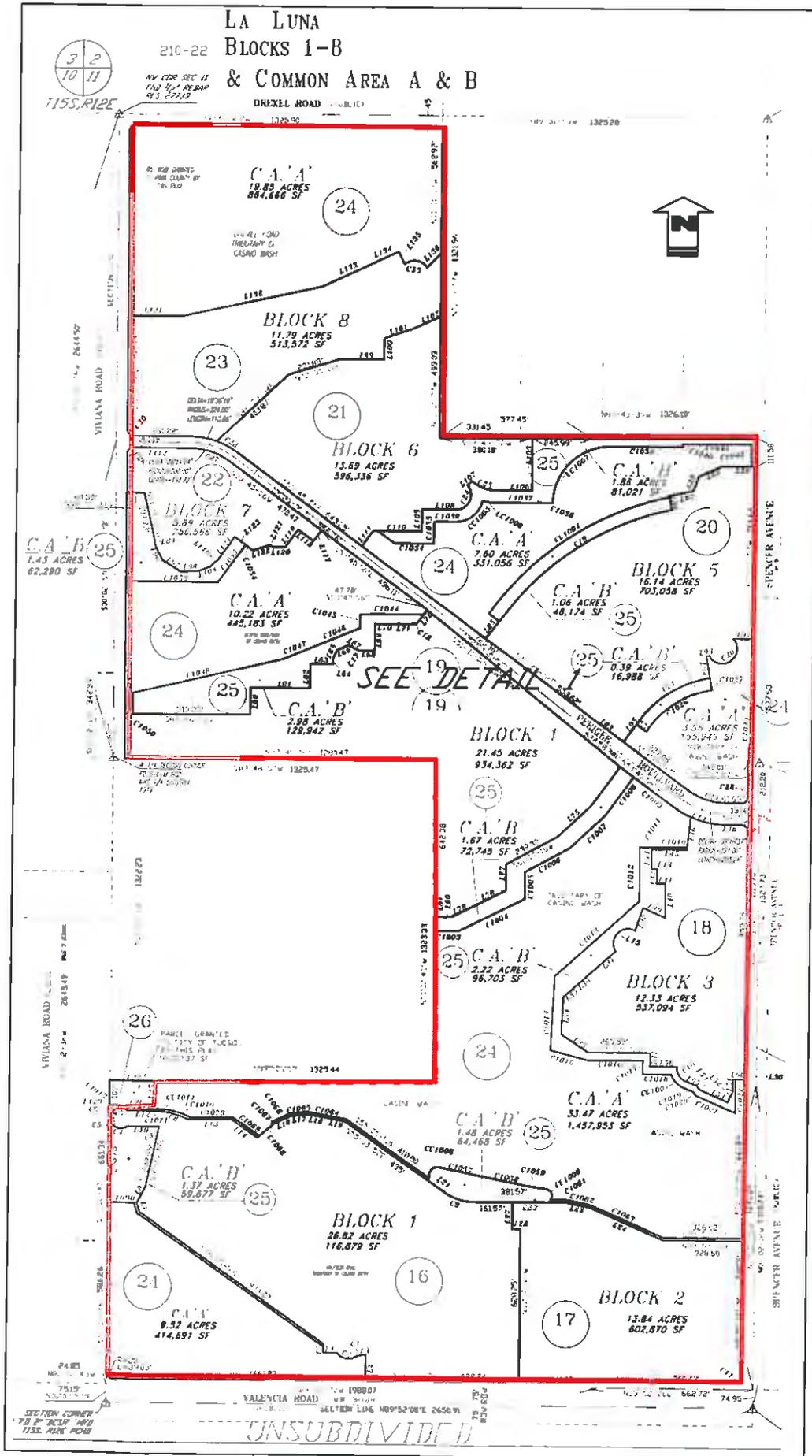
In conjunction with the approval of the block plat and the La Luna Residential Development Agreement, the developer must reconstruct 1.25 miles of Valencia between Camino Verde and Camino del Sol. The developer must also construct drainage improvements for the Black Wash. The property will need 1 foot of fill. These improvements must be completed before 201<sup>st</sup> building permit is approved. Costs are not to exceed \$5,570,000 or \$23,510 per acre or \$10,258 per lot plus other fees for schools and recreation.



### COMPARABLE LAND SALE TWO



Map in effect at time of sale.



COMPARABLE LAND SALE

COMPARABLE SALE: 3

LOCATION: North and south sides of Snyder Hill Road, 1 to 2 miles west of San Joaquin Road, Pima County, Arizona

LEGAL DESCRIPTION: A portion of the north half of Section 6, Township 15 South, Range 12 East, Pima County, Arizona

TAX CODE NUMBER: 210-12-009A; 210-13-0010, -002A, -004A; and 212-38-1950 and -1960

RECORDS: Instrument: Warranty Deed  
Date Recorded: February 8, 2010  
Contract signed September 15, 2009

SELLER: Title Security Agency of Arizona Trust #912

BUYER: Pima County

SALE PRICE: \$3,438,078

TERMS: Three annual payments at 5% simple interest

SITE SIZE: 814.54 acres

SALE PRICE PER ACRE: \$4,275

ZONING: 756.5 acres RH, Residential Homestead, Pima County; 58 acres GR-1, General Rural, Pima County. Reportedly, site had Specific Plan approval for 365 lots.

COMPREHENSIVE PLAN: 664 acres RT (Resource Transition) and 150 acres LIU-3.0 (Low Intensity Urban)

CONSERVATION LANDS SYSTEM: About 30% Important Riparian Area, 15% Multiple Use Management Area and 55% outside Conservation Lands Systems.

PHYSICAL DESCRIPTION:

Topography/Shape: Level / Irregular site split by Snyder Hill Road

Flood Zone: 75% AO-1 and 25% AO-2, according to FEMA Map #04019C-2200K. About 35% in

Black Wash floodway which includes areas of AO-1 and AO-2.

Utilities:

Electric and phone adjacent; main trunk line for sewer along Snyder Hill Road. No developed water source.

THREE YEAR HISTORY:

Seller purchased property in August 2001 for \$705,000.

CONFIRMED WITH:

Doug Laney, Pima County Real Property, (520) 740-6306

DATE CONFIRMED:

December 2009

COMMENTS:

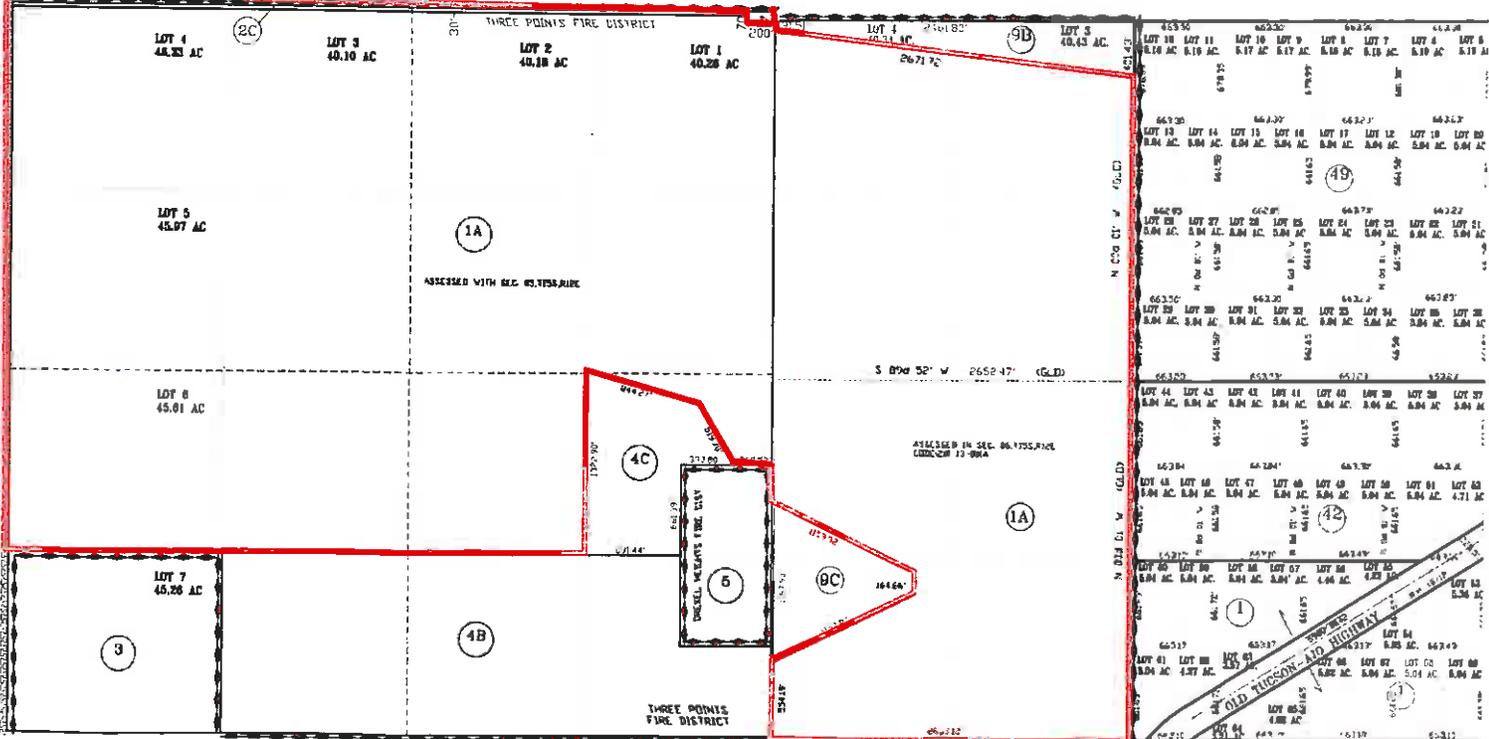
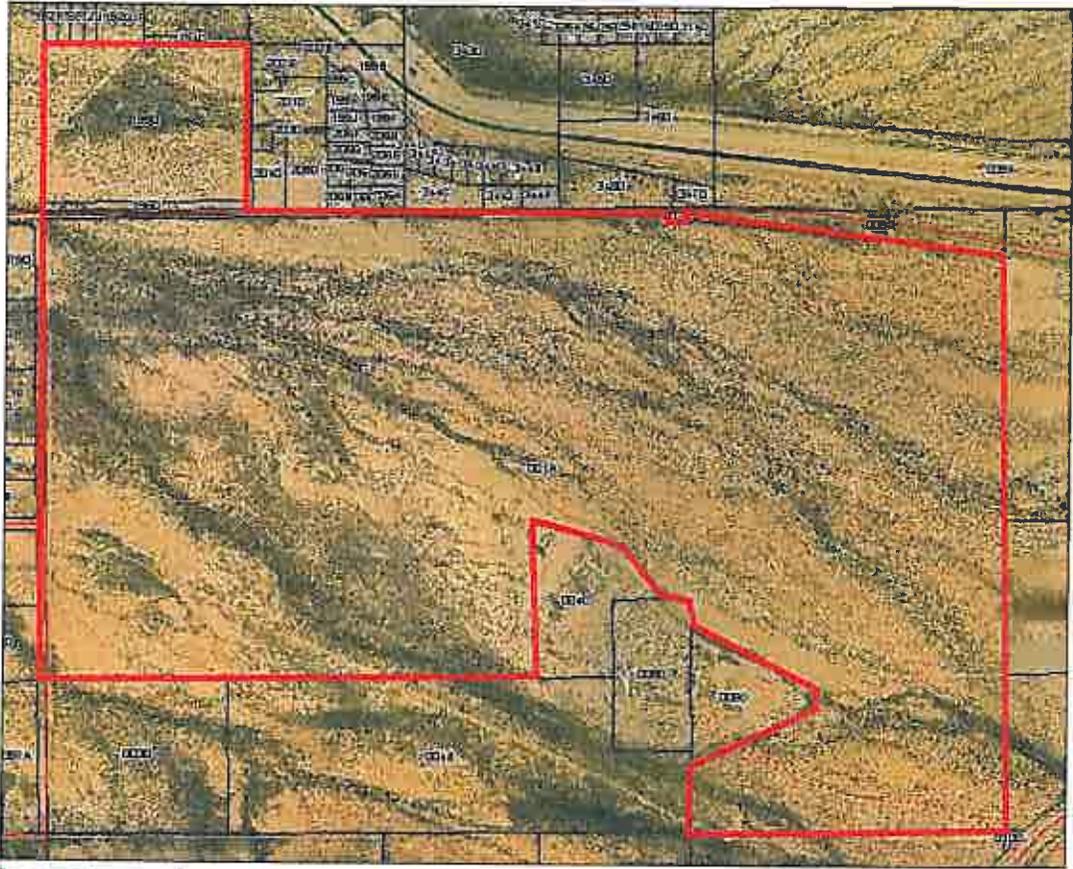
In addition to the zoning and floodplain restrictions, there are setback requirements from the adjacent Trap and Skeet Club in the southeast portion of the site.

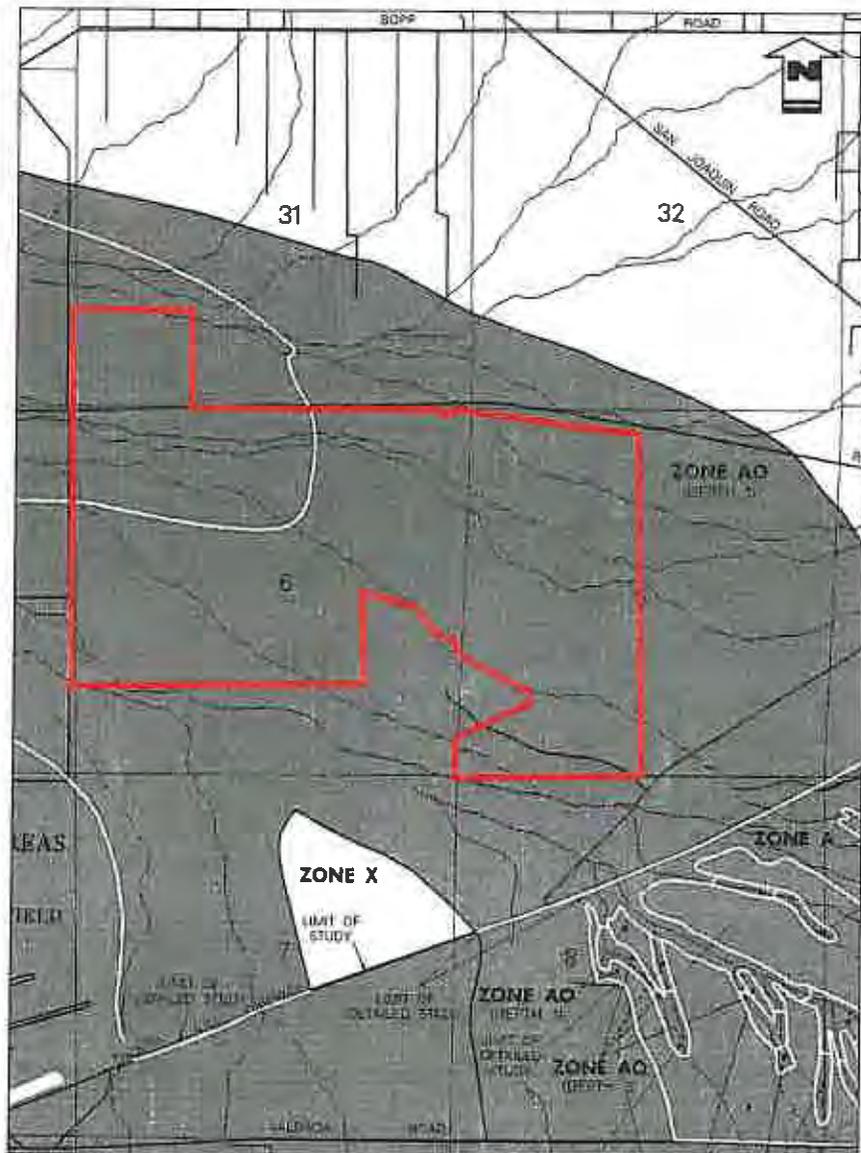
Buyer purchasing site under the Open Space Program.



# COMPARABLE LAND SALE THREE

File No: 03-11-91-L





Map in effect at time of sale.

COMPARABLE LAND SALE

COMPARABLE SALE: 4

LOCATION: About ½ mile east of Sandario Road and about ¾ mile south of Snyder Hill Road off Peaceful Lane, Pima County, Arizona

LEGAL DESCRIPTION: North half of the southeast quarter of Section 3, Township 15 South, Range 13 East, Pima County, Arizona

TAX CODE NUMBERS: 209-04-0100 and -0110

RECORDS: Instrument: Warranty Deed  
Date Recorded: March 16, 2011  
Recording No: 2011-0750588

SELLER: James Robert Tappan

BUYER: Jesus Rosales Badillo

SALE PRICE: \$135,000

TERMS: \$36,000 down payment (27%); seller carryback \$99,000

SITE SIZE: 80 acres

SALE PRICE PER ACRE: \$1,688

ZONING: RH, Residential Homestead, Pima County

COMPREHENSIVE PLAN: RT (Resource Transition)

CONSERVATION LANDS SYSTEM: Multiple Use Management Area

PHYSICAL DESCRIPTION:

Topography/Shape: Level / Rectangular

Flood Zone: 100% Zone A, according to FEMA Map #04019C-2240L, dated June 16, 2011.

Utilities: Electric and telephone to property boundary. Three septic systems, two electric pedestals and one domestic well.

Access: Legal and physical access via Peaceful Lane,

a dirt road not maintained by Pima County.

THREE YEAR HISTORY:

No sales in the prior three years.

CONFIRMED BY:  
DATE CONFIRMED:

Walter Ungar; sales agent 975-5207  
January 2012

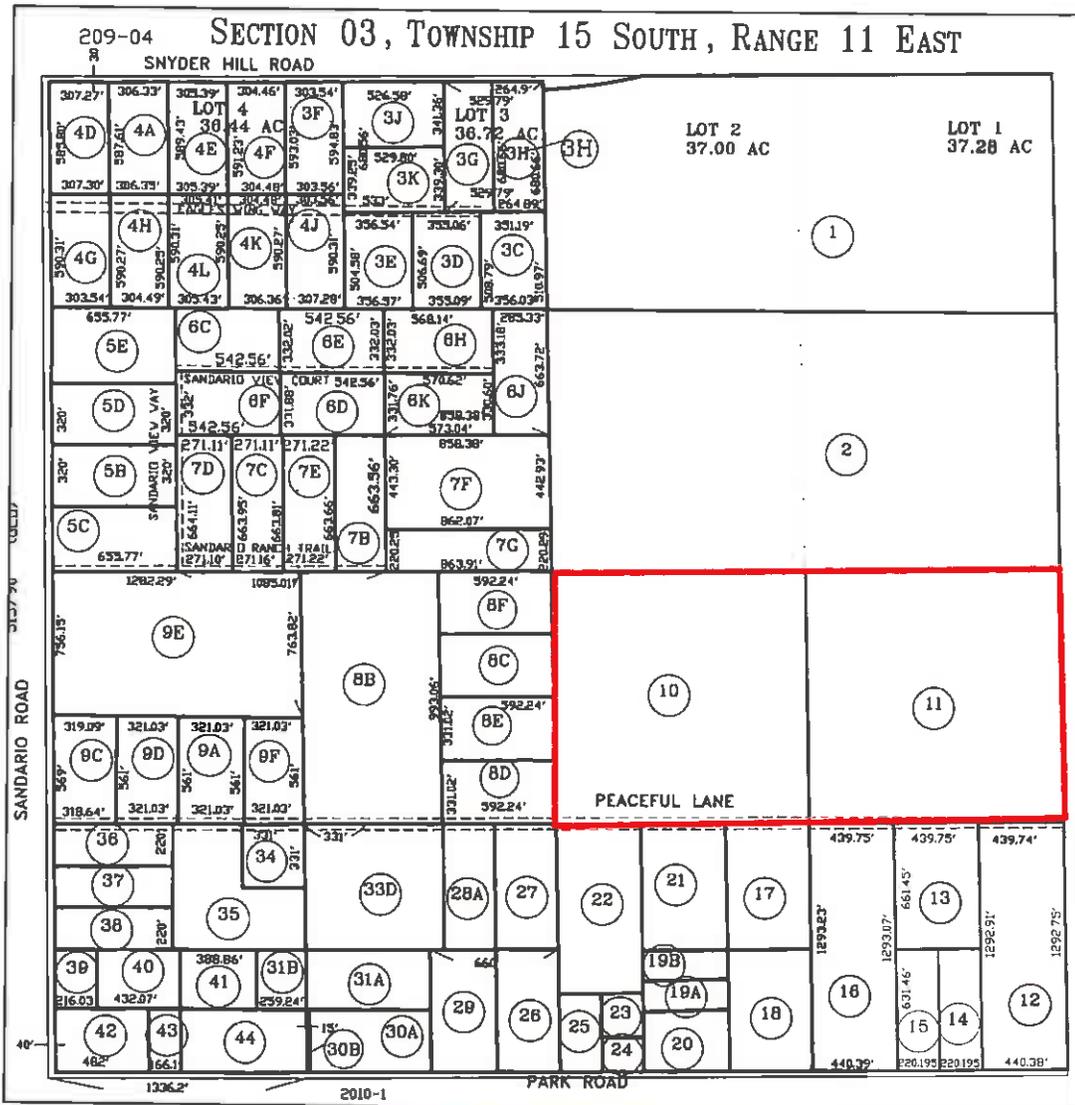
COMMENTS:

The site was on the market about six months with a list price of \$160,000 or \$2,000 per acre. According to the agent, the seller was under duress to sell because of a \$20,000 tax lien coming due.



COMPARABLE LAND SALE FOUR

File No: 03-11-91-L



### COMPARABLE LAND SALE FOUR



**Boundaries Are Approximate**

COMPARABLE LAND SALE

COMPARABLE SALE: 5

LOCATION: Southeast of Silverbell and Aguirre Roads,  
Pima County, Arizona

LEGAL DESCRIPTION: Portion of Sections 21 and 28, Township 11  
South, Range 10 East, Pima County,  
Arizona

TAX CODE NUMBERS: 208-13-0060; -0120; -0130; -0150; -0160;  
-0170; -0190; -0200; 208-16-0010; -0020;  
-0030; -0040; -0050; -019E

RECORDS: Instrument: Special Warranty Deed  
Date Recorded: August 4, 2011  
Recording No: 2011-2160468

SELLER: Toone Family Limited Partnership #3

BUYER: Arnold B. BurrueI and Judith K. BurrueI

SALE PRICE: \$2,000,000

TERMS: \$500,000 down payment (25%); institutional  
financing of balance

SITE SIZE: 381.26 acres

SALE PRICE PER ACRE: \$5,246

ZONING: RH, Residential Homestead, Pima County

COMPREHENSIVE PLAN: Primarily RT (Resource Transition) with  
approximately 21 acres along the south  
boundary of the site designated MIR  
(Medium Intensity Rural)

CONSERVATION LANDS SYSTEM: Multiple Use Management Area

PHYSICAL DESCRIPTION:

Topography/Shape: Mostly level / Irregular

Flood Zone: 96.1% Zone AE, 1.5% Shaded Zone X, and  
2.4% Zone X according to FEMA Map  
#04019C-1005L, dated June 16, 2011.

Utilities: Electric and phone adjacent. The site has

Type I Irrigation water rights and irrigation well for the farm and a domestic well and septic system for the residences.

Access:

All weather access available from the south through an adjoining subdivision.

THREE YEAR HISTORY:

The buyer previously owned the site. In 2005 he sold the property to the Toone Family for \$5,700,000 or \$14,965 per acre. The sale was cash to the seller. Burruel, who was the seller, continued to lease the land for farming at a price of \$100 per acre. Due to the collapse of the housing market the Toone Family decided to sell. The property was appraised at a little over \$2.0 million. Mr. Burruel bought it back for \$2.0 million. In his opinion the value is about \$1.5 million but he had a vested interest in the property which he continues to farm.

CONFIRMED BY:

Arnoldo Burruel, buyer 682-5988

DATE CONFIRMED:

December 2011

COMMENTS:

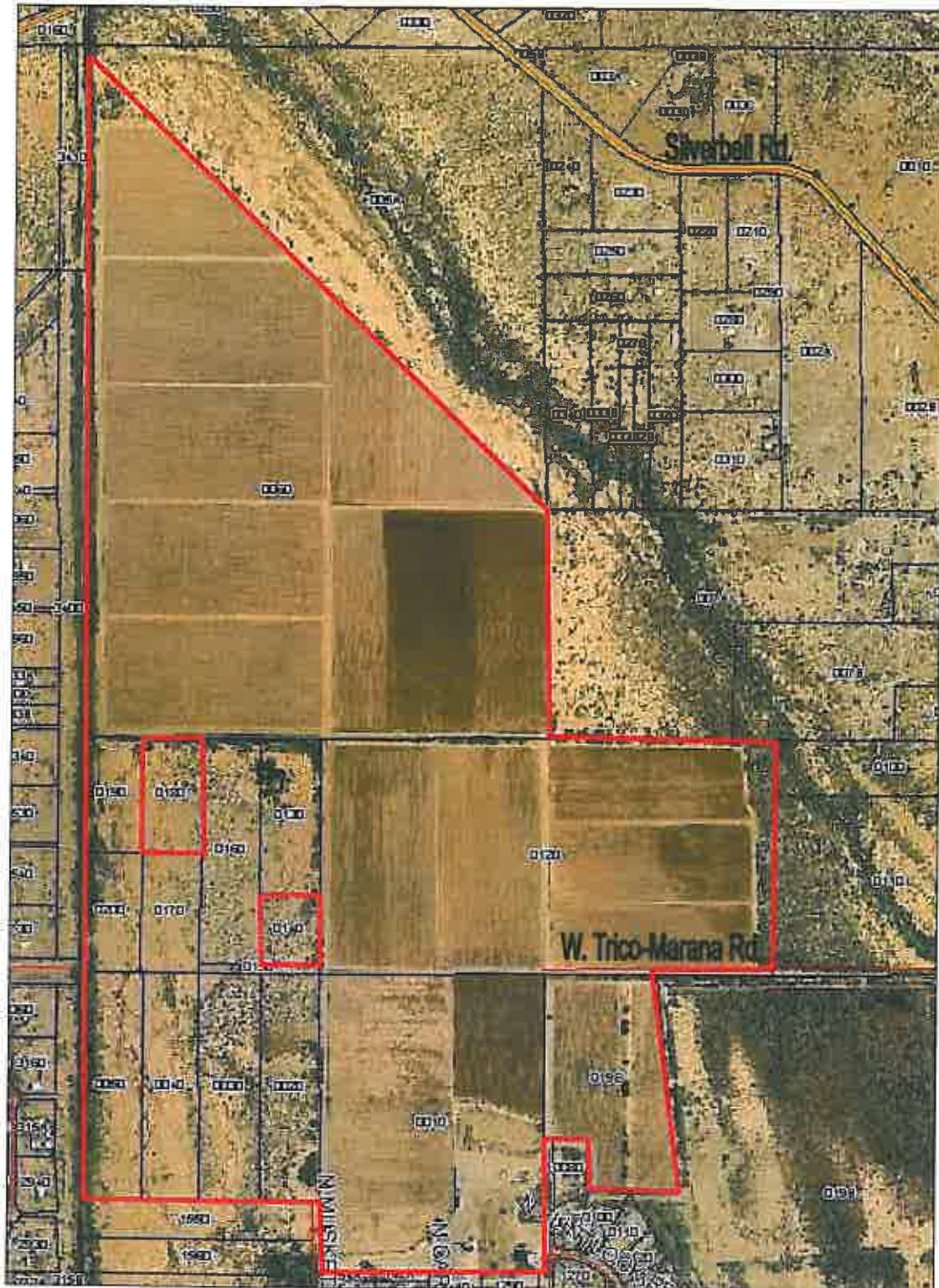
The site lies between the Blanco and Brawley Washes and there is a 250 foot development setback from the banks. About 250 acres is irrigated farmland. There is a single family residence, mobile home and roping arena on the ridge at the south end of the site.

**COMPARABLE LAND SALE FIVE**

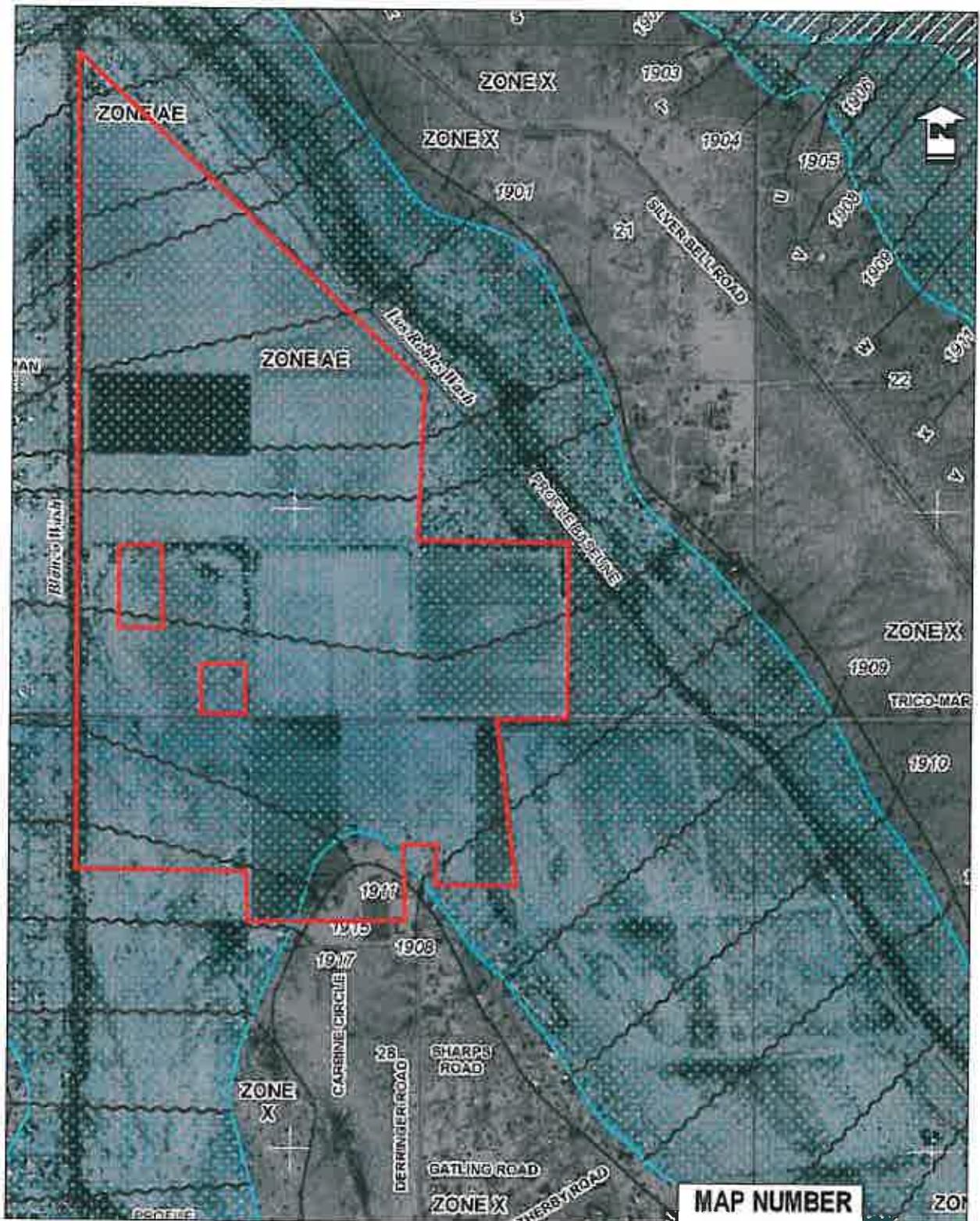




### COMPARABLE LAND SALE FIVE



### COMPARABLE LAND SALE FIVE



**Boundaries Are Approximate**

**MAP NUMBER  
04019C1005L  
MAP REVISED  
JUNE 16, 2011**

## LAND VALUE ANALYSIS

To estimate the market value of the subject site, I searched for recent land sales in Avra Valley that are similar to the subject property in terms of size, floodplain classification, zoning and potential use. Access and availability of utilities were also important factors considered in selecting the sales. The search spanned from January 2009 through December 2011 with an emphasis on the more recent sales. Six sales were found and five have been selected for direct comparison to the subject. The other sale and the two recent leases that were signed between the Tucson Water and the two solar power generating facilities will be discussed at the end of this analysis.

Adjustments are made to the sales on a sale price per acre basis for differences in property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, zoning, comprehensive plan designation and intended use. In addition, consideration is given to the differences in the Conservation Lands System designation of each site relative to the subject. Due to the lack of data from which to quantify adjustments for location, physical characteristics and zoning, many of these adjustments have not been quantified. Instead +/- adjustments are made on the Adjustment Grid depending on whether or the subject property is superior or inferior relative to the comparable sales. Here follows the elements of comparison.

### ***Property Rights Conveyed:***

The sale price of a property is always predicated by the property rights conveyed. Since the interest appraised is the fee simple estate and all of the sales represent the transfer of the fee simple interest, no adjustments are necessary for property rights conveyed.

### ***Financing Terms:***

In accordance with the definition of market value, adjustments for financing terms are made on an all cash basis or cash plus institutional financing at the prevailing market interest rates. Sales One, Two and Five sold for cash or cash to the sellers with the buyers obtaining outside financing. No adjustments are necessary.

Sale Three sold with three annual payments plus interest of 5%. According to a representative for the buyer who was Pima County, there was no impact on the price as a result of the financing terms. No adjustment is made.

Sale Four sold with a 27% cash down payment and the balance of \$99,000 carried by the seller. Though financing is virtually non-existent for land, there was no impact on the price for the seller financing. No adjustment is necessary.

***Conditions of Sale:***

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

Neither buyer nor seller could be reached for confirmation of Sale One. However, the listing agent, Robert Bunch, was contacted. According to Mr. Bunch, the site had been on the market for about one year at a price of \$5,000 per acre. There were no serious offers and, in his opinion, the price was above market. The actual sale which occurred in May 2009 at a price of \$2,350 per acre was negotiated directly between the buyer and seller and did not involve the listing agent. According to Mr. Bunch, the buyer was a contractor who had worked for the seller. An upward adjustment of 5% is made for the lack of a sales commission.

Sale Two was actively listed with Land Advisors. According to Mr. White, the property was on the market about four months. The seller, a local homebuilder, was motivated to sell by the end of their fiscal year and, according to Mr. White, the price represented the bottom of the market for this property type at the time of sale. While the seller may have been highly motivated, the only properties that have been selling are those that are priced at the bottom of the market or those that are needed by a particular user. Because of current market conditions, no adjustment is made to Sale Two for conditions of sale.

Sale Three was purchased by Pima County for open space. The initial offer was based on the appraised value of \$3,300,000 or \$3,874 per acre. The seller was asking \$5,500,000 or \$6,456 per acre. Ultimately a price of \$3,482,078 or \$4,275 per acre was negotiated. Since this was a negotiated sale, no adjustment is made for conditions of sale. However, in the conclusion of value, some consideration will be given to that fact that the appraised value was less than the ultimate sale price.

The sellers of Comparable Four were motivated to sell. They were a divorced couple who had a tax lien coming due. The agent, Walter Ungar, listed the site for \$2,000 per acre and negotiated a sale within six months at a price of \$135,000 or \$1,687 per acre.

In his opinion, the property was worth about \$2,000 per acre but the distress circumstances negatively affected the purchase price. An upward adjustment of \$312 per acre is made.

***Market Conditions:***

An adjustment for changes in market conditions may be appropriate when there are changes in property values that occur between the date of the oldest sale and the valuation date of the subject property.

At this time, the economy is in a slow recovery from the recent economic recession which was fueled by the collapse of housing market in 2006 and the later collapse of the financial market in October 2008. Though it appears the worst is over and the economy is showing signs of recovery, the recovery is expected to be slow due to continued high unemployment and the sluggish real estate market. Until there is significant job growth, it is likely that bankruptcies and home foreclosures will continue.

Because of the high foreclosure rate and competition from resale of existing homes, there has been little demand for new housing and little demand for large acreage properties. The following table summarizes the number of single family residential building permits issued in Pima County over the past seven years according to John Strobeck with Bright Future Business Consultants.

Year	Number of Permits	% Decline
2005	11,762	N/A
2006	8,579	-27.0%
2007	5,098	-40.6%
2008	3,018	-40.8%
2009	2,077	-31.2%
2010	1,865	-10.2%
2011	1,440*	-22.8%

\*Annualized based on 1,320 permits issued through November 2011

As can be seen, the number of new home permits continues to decline though the rate of decline has slowed. Based on the year-to-date statistics, the number of new residential building permits in 2011 will be below the 2010 levels. The higher number in 2010 was attributed to the first time home buyer credit that was available during the first half of the year. Once this credit expired, demand for new homes declined.

According to Jim Marian a land broker with Chapman Lindsey, there was an increase in the number of residential land sales in 2010. Of the residential land sales

reported in CoStar, 52% were purchased by builders, 14% were purchased by investors and 34% of all sales were purchased by mining companies (3 sales), government or semi-government (5 sales) and churches or schools (4 sales). Most of the builder sales were fully improved lots. Prices of fully improved lots increased to an average of \$43,000 per lot. Prices for platted, but unimproved lots were mixed. Well located sites experienced an increase in price while inferior located sites had a decrease in price. Mr. Marian indicated there continues to be a disconnect between sellers and buyers in regards to raw land prices/values. He expects prices to bottom out this year.

Due to the dramatic changes that have occurred, an effort was made to find the most recent sales available in order to minimize adjustments. Sales One and Two occurred in mid to late 2009. Sale Three closed in early 2010. Sales Four and Five sold in 2011 and are recent sales.

To quantify an adjustment for changes in market conditions, the sale and resale of the same property offers the best indication of a change in value over time. Two of the five sales utilized in this report are the sale and resale of the same property. The first paired sale is the sale and resale of ComparableTwo. K. Hovnanian Great Western Homes originally purchased the site in March 2006 which was at or near the peak of the market. It was acquired for \$12,976 per acre. At the time of sale, it was zoned GR-1 which allowed one house per acre. Subsequent to the sale, the buyers engineered the site and obtained block plat approval for 534 single family residential lots on 223 acres and 13.5 acres of commercially zoned land. In conjunction with the approval, the developer will be required to complete significant road and drainage improvements. As a result of the declining residential market, this builder has sold all inventory in Tucson. This particular site sold in October 2009 for \$5,210 per acre. According to the sales agent, the buyers, the Pascua Yaqui Tribe of Arizona, purchased the site as acreage without regard to the La Luna Residential Development Agreement. The buyer did not return repeated phone calls for confirmation of their intended use. Nonetheless, disregarding the significant amount of money spent in the entitlement process and the change in overall allowable density, the difference in the two sales prices demonstrates the significant decline in land values (at least 60%) between 2005 and 2009.

Sale Five also sold in 2005. Mr. Burruel, who is the current buyer, previously owned the site and sold the property to the Toone family for \$5,700,000 cash. Mr. Burruel

continued to lease the site for farming. Subsequent to the 2005 sale, the residential market collapsed and the owners decided they did not want to continue to hold. In 2011, they approached Mr. Burruel to see if he was interested in buying the property back. An appraisal was prepared and a price of \$2,000,000 was negotiated, which was a little less than the appraised value. This difference in price indicates a decline in land value of nearly 65% between 2005 and 2011. These two pairings suggest that the majority of the decline in land values occurred between 2005 and 2009.

As additional support, the sales activity on two other nearby properties is included. Sanders Grove, a 602-acre masterplanned community was taken back by the lender through a trustee's sale in August 2009 for \$5,481,700 or \$9,109 per acre which was the amount outstanding on the note. It was subsequently listed for about \$12,000 per acre. It sold in April 2010 for about \$5,650 per acre and was in escrow for only a short time. In August 2011 it sold for about \$7,300 per acre. Though this comparison might suggest a rise in values, the April 2010 sale was an REO sale. Instead the sale/resale suggests the market is bumping along the bottom.

One other pairing is included. There is a 167.23 acre site located at the northeast corner of Tangerine Road and I-10 that was originally purchased in 2006 for \$43,054 per acre. Much of the master-planning was complete when the property resold in June 2010 for \$19,733 per acre. The difference in price indicates a decline of 54% over this time period.

It appears from the data that the majority of the decline in land values occurred during the 2005 to 2009 time frame. At price levels of only \$2,350 and \$5,210 per acre, respectively, for Sales One and Two, nominal downward adjustments of 5% are made. No adjustments are necessary to Sales Three, Four and Five which sold under similar market conditions that exist as of the date of valuation.

***Location:***

Adjustments for differences in location are based on the general area of the sales and access. The subject property and all of the comparable sales are located in Avra Valley or the southwest portion of metropolitan Tucson. Physical access to the subject site from the west is via ingress/egress easements off Avra Valley Road that do not appear to benefit the subject site. Access to the north boundary is also from Avra Valley Road via a dirt road across the adjoining farm. This does not appear to be a dedicated easement. Legal access is via a 30 foot wide dedicated right-of-way along the extension of Emigh Road to the

southeast corner of the subject site. The road itself has not been developed. The improved section of Emigh Road is about a ½ mile east of the subject site.

Sale One is located about a four miles south of the subject site. Access is off Manville Road which is a two-lane, county maintained road. Sale Two is about a mile north of Manville Road with access via privately maintained, partially paved roads. Gravel has been imported on the access easement that bisects the property. The general location is comparable to the subject but access is superior. A downward adjustment is made.

Sales Two and Three are also similar in terms of location but both have paved access via two-lane county maintained roads. Downward adjustments are appropriate.

Sale Four is located about ½ mile east of Sandario Road and ¾ of a mile south of Snyder Hill Road. Legal and physical access is available from Peaceful Lane a dirt road that is not publically maintained. A downward adjustment is made.

Access to Sale Five is circuitous. Although it is only a short distance from Silverbell Road, the extension of Trico Marana Road to the east boundary is not publically maintained and passes through the Brawley Wash which can be impossible during times of bad weather. However, all-weather access is through the adjoining subdivision via Derringer Road which is paved and publically maintained within a short distance of the south boundary. Again, a downward adjustment is appropriate for the inferior access of the subject.

***Physical Characteristics:***

In the current market, supply of land exceeds demand. As a result, there is downward pressure on price and the market is less sensitive to the individual characteristics of a property. Therefore, with very few sales, it is difficult to isolate adjustments for differences in physical characteristics. As a result, quantitative adjustments could not be derived from the data.

*Size:* A smaller site will generally sell for a higher price on a per acre basis than a larger site all else being equal. Conversely, a larger property will typically sell for less. The subject site consists of 326.48 acres. The sales range in size from 80 acres to 814.54 acres. Sales One, Two and Five, which range in size from 200 to 381.26 acres, are similar in size to the subject. No adjustments are necessary. Sale Three is notably larger consisting of 814.54 acres. Sale Four is considerably smaller consisting of 80 acres. Upward and downward adjustments are made to each of these two sales.

*Shape/Topography:* The subject site is level and has an irregular but usable shape. Like the subject, all of the sales are level with no adverse shape characteristics. No adjustments are made.

*Floodplain:* The property lies within the Brawley Wash Corridor. It is bisected by two distinct channels that effectively isolated the central portion of the property eliminating it from any development potential. The areas along the washes are designated AO-3 and, for all practical purposes, cannot be developed. The areas in Zone AO-2 near the north and west boundaries could possibly be developed providing an engineering report is completed and any development complies with floodplain regulations. At a minimum, this would require a building setback of 250 feet from the top of the banks and building pads elevated at least one foot above the base flood level or a total of 3 feet. In general, the floodplain restrictions are severe and could preclude any development of the subject site without significant expense.

All of the sales are located in the 100-year floodplain. The flood zones vary between AO-1, AO-2 and AO-3, meaning the flood depths range from 1 to 3 feet. According to the Floodplain Department, habitable structures may be allowed in Zones AO-1 and AO-2 provided an engineering study is completed and approved and the floor of the structure is one foot above the base flood elevation. Habitable structures are not generally allowed in Zone AO-3.

Sale One is entirely within Zone AO-1. As noted previously, development is possible in the AO-1 zone providing the finished floor elevation is raised one foot above the base flood elevation. While there will be some additional costs to elevate the future building pads, the overall potential density is not adversely affected by the floodplain classification. Relative to the subject, in which only about 25% of the site could possibly be development, a downward adjustment is appropriate.

About 65% of Sale Two is in Zone A and 35% is in Zone AO-1. In addition, the Black Wash floodway clips the southwest corner of the site impacting about 5% of the property. This particular site was previously zoned GR-1 and was rezoned prior to the sale to allow a residential density of 2.4 units per acre. If rezoning had not occurred, the site could have been developed at a density of one house per acre providing all building improvements were raised one foot above the base flood elevation. However, as part of the rezoning process, Pima County will require drainage improvements that include an off-site

regional retention basin and drainage structure under Valencia Road for the Black Wash. Approximately 1 foot of fill is needed to raise the current elevation. Fill from the basin would be used onsite to raise the elevation. Although the overall density was increased from one lot per acre to 2.4 residences per acre, the owner will incur significant costs to achieve this density. In the current market with virtually no demand for residential development, the sales agent indicated the buyers based their purchasing decision on the price per acre without regard to the approved Development Agreement. Thus, relative to the subject property, the adjustment for differences in floodplain classification is based on the condition prior to rezoning which allowed development of the entire site at a density of one house per acre providing all building pads were elevated. Again relative to the subject site, a downward adjustment is appropriate since only about 25% of the subject site could be developed under existing floodplain regulations.

Sale Three has a combination of flood zones impacting the site. About 75% of the property is in Zone AO-1 and 25% is in Zone AO-2. However, of the total, about 50% of the site is impacted by the Black Wash floodway. Therefore, only about 50% of the site could feasibly be developed providing the finished floor elevation is raised one foot above the base flood elevation. Compared to the subject, a downward adjustment is made.

Sale Four is in Zone A. This is an area in which the base flood elevation has not been determined. According to Suzie Bohnet a senior hydrologist with Pima County, an engineering study will be required to determine the flood depth but the site is outside the Black Wash Corridor. It appears any building improvements will have to be elevated at least two feet, but the entire site can be developed. A downward adjustment is applied.

The majority (96%) of Sale Five is in Zone AE which is an area in which base flood elevations have been determined by FEMA. The balance of the site near the south boundary is in either Zone X or Shaded Zone X with minimal restrictions. The site lies between the Blanco Wash which forms the west boundary and the Brawley Wash which forms the east boundary. According to Ms. Bohnet, the Blanco Wash carries 17,000 cfs and the Brawley Wash has a flow of 35,000 cfs in a 100-year event. As a result, there will be a building setback of 250 feet from the top of the banks. Given the availability of access from the south boundary, there is a larger area in the middle that could be developed. The site is actively being farmed with no apparent adverse affects from the adjacent washes. A downward adjustment is appropriate for the less severe restrictions.

*Utilities:* Electric and telephone are available along the north boundary of the subject site. These utilities are also available within close proximity to the west boundary. There is no developed water source and no public sewer nearby.

Sale One has underground electric and telephone through the site and two wells to supply water. There is no sewer service. Compared to the subject property, the available of utilities is superior. A downward adjustment is made.

Sale Two has all utilities available along the south boundary including electric, phone, water and sewer. A downward adjustment is noted on the Adjustment Grid.

Sale Three has electric and telephone. The main sewer line extends along Snyder Hill Road, but local service may not be possible. Municipal water is about two miles away. The availability of utilities is comparable to the subject. No adjustment is necessary.

Sale Four has electric and telephone. The site was previously improved with three mobile homes and, as a result, there are three septic systems and one domestic well for water. Downward adjustments are made.

Sale Five has electric, telephone and two septic tanks. The site has a well for domestic water and an irrigation well for farming. Again, a downward adjustment is necessary.

***Zoning/Comprehensive Plan/Potential Use/Habitat Restrictions:***

The subject site is zoned RH, Rural Homestead. The Comprehensive Plan designates the site as RT; Resource Transition. The site is within the Conservation Lands System and classified as an Important Riparian Area. With this designation, disturbance of vegetation in excess of 1/3 acre per parcel will require a mitigation plan. As discussed in the Highest and Best Use section, the floodplain regulations and riparian classification greatly restrict the development potential of the subject site. As such, the site appears best suited to serve as mitigation land. Though there is some demand for mitigation land as evidenced by the need created by the nearby solar generating plants, demand is limited at this time but will increase in the future once the housing market recovers and homebuilders have a need to replace other environmentally sensitive lands under the off-site mitigation program.

Unfortunately, there were no recent sales that were found that were purchased specifically for mitigation. Most were purchased for investment and most have the potential for alternative uses. When comparing a less restricted site that has the potential

for a higher and better use than the subject which is highly restricted with few alternative uses, one would normally make a downward adjustment. However, as development occurs on sensitive lands, demand is created for biologically sensitive sites like the subject. In the current market, which lacks demand for development, most sites are being purchased for investment. When purchasing land, investors not only evaluate the potential return on the investment, they also evaluate the anticipated holding period. Since the demand for mitigation land is tied to development, the anticipated holding period is roughly the same. Although the potential resale is lower due to the location, quality of access, lack of utilities and floodplain regulations, adjustments have already been made for these characteristics. As such, no additional adjustments are made for the differences in the IRA classifications providing the sale has the same zoning and Comprehensive Plan designation as the subject.

Sale One, like the subject, is zoned RH and designated RT in the Comprehensive Land Use Plan. About 15% of the site is in an area of Important Riparian Habitat (IRA), 45% is in a Multiple Use Management Area (MUMA) and the balance is not subject to the Conservation Lands System. As discussed above, no adjustment is made to this sale which has the same zoning and Comprehensive Plan designation as the subject.

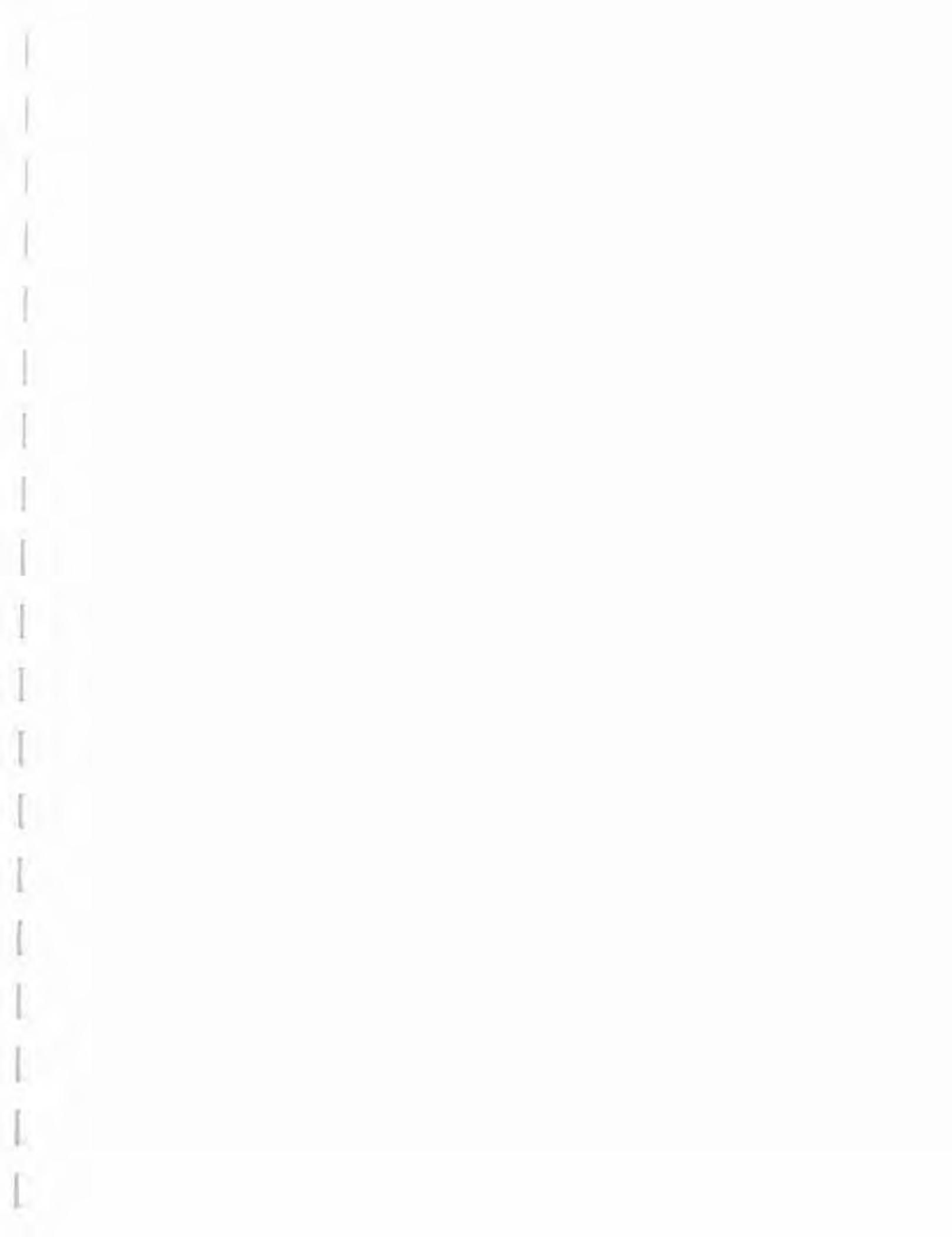
Sale Two is zoned CR-4 and had been approved for 534 lots and 13.5 acres of commercial development. As noted on the Comparable Sales write-up, a potential developer will be required to complete significant offsite improvements before the 201<sup>st</sup> building permit is issued. However, the buyer, the Pascua Yaqui Tribe, may not have purchased the site for development. Although this could not be confirmed, the sales agent indicated the price was based on large acreage land without regard to the Development Agreement. Given the prior zoning of GR-1, which allowed one house per acre, a downward adjustment is applied.

Sale Three consists of 814.54 acres. Of this total, 756.5 acres are zoned RH and 58 acres are zoned GR-1. Under the Comprehensive Land Use Plan, about 230 acres are designated LIU-3.0. Of this total, only about 92 acres can be developed due to setback restrictions from the adjacent Trap and Skeet club. There is a Specific Plan on the 92 acres that allows 365 homes which equals an overall density of one house per 2.33 acres. Although the site would still have to be rezoned, the potential density is greater than that which would be allowed if the site were entirely zoned RH and designated RT under the Comprehensive Land Use Plan. A downward adjustment is appropriate.

Sale Four is zone RH and designated RT under the Comprehensive Land Use Plan. Under the Conservation Lands System, the entire site is designated MUMA. Since the site was purchased for investment with the future potential of rural residential development at a density of one house per 4.13 acres, no adjustment is made as discussed above.

Sale Five is zoned RH. About 95% is designated RT. The sale is irrigated farmland with two residences on the property. Given the current “productive” use compared to the subject which has little or no “productive” use in the foreseeable future, a downward adjustment is appropriate.

Here follows an Adjustment Grid summarizing the adjustments as they apply to the sales.



SALE 3		SALE 4		SALE 5	
N & S side of Snyder Hill Rd. 1 - 2.5 miles west of San Joaquin		1/2 mile east of Sandario Rd 3/4 mile of Snyder Hill Rd.		SE of Silverbell & Aguirre Rd	
	ADJUSTMENTS		ADJUSTMENTS		ADJUSTMENTS
	\$4,275		\$1,688		\$5,246
Fee Simple 0	\$0	Fee Simple 0	\$0	Fee Simple 0	\$0
	\$4,275		\$1,688		\$5,246
3 Annual pmts; 5% interest		27% Down; Seller carryback		Cash to seller	
0%	\$0	0%	\$0	0%	\$0
	\$4,275		\$1,688		\$5,246
Market 0%	\$0	Seller under duress +	\$312	Market 0%	\$0
	\$4,275		\$2,000		\$5,246
February 8, 2010 0%	\$0	March 16, 2011 0%	\$0	August 4, 2011 0%	\$0
	\$4,275		\$2,000		\$5,246
Avra Valley Snyder Hill Road 2-lane paved -	-	Avra Valley Peaceful Lane 2-lane dirt -	-	Avra Valley Interior neighborhood street Dirt -	-
814.54 Acres +	+	80 Acres -	-	381.26 Acres 0%	\$0
Level / Irregular 0	\$0	Level / Rectangular 0	\$0	Mostly level / Irregular 0	\$0
75% AO-1; 25% AO-2 50% Black Wash Floodway -	-	100% Zone A -	-	96% AE; 1.5% Shaded X 2.5% Zone X (Outside) -	-
Electric & telephone Sewer, No water source 0	\$0	Electric & telephone 3 septics, 1 domestic well -	-	Electric & telephone; Septic Irrigation and domestic wells -	-
RH & GR-1 / RT & LIU-3.0 Invmt future residential / 30% IRA, 15% MUMA & 55% Outside -	-	RH / RT Investment MUMA 0%	\$0	RH / 95% RT 5% MIR Continued farming MUMA -	-
Less than	\$4,275	Less than	\$2,000	Less than	\$5,246

***Conclusion:***

Prior to the adjustments, the sales range in price from \$1,688 per acre to \$5,246 per acre. After adjustments are made, the sales suggest a market value less than \$2,000 per acre. While all of the sales are located in the 100-year floodplain as designated by FEMA, the floodplain restrictions are most severe on the subject site and, combined with the Important Riparian Area classification, effectively prohibit development. As such, downward adjustments prevail to all of the sales and there is no lower limit of value indicated.

However, one other sale is considered. This is Sale Six on the tabulation presented on page 42. In December 2010, a 602-acre site sold for \$1,495 per acre, cash. It is located west of the subject, off Ragged Top Road and bound on three sides by Ironwood Forest National Monument. Though the site is not impacted by floodplain regulations or riparian habitat restrictions, it was purchased by an investor who plans to hold for future acquisition by the BLM for inclusion into Ironwood Forest National Monument. Though the potential holding period may be different, the motivations of this buyer/investor could be similar to those of a potential buyer of the subject site. Given the more remote location and larger size, this sale sets a lower limit of value for the subject.

Consideration is also given to the two land leases that were recently negotiated on nearby sites for two solar power generating plants. Included in the Addenda, is a letter from the City of Tucson Real Estate Department that outlines the details of the agreements. According to this letter, dated October 21, 2009, the lease rates were based on a market value of the land at \$4,000 per acre and an 8% rate of return. The 320-acre site is situated on Garvey Road about a mile south of Avra Valley Road and a half mile west of the subject. This site does not have paved access, but is outside the Brawley Wash Corridor and mostly outside the floodplain. The site at Emigh Road and Sandario, which is about a half mile east of the subject, consists of 304.79 acres. It has paved access, electric, phone and a domestic well. It is outside the Brawley Wash Corridor and in Zone AO-1 according to FEMA. A copy of the lease to FVR Solar Tucson was provided indicating the lease rate is \$127,072 per year which calculates to a land value of \$5,211 per acre when an 8% rate of return is applied. According to Carmine Tilghman with TEP, the lessee wanted to maintain a flat lease rate over time, so the actual rent was increased to adjust for inflation over the 20-year term of the lease. The agreed upon terms of each lease were based on a

value of \$4,000 per acre as of 2008 and an 8% return. Both leased parcels have better access and less restrictive floodplain regulations. In addition, the land value was established in 2008 when market conditions were better. The market value of the subject site should be considerably less than \$4,000 per acre.

This appraisal would be remiss without the analysis of the acquisition of the subject site in June 2011. The owner acquired title to the subject site from Marana Unified School District in June 2011. The acquisition included two parcels. Marana Unified School District (MUSD) purchased approximately 108 acres for \$3,200,000 cash and granted title to the subject site. According to Bob Thomas with MUSD, the value allocated to the subject site was based on an appraised value of \$165,000 or \$500 per acre which is significantly lower than any of the sales that were found. A copy of this appraisal was available but did not provide any other sales that supported the lower value. Since the appraisal was prepared, Sale Five closed and the two solar power generating plants were announced. Both power plants require off-site mitigation of riparian lands. Some increase in demand for mitigation land may be created by the siting of alternative energy facilities to meet the needs of local power company to provide customers with energy produced by alternative means.

Based on the preceding sales and analysis, and considering that Sale Four was a distressed sale, the market value of the subject site is estimated to be \$2,000 per acre. Thus, \$2,000 per acre multiplied by 326.48 acres equals \$652,960, rounded to \$650,000.

**MARKET VALUE OPINION OF THE SUBJECT SITE .....\$650,000**

**CERTIFICATION**

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

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

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

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

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

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

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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

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

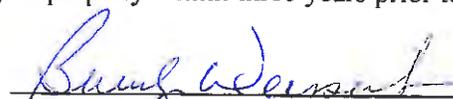
No one provided significant professional assistance to the person(s) signing this report, except as stated in the report. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraisers whose signatures appears on the appraisal report,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

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

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

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

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



Beverly Weissenborn, MAI  
Certified General Real  
Estate Appraiser #30125

**QUALIFICATIONS OF BEVERLY WEISSENBORN, MAI**

**FORMAL EDUCATION:**

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

**PROFESSIONAL AFFILIATIONS:**

Member of the Appraisal Institute, (MAI), Certification Number 8972. I have completed the requirements under the continuing education program of the Appraisal Institute. Currently certified through December 31, 2016.

Arizona Certified General Real Estate Appraiser Number 30125. Currently certified through August 31, 2012.

President, Southern Arizona Chapter, The Appraisal Institute, 2004

Member, Board of Directors, Southern Arizona Chapter of Appraisal Institute, 2005-07

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

Current Member of CREW – Commercial Real Estate Women (Board of Directors 2012 - 2013)

Current Member of IRWA – International Right-of-Way Association

**PROFESSIONAL EXPERIENCE:**

2005 – date        Partner, Burke Weissenborn, LLC

1982-2005:        Associate Appraiser with Southwest Appraisal Associates, Inc.

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

**PROFESSIONAL EDUCATION:**

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

Recently attended courses and seminars given by the Appraisal Institute:

Understanding Limited Appraisals, September 1994  
Subdivision Analysis, March 1996  
Highest and Best Use Applications, June 1996  
Litigation Skills for the Appraiser: An Overview, April 1997  
Acquisitions & Appraisals of State Lands, April 1998  
Attacking & Defending an Appraisal in Litigation, January 2000  
Partial Interest Valuation – Undivided, March 2000  
Conservation Easements – June 2001  
Appraisal Consulting – October 2003  
Reappraising, Readdressing and Reassigning Appraisals – May 2005  
Scope of Work – May 2005  
Case Studies in Commercial Highest and Best – May 2007  
Condemnation Appraising: Advanced Topics & Applications - March 2008  
Appraisal Curriculum Overview - January 2009  
Litigation Appraising; Specialized Topics and Applications, April 2011

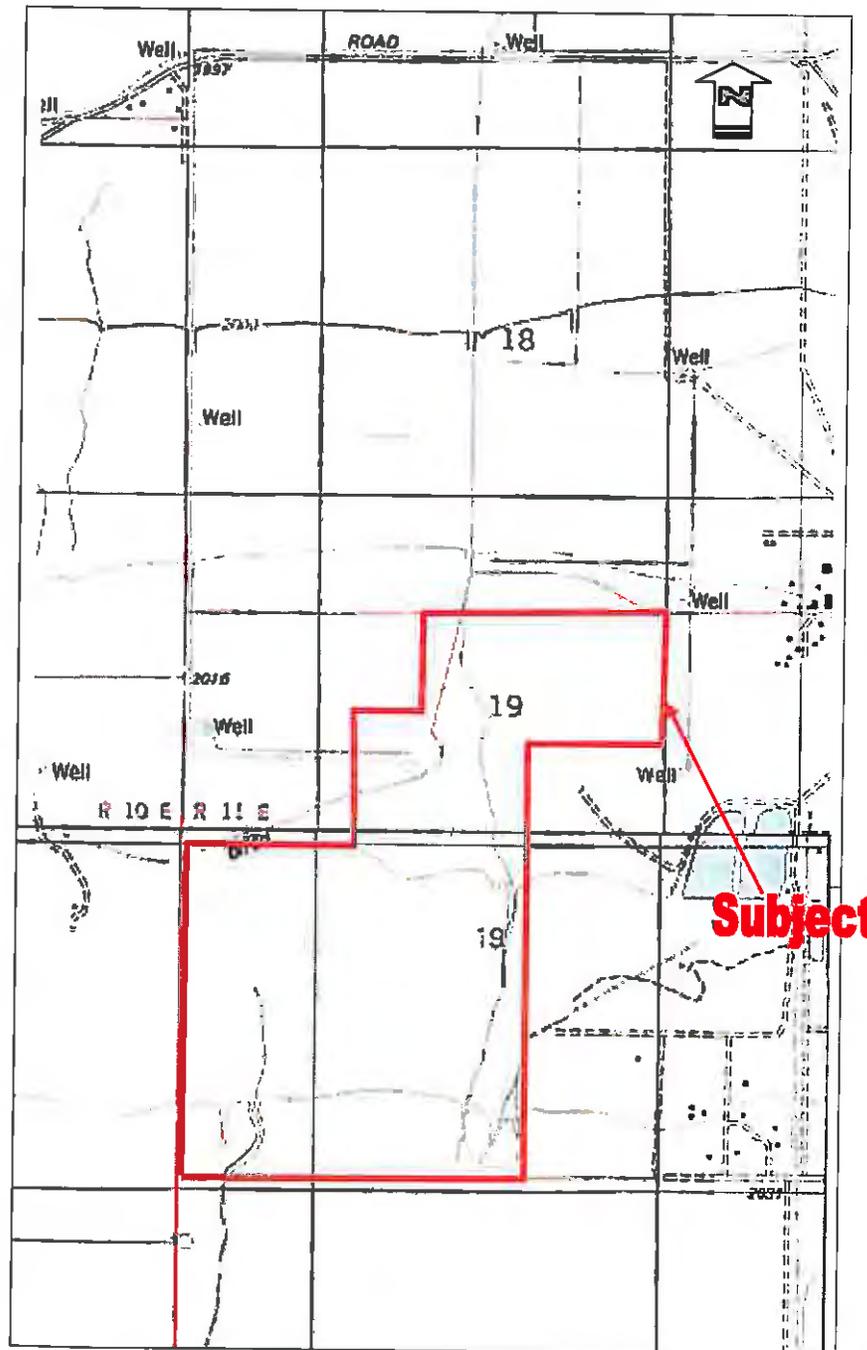
Recently attended courses and seminars given by the International Right of Way Association (IRWA)

Eminent Domain & Right-of-Way Symposium”, October 2010  
Ethics and the Right-of-Way Profession, April 2011

Uniform Standards of Professional Appraisal Practice – 15 Hours, January 2004  
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)-  
April 2007  
Uniform Standards of Professional Appraisal Practice – 7 Hours, January 2010

***ADDENDA***

# TOPOGRAPHICAL MAP



**Boundaries Are Approximate**

 <b>First American Title</b>	<b>Commitment for Title Insurance</b>
	BY <b>First American Title Insurance Company</b>
<b>Schedule A</b>	

File No.: 400-26820

1. **Effective Date: 10/24/2011 at 7:30 AM, Amendment Date: , Amendment No.:**
2. **Policy (or Policies) to be issued:**

	<u>AMOUNT</u>
a. <b>ALTA Standard Owners Policy (06-17-06)</b>	<b>\$0.00</b>
<b>Proposed Insured:</b>	
<b>Pima County, a body politic</b>	
b. <b>Nona</b>	<b>\$</b>
<b>Proposed Insured:</b>	
c. <b>Nona</b>	<b>\$</b>
<b>Proposed Insured:</b>	
3. **The estate or interest in the land described or referred to in this Commitment is fee**
4. **Title to the estate or interest in the land is at the Effective Date vested in: RB Land, LLC, an Arizona limited liability company**
5. **The land referred to in this Commitment is described as follows:**  
**See Exhibit A attached hereto and made a part hereof.**

Countersigned:

*Joe Malone*

By: \_\_\_\_\_  
 Authorized Officer or Agent  
 (This Schedule A valid only when Schedule B is attached.)

**Note: Please direct all inquiries and correspondence to**  
**Rhonda Draper**  
**6840 N. Oracle Road Ste#120**  
**Tucson, AZ 85704**  
**Phone: (520)219-6451**

**Title Security Agency of Arizona, issuing agent for First American Title Insurance Company**  
**Y. Carlson/YC**  
**Title Officer**  
**YC**  
**Typist**

 <b>First American Title</b>	<b>Commitment for Title Insurance</b>
	BY <b>First American Title Insurance Company</b>
<b>Exhibit A</b>	

File No.: 400-28820

**LEGAL DESCRIPTION**

**Parcel 1**

The Southwest Quarter of Section 19, Township 12 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona.

(JV Arbs 22 and 23)

**Parcel 2**

The Northeast Quarter of the Northwest Quarter, EXCEPT the West 318.82 feet thereof; and the Southeast Quarter of the Northwest Quarter; and the East 318.8 feet of Lot 2; all in Section 19, Township 12 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona.

(JV Arb 21)

**Parcel 3**

The Northwest Quarter of the Northeast Quarter and the North Half of the North Half of the Southwest Quarter of the Northeast Quarter of Section 19 Township 12 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona.

(JV Arb 33)

 <b>First American Title</b>	<b>Commitment for Title Insurance</b>
	BY <b>First American Title Insurance Company</b>
<b>Schedule BI</b>	

File No.: 400-26620

**REQUIREMENTS**

The following requirements must be satisfied:

- (a) Payment of the necessary consideration for the estate or interest to be insured.
  - (b) Pay all premiums, fees and charges for the policy.
  - (c) Documents creating the estate or interest to be insured, must be properly executed, delivered and recorded.
  - (d) Payment of all taxes and/or assessments levied against the subject premises which are due and payable.
1. COUNTY TREASURER'S Tax records show taxes for the year 2011 are marked totally exempt. (State Tax Parcel No. 215-19-005C-Parcel 1)
  2. COUNTY TREASURER'S Tax records show taxes for the year 2011 are marked totally exempt. (State Tax Parcel No. 215-19-002D-Parcel 2)
  3. COUNTY TREASURER'S Tax records show taxes for the year 2011 are marked totally exempt. (State Tax Parcel No. 215-19-002J-Parcel 3)
  4. Property herein appears to be free and clear of liens. Please verify. Further requirements may be deemed necessary upon said disclosure.
  5. FURNISH the Company a copy of the Articles of Organization, stamped "filed" by the Arizona Corporation Commission and a fully executed copy of the Operating Agreement and all amendments hereto for the following named Limited Liability Company:

Limited Liability Company                      **RB Land LLC**

File No.: 400-26620

**SCHEDULE B1**  
(Continued)

6. RECORD Deed from RB Land LLC, an Arizona limited liability company to Pima County, Arizona, a body politic.

NOTE: ARS 11:1133 may require the completion and filing of an Affidavit of Value.

**30 YEAR CHAIN OF TITLE:**

Deed recorded November 13, 1986 in Docket 7910, Page 1467 as Grantor: Pioneer Trust Company of Arizona, an Arizona corporation, as Trustee under Trust No. 10,112;  
Grantee: Marana Unified School District No. 6 of Pima County, Arizona.  
(Parcel 1)

Deed recorded August 29, 1973 in Docket 4587, Page 398 as Grantor: Ruth Suth, as her sole and separate property;  
Grantee: Pioneer National Trust Company of Arizona, a corporation, as Trustee under Trust No. 10,949.  
(Parcel 2)

Deed recorded August 29, 1973 in Docket 4587, Page 399 as Grantor: Eugene Lassers Company, Inc.;  
Grantee: Pioneer National Trust Company of Arizona, a corporation, as Trustee under Trust No. 10,949.  
(Parcel 2)

Deed recorded August 29, 1973 in Docket 4587, Page 400 as Grantor: Maurice L. Zee and Mavis Zee, husband and wife;  
Grantee: Pioneer National Trust Company of Arizona, a corporation, as Trustee under Trust No. 10,949.  
(Parcel 2)

Deed recorded August 29, 1973 in Docket 4587, Page 401 as Grantor: Robert M. Leventhal and Nancy Leventhal, husband and wife;  
Grantee: Pioneer National Trust Company of Arizona, a corporation, as Trustee under Trust No. 10,949.  
(Parcel 2)

Deed recorded August 29, 1973 in Docket 4587, Page 402 as Grantor: Robert M. Sternberg and Marilyn Sternberg, husband and wife;  
Grantee: Pioneer National Trust Company of Arizona, a corporation, as Trustee under Trust No. 10,949.  
(Parcel 2)

Deed recorded August 29, 1973 in Docket 4587, Page 403 as Grantor: Norman R. Silverman and Ruth Silverman;  
Grantee: Pioneer National Trust Company of Arizona, a corporation, as Trustee under Trust No. 10,949.  
(Parcel 2)

Deed recorded August 29, 1973 in Docket 4587, Page 404 as Grantor: Morris Banovitz and Faya Banovitz, husband and wife;  
Grantee: Pioneer National Trust Company of Arizona, a corporation, as Trustee under Trust No. 10,949.  
(Parcel 2)

Deed recorded August 29, 1973 in Docket 4587, Page 405 as Grantor: Martin J. Simmons and Jacquelyn Simmons, husband and wife;  
Grantee: Pioneer National Trust Company of Arizona, a corporation, as Trustee under Trust No.

File No.: 400-28820

**SCHEDULE B)**  
**(Continued)**

10,949.  
(Parcel 2)

Deed recorded November 13, 1985 in Docket 7910, Page 1466 as Grantor: Pioneer Trust Company of Arizona, an Arizona corporation, as Trustee under Trust No. 10,949;  
Grantee: Marana Unified School District No. 6 of Pima County, Arizona.  
(Parcel 2)

Deed recorded February 11, 1986 in Docket 2861, Page 230 as Grantor: Tucson Title Insurance Company, a corporation, as Trustee under Trust No. 10,185.;  
Grantee: Morris Banovitz and Faye Banovitz, husband and wife.  
(Parcel 3)

Deed recorded September 24, 1982 in Docket 6673, Page 130 as Grantor: Fay Banovitz, a widow;  
Grantee: Ruth B. Smith and Sharon B. Lessers, as Trustees of the Faye Banovitz Trust dated September 18, 1980.  
(Parcel 3)

Correction Deed recorded November 13, 1985 in Docket 7910, Page 1461 as Grantor: Fay Banovitz, a widow;  
Grantee: Ruth B. Smith and Sharon B. Lessers, as Trustees of The Faye Banovitz Trust dated September 18, 1980.  
(Parcel 3)

Deed recorded November 13, 1986 in Docket 7910, Page 1464 as Grantor: Ruth B. Smith and Sharon B. Lessers, as Trustees of the Faye Banovitz Trust dated September 18, 1980;  
Grantee: Marana Unified School District No. 6, Pima County, Arizona.  
(Parcel 3)

Deed recorded November 13, 1986 in Docket 7910, Page 1465 as Grantor: Phillip Smith and Ruth Smith, husband and wife; and Eugene Lessers and Sharon Lessers, husband and wife;  
Grantee: Marana Unified School District No. 6 of Pima County, Arizona.  
(Parcel 3)

Deed recorded June 21, 2011 in Sequence No. 20111720392 as Grantor: Marana Unified School District No. 6;  
Grantee: RB Land Ventures 1, LLC, a Delaware limited liability company.  
(all parcels)

Deed recorded June 21, 2011 in Sequence No. 20111720394 as Grantor: RB Land Ventures 1, LLC, a Delaware limited liability company;  
Grantee: RB Land LLC, an Arizona limited liability company.  
(all parcels)

 <b>First American Title</b>	<b>Commitment for Title Insurance</b>
	BY <b>First American Title Insurance Company</b>
<b>Schedule BII</b>	

File No.: 400-26620

**EXCEPTIONS**

Printed exceptions and exclusions from coverage are contained in the policy or policies to be issued. Copies of the policy forms should be read. They are available from the office that issued this commitment.

1. **RESERVATIONS** contained in the Patent from the United States of America recorded in Book 99 of Deeds at page 270, reading as follows:

*RESERVED from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States of America. Excepting and reserving, however, to the United States all the coal and other minerals in the lands so entered and patented, together with the right to prospect for, mine, and remove the same pursuant to the provisions and limitations of the Act of December 28, 1916 (39 Stat., 862)*

2. **TAXES** subsequent to the year 2011.
3. **ANY ACTION** by the County Assessor and/or Treasurer, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance.
4. **EASEMENT** and rights incidental thereto, as set forth in instrument:

Recorded in Docket	5505
Page	907
And thereafter conveyed by subsequent instruments of record	
Purpose	Ingress and egress
(Parcel 2)	

5. **MATTERS SHOWN ON SURVEY:**

Recorded in Book 9 of Records of Survey  
Page 16



**PIMA COUNTY  
REGIONAL FLOOD CONTROL DISTRICT**  
201 NORTH STONE AVENUE, FOURTH FLOOR  
TUCSON, ARIZONA 85701-1207

**SUZANNE SHIELDS, P.E.  
DIRECTOR**

(520) 740-8350  
FAX (520) 740-8749

Page 1 of 2  
Revised 6/25/10

**ENGINEERING REQUIREMENTS WITHIN THE BRAWLEY WASH CORRIDOR**

Pursuant to Title 16 of the Pima County Code (Floodplain and Erosion Hazard Management Ordinance), Section 16.20.020.C, an applicant for a Floodplain Use Permit may be required to provide an engineering study prepared by an Arizona Registered Professional Civil Engineer outlining the effects the development will have on the flow of water through the area being developed and the surrounding areas. This study will be used to evaluate possible flood hazards and to render a decision on the suitability of the proposed development.

Under this authorization, an engineering study is required for construction or installation of habitable and non-habitable structures within the Brawley Wash Primary Flood Corridor. The boundaries of the corridor are defined by the study entitled: Brawley Wash Primary Flood Corridor Study prepared for the Pima County Regional Flood Control District by Simons, Li & Associates, Inc. and sealed by Michael Zeller, P.E. on June 1, 1999. (Currently Simons, Li & Associates, Inc. is known as TETRA TECH, Inc.)

The engineering study shall determine a safe building site with respect to flood and erosion hazards and address any potential impacts due to the proposed development, shall be sealed by an Arizona Registered Professional Civil Engineer and must be reviewed and accepted by the Floodplain Management Division prior to issuance of any proposed development permit. The engineering study shall include, at a minimum, the following items:

1. A sealed site plan, drawn to scale, showing the proposed building location(s), safe setback to adjacent wash (es) determined from the analysis and a statement that the building site shown is safe from erosion.
2. Hydrologic calculations in order to determine 100-year discharge ( $Q_{100}$ ) rates within all potential flow paths across the site.

Floodplain Management ♦  
Planning ♦ Management

♦ Flood Control Engineering ♦  
Design Engineering

♦ Water Resources ♦  
Riparian Habitat

Page 2 of 2

Revised 3/23/06

**Brawley Wash Engineering Requirements**

3. Hydraulic calculations in order to determine water surface elevations, velocities of flows and offsite impacts of the development on adjacent properties for the 100-year discharge. Calculations shall be provided for channel and overbank flow depth and velocity data, maximum value of  $DV^2$  within the property boundary, and scour depths at the proposed building site(s). The proposed finished floor elevations of all structures must be a minimum of one foot above the computed 100-year water surface elevation of the adjacent wash evaluated at the upstream end of the structure. All regulatory flows must be shown to leave the property with similar hydraulic characteristics as existed prior to the lot development. Cross-sections for calculating water surface elevations must extend beyond the property boundary in all directions.
4. Analyses of soil stability and erosivity at building site(s) and an appropriate engineered foundation designed for all structures, if necessary.
5. If building locations do not meet the minimum required erosion hazard setback, it will be necessary to either address issues outlined in the form entitled Engineering Analysis Requirements for Erosion Hazard Setback Evaluation or include in the engineering study a design for erosion protection.

The report summarizing the engineering study should be organized as listed above for ease of review unless the Floodplain Management Division approves an alternative format in advance. In addition, all information and data must include attached source documentation and/or be properly cited.

J:/Data/FPM Division/Master Documents/Forms/Brawley wash engineering 06.doc

From Carmine Tilghman  
Mgr - Renewable Energy Resources  
UniSource Energy



**MEMORANDUM**

DATE: 10/21/09

TO: Mr. Lou Ginsberg, Director Real Estate Division  
FROM: W. Wade Clark, MAI, *WJ*  
City of Tucson  
Appraiser

SUBJECT: Land Lease Rental Rate for 09039-Fotowato Renewable Resources

Mr. Ginsberg:

Upon your directive I have examined and reviewed two appraisals completed by Mr. Tom Baker, MAI, SFA. These reports involve two non-contiguous parcels of 304.79 and 320.00 acres located along the east side of Garvey Road and south of Avra Valley Road and the second along the west side of Sanders Road along the north side of Emigh Road, Pima County, Arizona.

This estimate of market rent for the two parcels in aggregate is based upon the data information and conclusions contained within RP 09039. As such, it is subject to the assumptions, limiting conditions, description and certification contained within the work file in my office.

Under specific circumstances as provided within the referenced file the following is plausible:

- A land value of \$4,000 per acre is reasonable "as is" or an aggregate value of \$2,500,000 for the entire 624.79-acres as a single parcel, noting these parcels are non-contiguous. The price per acre of \$4,000 applies to both parcels.
- A rate of return of 8% per annum is also reasonable based upon alternative rates of return for like-kind investments, the credit worthiness of the tenant, the proposed improvements as well as the location of the parcels.

Here follows the calculation:

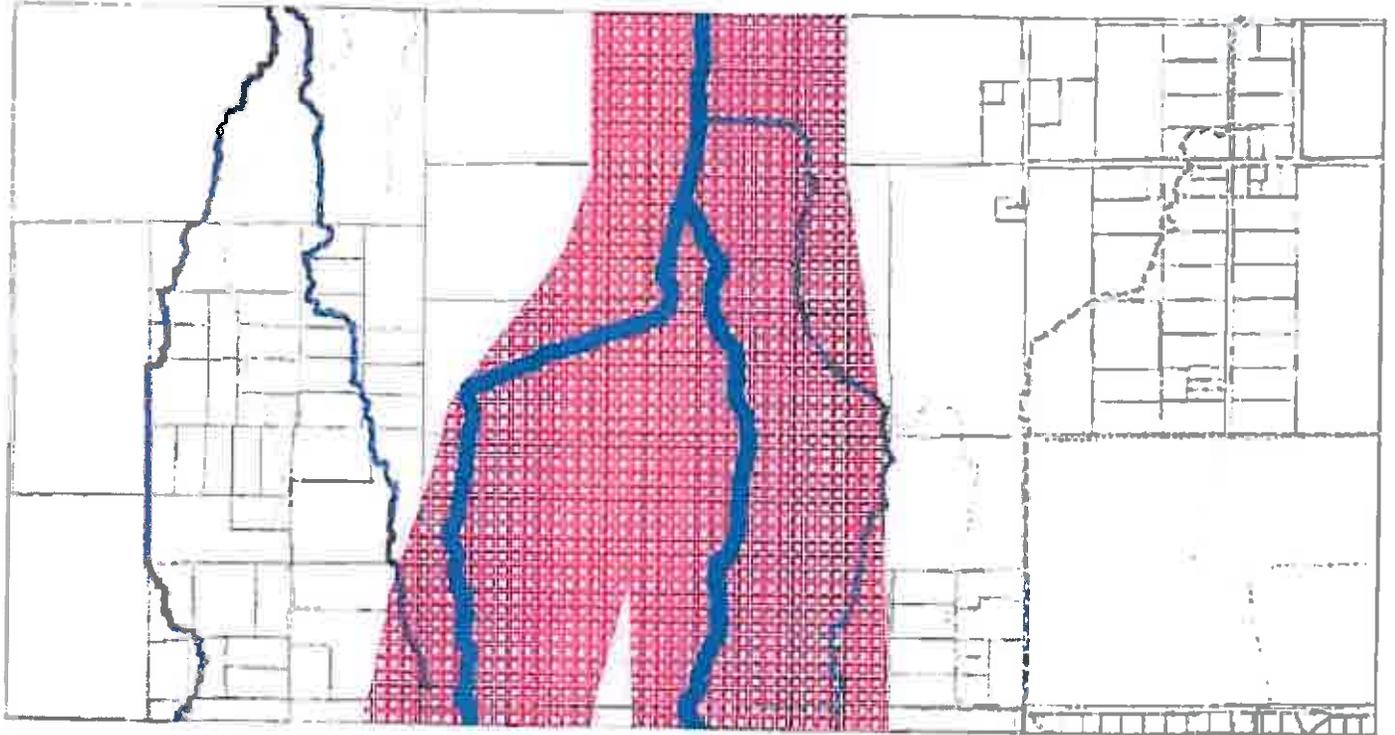
$\$2,500,000 \times .08\% = \$200,000$  annually/\$16,667 monthly.

Please advise if further services are need.

Regards

Wade Clark, MAI

# BRAWLEY WASH FLOODPLAIN CORRIDOR



9670 Brawley Wash