MEMORANDUM

Date: May 25, 2022

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Lesher
County Administrator

Re: Update on Interest in Potentially Acquiring the Property Located on Cortaro Farms Road near Oldfather Drive

In a February 15, 2022 Memorandum to the Board of Supervisors, I said I had provided direction to Real Property Services (RPS) to obtain an appraisal of the referenced property. Accordingly, I am providing copies of two appraisals indicating a range of value based on two different potential development assumptions. Further, included in this Memorandum is additional information on the habitat protection priority of the property and its landscape connectivity in the northwest area. An update is also provided on verbal communications with the property owner regarding the appraisal findings and my recommendation on further pursuit of possible acquisition.

Background

The property totals 57.6 acres that was assembled in three separate parcel transactions between the dates of June 11, 2020 and January 7, 2022. The total purchase price was $2,988,000. The property was purchased for development of a residential subdivision; however, none of the purchases included any contingencies regarding change of zoning or establishment of development entitlements. The owners worked with Project International, Inc. to prepare a combined Comprehensive Plan Amendment and Specific Plan request (P21SP00001).

The Pima County Planning & Zoning Commission recommended denial of the proposal. The request was scheduled for Board of Supervisors consideration on November 16, 2021. The item was withdrawn by the property owners prior to the Board meeting due to significant opposition to the proposal, which triggered the requirement of a needed “super majority” vote of the Board to approve the proposal.

Appraisal Reports

The appraisals performed considered two different development scenarios: 1) existing “As Is” zoning; and 2) an “As if Rezoned” condition with 45 percent of the site developed for 115 residential lots.
The “As Is” appraisal report (Attachment 1) estimates a value based on the current SR (Suburban Ranch) zoning. The appraisal estimates that 17 SR lots can be developed on the 57.6 acres using a cluster option to reduce development costs. The appraisal opines a value of $1,190,000, or $70,000 per lot.

The “As if Rezoned” appraisal report (Attachment 2) estimates a value based on an assumption that the property owner could successfully amend the Pima County Comprehensive Plan and rezone the property to allow 45 percent of the total 57.6 acres to be developed with an estimated 115 residential lots. The density of the development would be 4.5 residences per acre on the usable portion, leaving 55 percent of the site as undisturbed set-aside land. The appraisal opines a value of $3,507,500, or $30,500 per lot.

Habitat Protection Priority Designation

Habitat Protection Priorities (HPP) were first adopted by the Board in June 2004 following recommendations presented by the Steering Committee for the Sonoran Desert Conservation Plan (SDCP). In planning for the 2015 Conservation Bond Program, the original HPPs along with a list of recommended changes from a Board-appointed Conservation Acquisition Committee (CAC) were accepted by the Board of Supervisors. There was explicit acknowledgment in both the 2004 and 2015 Conservation Bonds that the allotted funding, if approved, was insufficient to secure all identified HPPs.

While the 2015 Conservation Bond Program was not approved by voters, the 2015 HPP designations remain the most current priorities and continue to inform potential conservation acquisitions and implementation of the Multi-species Conservation Plan (MSCP). The designated HPPs can be accessed on SDCP PimaMaps at this link. From the main map page, select the Bond Programs header in the layer list. Then select the layer for the 2004 Conservation Bond Program or 2015 Conservation Bond Program and the Habitat Protection Priorities category of interest. Office of Sustainability and Conservation staff can provide assistance with accessing this information, if needed.

The Cortaro 57 property was initially prioritized for protection as a Highest Priority Private - Habitat Protection Priority in 2004 and was reaffirmed in 2015; the designation continues to apply today. The property lies within the Maeveen Marie Behan Conservation Land System’s (CLS) Multiple Use Management Area and Special Species Management Area categories.

Landscape Connectivity

The Cortaro 57 property is one of the few HPPs south of Arthur Pack Park and the only HPP south of Cortaro Farms Road. The property provides a local connectivity linkage between two County-owned conservation parcels and Arthur Pack Park approximately a half-mile to the northeast. The attached maps (Attachment 3) show the change in residential subdivision density in the vicinity of the subject property since 2005. This growth of surrounding
subdivisions isolate the property and detract from its connectivity to the regional landscape; however the local connectivity linkages remain important.

In fact, the value of this local linkage influenced the 2019 completed widening of Cortaro Farms Road west of Thornydale Road. A culvert that accommodates drainage and wildlife use was installed at a single location in the vicinity of Quail Run Elementary School creating a de facto underpass. Wildlife common to the area such as coyote, javelina, and bobcats are funneled to this underpass through a combination of 5-foot high exclusionary fencing and sound walls running parallel to the north side of the road.

Discussions with Property Owner

Prior to completion of any appraisal, the property owner indicated to our RPS Director that they were not interested in selling the subject property at the currently zoned value, and that they had received other offers above their original purchase price. Upon receipt of the completed “As Is” and “As if Rezoned” appraisals, our RPS Director spoke with the property owner who indicated that they are not interested in selling at either appraised value. The property owner again stated that they have received multiple unsolicited higher value purchase offers from other interested parties. I have sent a letter to the property owner requesting a written response on their position on a potential sale to Pima County including their estimation of value ideally supported by a valid appraisal (Attachment 4).

Summary & Recommendation

The subject property is identified as a Highest Priority Private – Habitat Protection Priority and contains valuable habitat and conservation resources that provide a local connectivity linkage between other County-owned conservation properties in the vicinity. The completed appraisals provide an opinion of value ranging between $1,190,000 based on existing zoning and $3,507,500 assuming rezoning to allow 4.5 residences per acre on 45 percent of the property and leaving 55 percent as natural open space.

The property owner has verbally indicated in the last week that they are not interested in selling the property at the appraised values. They have further indicated they have received higher purchase offers. While no specific details have been provided on these offers, it is presumed that any offer would be predicated on rezoning to a higher density than assumed in the appraisal.

Given that the previous rezoning request, which proposed development of approximately 75 percent of the property with around 25 percent on-site open space and additional off-site mitigation, was withdrawn due to significant opposition from area residents and the local conservation community, it appears highly unlikely that this proposal or something similar in density would be able to obtain rezoning approval in Pima County. Similarly, prior representations that the property owner may pursue annexation into the Town of Marana in
order to rezone the property have been countered by indications from the Town that annexation of the property does not fit their annexation objectives.

While it may be theoretically possible to rezone the property to increase the development density in the future, and therefore increase the appraised market value, at this point the property can only be developed at the existing SR zoning, which would result in substantial conservation of the habitat value of the property. As such, and based on the owners verbally stated unwillingness to consider purchase even at the higher “As if Rezoned” appraisal value, I have sent a letter asking for a written indication of the owner’s position. I will update the Board upon receipt of a response.

JKL/dym

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works  
    Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer,  
    Health and Community Services  
    Yves Khawam, PhD, Assistant County Administrator for Public Works  
    Linda Mayro, Director, Office of Sustainability and Conservation  
    Jeff Teplitsky, Director, Real Property Services Department  
    Nicole Fyffe, Executive Assistant to the County Administrator
AN APPRAISAL REPORT

OF

57.6 ACRES OF VACANT LAND

LOCATED ON

THE SOUTH SIDE OF CORTARO FARMS ROAD, WEST OF OLD FATHER DRIVE, PIMA COUNTY, ARIZONA

FOR

PIMA COUNTY PUBLIC WORKS
REAL PROPERTY SERVICES
MR. JEFFREY TEPLITSKY

OWNERSHIP: CRAIG DOUGLAS, LLC, RHODOCK HOLDINGS, LLC, AND CORTARO FARMS 15, LLC

PORTIONS OF SECTIONS 25 AND 30, TOWNSHIP 13 SOUTH, RANGE 12 AND 13 EAST

EFFECTIVE DATE OF APPRAISAL
APRIL 1, 2022

BAKER, PETERSON, BAKER & ASSOCIATES, INC.
Tucson, Arizona
April 8, 2022

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

RE: An appraisal report of 57.6 acres of vacant land located on the south side of Cortaro Farms Road, West of Old Father Drive, Pima County, Arizona.

Ownership: Craig Douglas LLC, Rhodock Holdings LLC, and Cortaro Farms 15 LLC

Tax Parcel Nos.: 221-16-029E, 221-16-029D, 225-33-059R, and 225-33-059M

Effective Date of Appraisal: April 1, 2022

Date of Report: April 8, 2022

Dear Mr. Teplitsky:

In response to your authorization, we have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled us to form an opinion of the market value of the fee-simple interest of the subject property. This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraisers. This report is intended only for use in assisting the intended user in the determination of the market value of the fee-simple interest of the subject property for a potential purchase. It is not intended for any other use.

We have formed the opinion that, as of the effective date of appraisal, April 1, 2022, and subject to the assumptions and limiting conditions set forth herein, based on a six to twelve-month marketing period, the subject property has a fee-simple market value of:

ONE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS
($1,190,000)
This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

**Hypothetical Condition:** The subject property is currently zoned SR with a maximum number of 17 lots that can developed on the site under the existing rezoning and the existing Comprehensive Plan. While the subject property has a strong likelihood to be able to successfully amend the Comprehensive Plan and rezone the site to allow a greater number of lots compared to the number of lots under the existing zoning, this appraisal is based on the hypothetical condition that the subject property owner could not successfully amend the comprehensive plan and rezone the property and could only be developed with a maximum of 17 lots under the existing SR zoning. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

Respectfully submitted,

[Signature]

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139
Designated Supervisory Appraiser
Registration Number DS0007

C228097B

[Signature]

Dan Orlowski
Certified General Real Estate Appraiser
Certificate Number 32195
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PART I - GENERAL INFORMATION

CLIENT
Pima County Real Property Services

APPRAISERS
Thomas A. Baker, MAI, SRA
Dan Orlowski

SUBJECT PROPERTY:
The subject property is vacant land, containing 57.6 acres of vacant land located on the south side of Cortaro Farms Road, West of Old Father Drive, Pima County, Arizona.

LAND AREA
57.6 acres, based on the Pima County Assessor’s Information.

ZONING
SR (Pima County)

TAX PARCEL NUMBERS
221-16-029D, 221-16-029E, 225-33-059M, and 225-33-059R

FULL CASH VALUE

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<td>225-33-059M</td>
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<td><strong>Total</strong></td>
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REAL ESTATE TAXES (2021)

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<tr>
<td><strong>Total</strong></td>
<td><strong>$14,232.47</strong></td>
</tr>
</tbody>
</table>
There are currently no property taxes available for parcel 225-33-059M as this parcel was purchased in 2021 from a religious facility ownership which was exempt from property taxes in 2021.

**DELIQUENT TAXES**
None

**INTENDED USE OF REPORT**
This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraisers. This report is intended only for use in assisting the intended user in the determination of the market value of the fee-simple interest of the subject property for a potential purchase. It is not intended for any other use.

**INTEREST APPRAISED**
*Fee Simple Interest*, as defined in *The Dictionary of Real Estate Appraisal*, Sixth Edition, Appraisal Institute, 2015, page 90, is “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

**MARKET VALUE DEFINITION**
*Market value*, as utilized in this appraisal, and as defined in *The Appraisal of Real Estate*, 15th Edition, published by the Appraisal Institute, 2020, page 48, is:

The most probable price, as of a specified date, in cash, or in 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 for self-interest, and assuming that neither is under undue duress.

**LEGAL DESCRIPTION**
Portion of the Northeast quarter of the Southeast Quarter of Section 25, Township 12 South, Range 12 East; and a portion of Lot 3 of Section 30, Township 12 South, Range 12 East, G&SRB&M, Pima County, Arizona (See exhibits for full legal descriptions of the subject property).

**OWNERSHIP**
According to public records of the Pima County Assessor, title to the subject property is in the names of: Craig Douglas LLC, according to recorded deed number 2021-2511099, dated September 8, 2021; Rhodock Holdings LLC, according to recorded deed number 2022-0070471, dated January 7, 2022; and recorded deed number 2021-3610478, dated December 27, 2021. All of the parcels are under common ownership.
SALES HISTORY
Prior sales of portions of the subject property have occurred within the last five years prior to the date of value.

Parcels 221-16-029D and 221-16-029E were purchased by the current owner on August 13, 2021 for $1,970,000, according to Reordering Number 2021-2250731. (These parcels were previously identified as parcel 221-16-029C). This parcel had documents recorded on December 3, 2020 (Recording Number: 2020-3380114 and 2020-3380115) and on September 8, 2021 (Recording Number: 2021-2511099) with these recordings all being internal transfers of ownership and not market sale transactions.

Parcel 225-33-059M was purchased by the current owner on January 7, 2022 for $458,000, according to Reordering Number 2022-0070471.

Parcel 225-33-059R was purchased by the current owner on June 11, 2020 for $560,000 in two separate transactions on the same day according to Reordering Numbers 2020-1630640 and 2020-1630641. This parcel had a document recorded on December 27, 2021 (Recording Number: 2021-3610478) which was an internal transfer of ownership and not a market sale transaction of the property.

The property owner purchased the subject 57.6 acres for a total price of $2,988,000 and assembled this acreage believing the property could be rezoned and developed with a residential subdivision at a much greater density than allowed under the existing SR zoning.

ASSUMPTIONS AND LIMITING CONDITIONS
Subject to those assumptions and limiting conditions contained in the “Assumptions and Limiting Conditions” section of this report.

HYPOTHETICAL CONDITION
The subject property is currently zoned SR with a maximum number of 17 lots that can developed on the site under the existing rezoning and the existing Comprehensive Plan. While the subject property has a strong likelihood to be able to successfully amend the Comprehensive Plan and rezone the site to allow a greater number of lots compared to the number of lots under the existing zoning, this appraisal is based on the hypothetical condition that the subject property owner could not successfully amend the comprehensive plan and rezone the property and could only be developed with a maximum of 17 lots under the existing SR zoning. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

CERTIFICATION
See exhibits

EFFECTIVE DATE OF APPRAISAL
April 1, 2022

DATE OF INSPECTION
April 1, 2022. The appraisers met the property owner, Mr. Alan Murdock, at the subject property and discussed the subject land area, past rezoning attempts, and potential development of the subject property.
PART II - SCOPE OF THE APPRAISAL

Scope of work is identified by USPAP as the “amount and type of information researched and the analysis applied in an assignment.” According to the scope of work rule as defined by USPAP, “For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:
1) identify the problem to be solved;
2) determine and perform the scope of work necessary to develop credible assignment results; and
3) disclose the scope of work in the report.”

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

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

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

An opinion of the “highest and best use” of the property was formed, utilizing resources to identify such factors as land use, supply and demand, governmental requirements, environmental concerns, and economic elements, present and anticipated, which may impact upon the marketability of the property.
In the sales comparison approach, there was a thorough search for sale and listing data considered directly competitive to the subject property, as vacant. This data was confirmed with one or more parties related to the transaction and (in the case of sales) by review of deeds and records of the Pima County Assessor. The analysis then compared each sale considered a reliable indicator of the value to the subject property in terms of those factors which were superior to the subject, inferior to the subject, and equal or offsetting.

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

**Hypothetical Condition:** The subject property is currently zoned SR with a maximum number of 17 lots that can developed on the site under the existing rezoning and the existing Comprehensive Plan. While the subject property has a strong likelihood to be able to successfully amend the Comprehensive Plan and rezone the site to allow a greater number of lots compared to the number of lots under the existing zoning, this appraisal is based on the hypothetical condition that the subject property owner could not successfully amend the comprehensive plan and rezone the property and could only be developed with a maximum of 17 lots under the existing SR zoning. Per USPAP, the use of this hypothetical condition might have affected the assignment results.
PART III - DESCRIPTION OF REAL ESTATE APPRAISED

TUCSON OVERVIEW:
Tucson is Arizona's second largest city and the "hub" of commerce in southeastern Arizona. According to the MAP AZ dashboard, in 2020, the estimated population of the Tucson metropolitan area was 1,044,675 persons, while the 2020 US Census indicated the population of the City of Tucson was 542,629.

Starting in 2006, fewer single-family residential permits were issued due to the oversupply of lots and residential homes on the market at that time. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits remained mostly stable with some slight variations since 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019 but increased somewhat in 2020. The 2021 data is through November 2021. There is currently strong demand for residential properties due to low interest rates and low inventory.

![Residential Building Permits](image)

Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to a low of 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on the market, resulting in declining home prices. The number of housing permits increased slightly in 2012 and 2013 and then remained relatively stable. In recent years, the number of permits has remained mostly stable with a slight increase in 2017 and 2018 and was mostly stable in 2019. Most recently, there was an increase in 2020 and again in 2021. There is currently strong demand for residential houses due to low interest rates and low inventory.
Office Market
Overall, the Pima County office market experienced net positive absorption of 119,422 square feet in the Fourth Quarter of 2021, according to CoStar. This compares to net positive absorption of 44,198 square feet in the Third Quarter of 2021, net negative absorption of 100,481 square feet in the Second Quarter of 2021, net negative absorption of 289 square feet in the First Quarter 2021, net negative absorption of 92,164 square feet in the Fourth Quarter of 2020, net negative absorption of 41,354 square feet in the Third Quarter of 2020, net negative absorption of 53,862 square feet in the Second Quarter of 2020, net negative absorption of 61,867 square feet in the First Quarter of 2020, net negative absorption of 43,280 square feet in the Fourth Quarter of 2019, net positive absorption of 227,357 square feet in the Third Quarter of 2019, net positive absorption of 105,529 in the Second Quarter of 2019, net positive absorption of 243,022 in the First Quarter of 2019, net negative absorption of 29,745 square feet in the Fourth Quarter of 2018, and net positive absorption of 79,029 square feet in the Third Quarter of 2018.

The following figure shows trends in the vacancy rates for office properties in Pima County through the Fourth Quarter 2021. The vacancy rate increased until late 2013 and then declined through 2017. The vacancy rate remained mostly stable in 2018 and the first part of 2019 before increasing at the end of 2019 through mid-2021. The vacancy rate has declined slightly from mid-2021 through the fourth quarter.

![Office Vacancy Rate graph](image)

No new buildings were completed in the Fourth Quarter of 2021. This compares to no new buildings in the Third Quarter 2021, three new buildings containing 64,037 square feet in the Second Quarter 2021, three new buildings containing 120,000 square feet in the First Quarter 2021, one new building containing 50,000 square feet in the Fourth Quarter 2020, two new buildings containing 58,500 square feet in the Third Quarter 2020, two new buildings containing 42,000 square feet in the Second Quarter 2020, three new buildings containing 45,085 square feet in the First Quarter 2020, four new buildings containing 88,735 square feet in the Fourth Quarter 2019, two new buildings containing 207,248 in the Third Quarter 2019, one new buildings containing 266,300 square feet in the Second Quarter 2019, four
new buildings totalling 235,300 square feet in the First Quarter 2019, one new building containing 14,952 square feet in the Fourth Quarter 2018, and four new buildings containing 57,516 square feet in the Third Quarter 2018.

The stable but higher overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There was a decline in demand for owner/user office buildings, which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013 and remained slow but stable through 2019. Market conditions for office properties had started to slowly improve, primarily for office properties in high demand areas and newer office buildings in good condition. Demand remained lower for older office buildings. It is uncertain if there will be long-term effects from the Covid-19 pandemic on the office market. It is not yet known if work from home will remain in demand, permanently impacting office trends and demand.

**Retail Market**

Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the end of 2007. Some signs for a decline in market conditions includes contracts cancelled, development projects put on hold with reasons including reduced demand and increased competition of other developments coming out of the ground, offers and counter offers at considerably below the listing price, listings being repriced at lower levels, existing tenants looking for rental relief, businesses closing their stores and vacating the premises, and excess developed land without demand. In recent years, demand had increased for many types of retail properties and remained stable for less desirable retail uses. In March 2020, the Covid-19 pandemic impacted the world. After pausing in the immediate emergence of Covid-19, demand has again increased for many retail property types.

There was net positive absorption of 17,068 in the Fourth Quarter 2021, according to CoStar. This compares to net positive absorption of 150,653 square feet in the Third Quarter 2021, net negative absorption of 110,933 in the Second Quarter 2021, net positive absorption of 123,296 square feet in the First Quarter 2021, net positive absorption of 21,861 in the Fourth Quarter 2020, net negative absorption of 291,673 in the Third Quarter 2020, net positive absorption of 117,423 square feet in the Second Quarter 2020, net negative absorption of 21,517 square feet in the First Quarter 2020, net positive absorption of 96,722 square feet in the Fourth Quarter 2019, net negative absorption of 36,500 square feet in the Third Quarter 2019, net positive absorption of 79,816 square feet in the Second Quarter 2019, and net negative absorption of 226,982 square feet in the First Quarter 2019.

In the Fourth Quarter 2021, two new buildings containing 12,331 square feet were completed. This compares to five new buildings containing 167,960 square feet in the Third Quarter of 2021, six new buildings containing 21,331 square feet in the Second Quarter of 2021, ten new buildings containing 51,429 square feet in the First Quarter 2021, three new buildings containing 30,591 square feet in the Fourth Quarter 2020, eight new buildings containing 33,731 square feet in the Third Quarter 2020, ten new buildings containing 68,870 square feet in the Second Quarter 2020, 13 new buildings containing 69,437 square feet in the First Quarter of 2020, nine new buildings containing 44,781 square feet in the Fourth

The following shows trends in the vacancy rate for retail properties in the Tucson market through the Fourth Quarter 2021, according to Costar.

![Retail Vacancy Rate Graph]

This chart shows that the vacancy rate for retail properties increased through mid-2012. The retail vacancy rate declined since that time. Most recently, there was a decline through 2018, with a slight increase in the vacancy rate from late 2018 through the first quarter of 2020. The retail vacancy rate has remained mostly stable with slight variations from mid-2020 through 2021. The retail market has stabilized from the uncertainty of the early Covid-19 pandemic. Prices and rents are stable or increasing in high demand areas or for high demand property types, although there remains little demand for older retail properties in low demand areas.

**Industrial Market**

Tucson experienced rapid industrial growth from the late 70's to the mid-80s. There has been limited new industrial/flex space constructed recently in Tucson, with one new building containing 240,000 square feet in the Fourth Quarter 2021, compared to two new buildings containing 308,670 square feet in the Third Quarter of 2021, no new buildings completed in Second Quarter 2021, one new building containing 12,237 square feet completed in the First Quarter 2021, one new building containing 5,473 square feet completed in the Fourth Quarter 2020, no new buildings completed in the Third Quarter 2020, one new building containing 32,000 square feet completed in the Second Quarter 2020, one new building containing 13,000 square feet in the First Quarter 2020, one new building containing 157,000 square feet completed in the Fourth Quarter 2019, three new buildings containing 277,634 square
feet in the Third Quarter 2019, two new buildings containing 906,900 square feet in the Second Quarter 2019, and no new buildings completed in the First Quarter 2019, the Fourth Quarter 2018, or the Third Quarter 2018, according to CoStar. Many of the recently constructed buildings are larger buildings constructed for a specific user.

There was net positive absorption of 522,197 square feet in the Fourth Quarter 2021. This compares to net positive absorption of 725,714 square feet in the Third Quarter 2021, net positive absorption of 164,331 square feet in the Second Quarter 2021, net positive absorption of 341,936 square feet in the First Quarter 2021, net positive absorption of 452,600 square feet in the Fourth Quarter 2020, net negative absorption of 80,891 square feet in the Third Quarter 2020, net negative absorption of 121,800 square feet in the Second Quarter 2020, net negative absorption of 18,199 square feet in the First Quarter 2020, net negative absorption of 57,413 square feet in the Third Quarter 2019, net negative absorption of 393,968 square feet in the Second Quarter 2019, net negative absorption of 1,090,181 square feet in the First Quarter 2019, net positive absorption of 26,030 square feet in the Fourth Quarter 2018, and net positive absorption of 369,182 square feet in the Third Quarter 2018, according to CoStar.

The following chart shows trends in the industrial/flex vacancy rate in Tucson from 2006 through Fourth Quarter 2021, according to CoStar.

![Industrial Vacancy Rate Chart]

Overall, the industrial vacancy rate increased through mid-2012. The vacancy rate declined from late 2012 through the first part of 2019 before increasing somewhat through mid-2020 before declining again through mid-2021. There continues to be a large supply of fully zoned and improved industrial lots available in the Tucson market with limited demand in the current market. In March 2020, the Covid-19 pandemic led to a shutdown of many
businesses; however, the industrial market has not been significantly impacted and demand for many industrial uses has increased in the last year since that time. There may potentially be long-term impacts due to changing demand for warehouses and cold storage due to potential changes in supply chains and delivery and storage models.

**Multi-Family Market**
The following is the vacancy rate for apartments in Tucson from 2006 through the Fourth Quarter 2021. Vacancy rates for apartment properties in the Tucson Metropolitan area peaked in 2009 before slowly declining, with that decline continuing through 2021.

![Vacancy Rate Graph](image)

The following is the average market rental rate per unit type for properties in the Tucson market, according to CoStar. There has been a significant increase in rents for all unit types in the first three quarters of 2021 followed by a stabilization in the fourth quarter.

![Rental Rate Graph](image)
There has been limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities. Market conditions for multi-family properties have increased significantly since mid-2020, with increasing rents, decreasing vacancy rates, and increased sales prices.

According to the Bureau of Labor Statistics, the (not seasonally adjusted) unemployment rate for metropolitan Tucson was as follows:

This data shows that the unemployment rate in the Tucson metropolitan area had slowly been declining since early 2011. There was a slow steady decline in the unemployment rate over several years. However, the unemployment rate (not seasonally adjusted) was stable in 2019 with an increase early in the year. Due to the shutdown of many businesses due to Covid-19, unemployment began to increase significantly in mid-March 2020. The unadjusted unemployment rate peaked at 13.9% in April 2020 and declined to 10.4% in May 2020. After another increase to 10.7% in July 2020, there was a decline to 6.8% in August 2020. In October 2020 the unemployment rate was 6.4%. The unemployment rate was 7.1% in January 2021 and then declined to 6.6% in April 2021 with a slight increase to 6.7% in May 2021. The unemployment rate was 5.2% in August 2021 and 3.7% in October 2021. The unemployment rate has been generally stable with some variations since that time. Areas with significant increases in unemployment include hospitality, restaurant, and retail jobs, although many job categories have seen increases in unemployment. It is uncertain how long it will take employment in these sectors to fully recover.
According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate also increased through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined and is below 2007 levels. The seasonally adjusted unemployment rate was 3.5% in February 2020 and 4.4% in March 2020. This increased to a peak of 14.8% in April 2020, then declined slightly to 13.3% in May 2020 and 10.2% in July 2020. The unemployment rate declined to 8.4% in August 2020 and 6.9% in October 2020. The unemployment rate declined to 6.3% in January 2021, 6.1% in April 2021, 5.4% in July 2021, 4.7% in September 2021, and 3.9% in December 2021.

Overall, the commercial real estate markets reveal that in early to mid-2020, most investors held a cautionary outlook due to the uncertainty of the government conditions and Covid-19. Market conditions have improved for many property types since that time, starting as early as mid-2020. Market conditions were uncertain for some commercial property types, while demand remained for other property types that are less impacted by Covid-19. Market conditions for single-family and multi-family properties has increased significantly in that time frame, while demand for many commercial uses, particularly those most impacted by Covid-19, were uncertain and stable for longer. In the short term, market conditions for some property types remained uncertain. Demand still remains slow for commercial uses in areas of less demand and with certain older properties, while many commercial uses have been seeing increased demand. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

**MARKET AREA**
The subject market area or neighborhood is located in the northwest area of the Tucson Metro area and contains part of Pima County and the Town of Marana. The market area is identified as having boundaries of Linda Vista Boulevard to the north, Orange Grove Road to the south, I-10 to the west, and Thornydale Road to the east. The subject neighborhood is
approximately 10 miles north and west of the central business district of Tucson, Arizona. The market area includes residential and commercial uses, with limited industrial uses in the southwest portion of the market area, adjacent to the freeway. Access to the market area is considered good and public transportation is available along the arterial roadways of the market area.

Residential uses in the market area consist mainly of established medium density single-family housing and some larger multi-family developments. There are some lower density single-family uses located in the northeastern portion of the market area. There are some mobile home uses in the market area, primarily located in older mobile home parks. There is limited available vacant land south of Cortaro Farms Road other than smaller infill sites; however, the northwest portion of the market area is actively being developed with new residential subdivisions.

Commercial development within the market area is located along the major arterial roadways of Ina Road, Orange Grove Road, and Thornydale Road. The Arizona Pavilions shopping center, located on the west side of I-10 at Cortaro Farms in the northwestern portion of the market area, is a larger shopping center that includes a large variety of retail uses, commercial uses, and hotel uses that serves the adjacent market areas to the west and northwest, plus freeway-oriented businesses. Other large commercial shopping centers in and near the market area are located at the intersections of Orange Grove and Thornydale Road/River Road and Ina Road and Thornydale Road. There is also some commercial development along Silverbell Road, west of I-10. Commercial development is less intense in the northern portion of the neighborhood. There is newer commercial development located at the northeast corner of the I-10 and Cortaro interchange. The I-10 and Ina Road interchange was recently reconstructed, with some new and converted retail uses in the area. The Tucson Premium Outlet Mall is located at the Twin Peaks and I-10 interchange at the northern end of the market area.

**SITE DESCRIPTION**

The subject property is a somewhat irregular shaped parcel with approximately 2,400 feet of frontage on Cortaro Farms Road along the northern border, a depth of approximately 1,230 feet along the western border, and a depth of approximately 645 feet along the eastern border, a width of approximately 1,475 along the southern border, and a width of approximately 1,100 feet along the southeastern border of the subject property. The site has a total land area of 57.6 acres per the Pima County assessor and information provided in the attempted rezoning plan provided to the appraisers. The site currently has direct access from Cortaro Farms Road along the northern border and from Camino De Oeste along the southern border. The Camino De Oeste alignment runs through the central portion of the subject property and would be the primary access for any residential uses which may be potentially be developed on the subject property. In its current condition as of the date of value, the alignment for Camino De Oeste on the subject property is a rough graded area and is not an improved roadway. Most of the central portion of the subject property is below grade of Cortaro Farms Road, with the northeastern and northwestern areas of the property at grade
level with Cortaro Farms Road. Cortaro Farms Road is a four-lane asphalt paved roadway with concrete center turn lane, concrete curbs, sidewalks, but no streetlights in the area of the subject. Cortaro Farms Road has a 2021 traffic count of 17,899 vehicles per day according to the Pima Association of Governments Transportation Management System.

The topography of the site is mostly rolling with areas of level topography located predominantly in the eastern and western sections of the site. There are several local washes traversing through the property, generally in a north/south direction that would be locally regulated with a hydrology study required to determine the erosion hazard setback areas from these washes. There is one wash located along the southeastern border of the subject property which is identified by Pima County as having a 25-foot erosion hazard setback. There is a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the subject property, with wildlife fencing located on the north side of Cortaro Farms Road from the subject property which directs the wildlife into the culvert. There are distant mountain views from the subject property. Soil conditions appear to be typical of the area. The central portion of the subject property is below grade of Cortaro Farms Road, with the northeastern and northwestern areas of the property at grade level with Cortaro Farms Road. Properties bordering the subject property include medium-density single family residential subdivisions to the south, east, and west; vacant land dedicated as offsite conservation land adjacent to the southwest; Cortaro Farms Road followed by a mix of medium density residential developments, a church, an elementary school, a fire station, vacant land, and large lot single-family residential uses to the north. Public utilities available to the property include electric (Tucson Electric Power), telephone (CenturyLink), natural gas (Southwest Gas), water (Tucson Water), and sewer (Pima County). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C0655L, dated June 16, 2011, the subject property is located outside of the 100-year FEMA floodplain. The property is in a seismic zone which is considered to have a low probability of seismic activity. The appraiser was not provided with a title report; however, the alignment for Camino De Oeste runs through the central portion of the subject and contains power lines running through the Camino de Oeste alignment and likely has a powerline easement encumbering the area within the Camino De Oeste alignment. Camino De Oeste improvements to a right-of-way would be required to provide access to any potential residential subdivision development on the subject property.

The entire subject property, excluding approximately two acres in the southeast portion of the site, is located within the Maeveen Marie Behan Conservation Land System (CLS) designated as a Special Species Management Area with substantial numbers of mature ironwood trees, and giant Saguaro cactus, other desert flora, and also serves as a partial wildlife corridor. The Special Species Management Area suggests that any potential development on the subject property should retain 80% of the land area as undisturbed open space. There are no other known easements, encumbrances, or restrictions that adversely affect the subject property.
ZONING
The subject site is zoned SR (Suburban Homestead), according to the Pima County Zoning Code (see Exhibits). This classification is a low density single-family residential zone. A wide range of conditional agricultural and ranch uses are permitted. The minimum lot size is 3.31 acres. There is no minimum lot width. The minimum distance between buildings is 20 feet. The maximum lot coverage by structures is 30 percent. The maximum building height allowed in this zoning is 34 feet with setbacks varying on adjacent property uses.

The subject property, as vacant, can be developed with up to 17 single family residences with minimum lot sizes of 144,000 square feet, or can be developed using a cluster option to develop the site with smaller lots, but would still be limited to a maximum of 17 lots allowable under the existing SR zoning.

PIMA COUNTY COMPREHENSIVE PLAN
The majority of the property, containing approximately 41.7 acres, is designated as Low Intensity Urban 0.3 (LIU 0.3) according to the Pima County Comprehensive Plan. The purpose of this designation is to "designate areas for low density residential and other compatible uses; to provide incentives for clustering residential development and providing natural open space; and to provide opportunities for a mix of housing types throughout the region." Only land area zoning and planned for residential use, or natural or cluster open space areas shall be included in gross density calculations. The maximum residential gross density is 0.3 residences per acre (RAC). Allowable zonings under the LIU 0.3 designation are GC, SR, SR-2, SH, CR-1, CR-2, CR-3, and MR.

While this portion of the property allows for the above-mentioned rezonings, the maximum density allowed under comprehensive plan is the same RAC as the existing SR zoning of the site. Therefore, this portion of the site would not provide a greater density for the overall site than the existing zoning, as the property could be developed with a cluster option to reduce the minimum lot size without exceeding the density of development allowed under the existing SR zoning or the Comprehensive plan. Any rezoning attempt to secure a greater density of development would require an amendment to the Comprehensive Plan for this portion of the site.

The eastern 15.9-acre portion of the subject property, located within tax parcel number 225-33-059R is located in an area designated as MIU, Medium Intensity Urban according to the Pima County Comprehensive Plan. The zone is intended to "designate areas for a mix of medium density housing types and other compatible uses." Only land area zoned and planned for residential use, or natural or cluster open space areas, shall be included in gross density calculations. A maximum density of 10 residences per acre (RAC) is indicated for this designation. These areas provide an opportunity for a variety of residential types, including cluster option developments, and single family attached dwellings. Special attention should be given in site design to assure that uses are compatible with adjacent lower density residential uses. Residential Gross Densities for Developments Using Transfer of Development Rights (TDR's) shall conform to a minimum of 3 RAC and maximum of 5...
RAC density requirements. Allowable zonings under this designation include GC, CR-1, CR-2, CR-3, SH, CR-4, CR-5, CMH-1, CMH-2, MR and TR. Although this portion of the site is designated as MIU, this does not assure any rezoning and this area is subject to CLS requirements for set-aside of undisturbed open space.

CONSERVATION LANDS SYSTEM
Almost the entire subject property, excluding approximately two acres located in the southeast portion of the site, is located within the Maevan Marie Behan Conservation Land System (CLS) with a designation of Special Species Management Area. This is due to the substantial mature ironwood trees and giant Saguaro cactus located on the subject property. Additionally, the subject acts to serve as a partial wildlife corridor with a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the subject property, with wildlife fencing located on the north side of Cortaro Farms Road from the subject property that directs the wildlife into the culvert.

According to the Pima County Maevan Marie Behan Conservation Land System, the Special Species Management Area is land crucial for the conservation of specific native floral and faunal species of special concern to Pima County. Currently, three species are designated as Special Species: cactus ferruginous pygmy-owl, Mexican spotted owl, and southwest willow flycatcher. Special Species and associated Conservation Guidelines may be added or deleted in the future based on the best available regional scientific information as developed by the Science Technical Advisory Team and added to or deleted from the Special Species Management Areas as shown on the CLS map. Such additions and/or deletions will be processed as a Comprehensive Plan amendment. Land use and management within these areas will focus on conservation, restoration, and enhancement of habitat for these species. Conservation Guidelines – At least 80 percent of the total acreage of lands within this designation shall be conserved as undisturbed natural open space and will provide for the conservation, restoration, or enhancement of habitat for the affected Special Species. As such, land use changes will result in 4:1 land conservation and may occur through a combination of on- and off-site conservation inside the Special Species Management Area. The 4:1 mitigation ratio will be calculated according to the extent of impacts to the total surface area of that portion of any parcel designated as Special Species Management Area. Development shall be configured in the least sensitive portion(s) of the property. Area(s) of undisturbed natural open space will be configured to facilitate the movement of the relevant Special Species through the landscape and will include those on-site conservation values essential to survival of the relevant Special Species. A transfer of development rights may be used in order to secure mitigation lands.

POTENTIAL REZONING
This appraisal is based on the hypothetical condition that the subject property owner could not successfully amend the comprehensive plan and rezone the property and could only be developed with a maximum of 17 lots under the existing SR zoning. Per USPAP, the use of this hypothetical condition might have affected the assignment results.
Hypothetical Condition: The subject property is currently zoned SR with a maximum number of 17 lots that can be developed on the site under the existing rezoning and the existing Comprehensive Plan. While the subject property has a strong likelihood to be able to successfully amend the Comprehensive Plan and rezone the site to allow a greater number of lots compared to the number of lots under the existing zoning, this appraisal is based on the hypothetical condition that the subject property owner could not successfully amend the comprehensive plan and rezone the property and could only be developed with a maximum of 17 lots under the existing SR zoning. Per USPAP, the use of this hypothetical condition might have affected the assignment results.
MARKET PROFILE – RESIDENTIAL

Starting in mid-2006, the market began to slow, and this trend continued into 2007, with a further slowdown in 2008 through 2010. Prices for residential properties leveled off and then decreased in all market areas. The demand for homes began to decline and fewer homes were purchased. The median price for homes also declined during this time. From 2011, there has been a steady recovery in the residential housing market, in all market areas. Market conditions for single-family residences increased significantly starting in mid-2020 due to low interest rates and limited inventory.

The following are the average number of days on market for single-family residences in the Tucson Market from 2006 through the third quarter of 2021, according to Multiple Listing Service (MLS). This data indicates that the average days on market for single-family residences increased from 2007 and peaked in 2010. Beginning in 2011, the number of days on market dropped significantly and was mostly stable from 2017 through 2019. The number of days on market decreased in 2020, with a substantial reduction in 2021.
The following is the median sale price for single-family residences for the Tucson market from 2006 through the third quarter of 2021, according to MLS. The median sale price for single family residences declined yearly from 2007 through 2011. Beginning in 2011 the median sales price for single family residences in the Tucson market gradually increased on a year over year basis, continuing through 2021.

![Median Sales Price - Tucson](image)

The following is the number of sales of single-family residences in the Tucson Market from 2006 through the third quarter of 2021, according to MLS. The number of sales declined from 2006 through 2008. Beginning in 2009, the number of sales began a gradual upward trend, which continued through 2021.

![Number of Sales - Tucson](image)
Starting in 2006, fewer single-family residential permits were issued due to the oversupply of lots and residential homes on the market at that time. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits remained mostly stable with some slight variations since 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019 but increased somewhat in 2020 and 2021. There is currently strong demand for residential properties due to low interest rates and low inventory.

Residential market conditions have increasing for most home types. Prices for some types of homes, specifically in homes priced below $300,000 had increased slowly starting in 2013, and prices have continued to increase. Increased demand due to low interest rates, the increase in available “remote” occupations, and a generally low amount of inventory for homes priced below $300,000 continue to place upward pressure on home prices. This has increased in mid-2020 due to low interest rates and limited inventory, although it is unknown how long this will last. Prices have increased significantly, and at a rapid pace, since mid-2020 through the year end 2021. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

EXPOSURE/MARKETING TIME

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

"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.” ¹

The reasonable exposure time is the period a property is on the market until a sale is consummated and as utilized in this appraisal, is defined as:

"The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.” ²

The reasonable exposure and marketing time is estimated to be six to twelve months based on the sales used in this report and based on conversations with brokers familiar with properties similar to the subject property.

² Ibid, p. 83
**Highest and Best Use**
The Sixth edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute; 2015, p. 109), defines highest and best use as:

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

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

**Highest and Best Use as Vacant**

*Legal Considerations*
The subject site is zoned SR (Suburban Homestead), according to the Pima County Zoning Code (see Exhibits). This classification is a low density single-family residential zone. A wide range of conditional agricultural and ranch uses are permitted. The minimum lot size is 3.31 acres. There is no minimum lot width. The minimum distance between buildings is 20 feet. The maximum lot coverage by structures is 30 percent. The maximum building height allowed in this zoning is 34 feet with setbacks varying on adjacent property uses.

The majority of the property, containing approximately 41.7 acres, as Low Intensity Urban 0.3 (LIU 0.3) according to the Pima County Comprehensive Plan. The purpose of this designation is to “designate areas for low density residential and other compatible uses; to provide incentives for clustering residential development and providing natural open space; and to provide opportunities for a mix of housing types throughout the region.” Only land area zoning and planned for residential use, or natural or cluster open space areas shall be included in gross density calculations. The maximum residential gross density is 0.3 residences per acre (RAC). Allowable zonings under the LIU 0.3 designation are GC, SR, SR-2, SH, CR-1, CR-2, CR-3, and MR.

The majority of the property, containing approximately 41.7 acres, is designated as Low Intensity Urban 0.3 (LIU 0.3) according to the Pima County Comprehensive Plan. The purpose of this designation is to “designate areas for low density residential and other compatible uses; to provide incentives for clustering residential development and providing natural open space; and to provide opportunities for a mix of housing types throughout the region.” Only land area zoning and planned for residential use, or natural or cluster open space areas shall be included in gross density calculations. The maximum residential gross density is 0.3 residences per acre (RAC). Allowable zonings under the LIU 0.3 designation are GC, SR, SR-2, SH, CR-1, CR-2, CR-3, and MR.

While this portion of the property allows for the above-mentioned rezonings, the maximum density allowed under comprehensive plan is the same RAC as the existing SR zoning of the site. Therefore, this portion of the site would not provide a greater density for the overall site than the existing zoning, as the property could be developed with a cluster option to reduce
the minimum lot size without exceeding the density of development allowed under the existing SR zoning or the Comprehensive plan. Any rezoning attempt to secure a greater density of development would require an amendment to the Comprehensive Plan for this portion of the site.

The eastern 15.9-acre portion of the subject property, located within tax parcel number 225-33-059R is located in an area designated as MIU, Medium Intensity Urban according to the Pima County Comprehensive Plan. The zone is intended to "designate areas for a mix of medium density housing types and other compatible uses." Only land area zoned and planned for residential use, or natural or cluster open space areas, shall be included in gross density calculations. A maximum density of 10 residences per acre (RAC) is indicated for this designation. These areas provide an opportunity for a variety of residential types, including cluster option developments, and single family attached dwellings. Special attention should be given in site design to assure that uses are compatible with adjacent lower density residential uses. Residential Gross Densities for Developments Using Transfer of Development Rights (TDR's) shall conform to a minimum of 3 RAC and maximum of 5 RAC density requirements. Allowable zonings under this designation include GC, CR-1, CR-2, CR-3, SH, CR-4, CR-5, CMH-1, CMH-2, MR and TR. Although this portion of the site is designated as MIU, this does not assure any rezoning and this area is subject to CLS requirements for set-aside of undisturbed open space.

Almost the entire subject property, excluding approximately two acres located in the southeast portion of the site, is located within the Maeveen Marie Behan Conservation Land System (CLS) with a designation of Special Species Management Area. This is due to the substantial mature ironwood trees and giant Saguaro cactus located on the subject property. Additionally, the subject acts to serve as a partial wildlife corridor with a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the subject property, with wildlife fencing located on the north side of Cortaro Farms Road from the subject property that directs the wildlife into the culvert.

According to the Pima County Maeveen Marie Behan Conservation Land System, the Special Species Management Area is land crucial for the conservation of specific native floral and faunal species of special concern to Pima County. Currently, three species are designated as Special Species: cactus ferruginous pygmy-owl, Mexican spotted owl, and southwest willow flycatcher. Special Species and associated Conservation Guidelines may be added or deleted in the future based on the best available regional scientific information as developed by the Science Technical Advisory Team and added to or deleted from the Special Species Management Areas as shown on the CLS map. Such additions and/or deletions will be processed as a Comprehensive Plan amendment. Land use and management within these areas will focus on conservation, restoration, and enhancement of habitat for these species. Conservation Guidelines – At least 80 percent of the total acreage of lands within this designation shall be conserved as undisturbed natural open space and will provide for the conservation, restoration, or enhancement of habitat for the affected Special Species. As such, land use changes will result in 4:1 land conservation and may occur through a combination of on- and off-site conservation inside the Special Species Management Area. The 4:1 mitigation ratio will be calculated according to the extent of impacts to the total
surface area of that portion of any parcel designated as Special Species Management Area. Development shall be configured in the least sensitive portion(s) of the property. Area(s) of undisturbed natural open space will be configured to facilitate the movement of the relevant Special Species through the landscape and will include those on-site conservation values essential to survival of the relevant Special Species. A transfer of development rights may be used in order to secure mitigation lands.

Based on the existing Pima County SR zoning and the Comprehensive Plan, the subject property would require a successful plan amendment and a successful rezoning in order to develop the subject property with more than 17 single family lots. Additionally, the CLS overlay greatly prohibits the amount of developable land area which would be available to develop lots and subdivision infrastructure due to the required open-space set aside requirements under the CLS.

**Physical Considerations**
The subject property is a somewhat irregular shaped parcel with approximately 2,400 feet of frontage on Cortaro Farms Road along the northern border, a depth of approximately 1,230 feet along the western border, and a depth of approximately 645 feet along the eastern border, a width of approximately 1,475 along the southern border, and a width of approximately 1,100 feet along the southeastern border of the subject property. The site has a total land area of 57.6 acres per the Pima County assessor and information provided in the attempted rezoning plan provided to the appraisers. The site currently has direct access from Cortaro Farms Road along the northern border and from Camino De Oeste along the southern border. The Camino De Oeste alignment runs through the central portion of the subject property and would be the primary access for any residential uses which may be potentially be developed on the subject property. In its current condition as of the date of value, the alignment for Camino De Oeste on the subject property is a rough graded area and is not an improved roadway. Most of the central portion of the subject property is below grade of Cortaro Farms Road, with the northeastern and northwestern areas of the property at grade level with Cortaro Farms Road. Cortaro Farms Road is a four-lane asphalt paved roadway with concrete center turn lane, concrete curbs, sidewalks, but no streetlights in the area of the subject. Cortaro Farms Road has a 2021 traffic count of 17,899 vehicles per day according to the Pima Association of Governments Transportation Management System.

The topography of the site is mostly rolling with areas of level topography located predominantly in the eastern and western sections of the site. There are several local washes traversing through the property, generally in a north/south direction that would be locally regulated with a hydrology study required to determine the erosion hazard setback areas from these washes. There is one wash located along the southeastern border of the subject property which is identified by Pima County as having a 25-foot erosion hazard setback. There is a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the subject property, with wildlife fencing located on the north side of Cortaro Farms Road from the subject property which directs the wildlife into the culvert. There are distant mountain views from the subject property. Soil conditions appear to be typical of the area. The central portion of the subject property is below grade of Cortaro Farms Road, with the northeastern and northwestern areas of the property at grade level with
Cortaro Farms Road. Properties bordering the subject property include medium-density single family residential subdivisions to the south, east, and west; vacant land dedicated as offsite conservation land adjacent to the southwest; Cortaro Farms Road followed by a mix of medium density residential developments, a church, an elementary school, a fire station, vacant land, and large lot single-family residential uses to the north. Public utilities available to the property include electric (Tucson Electric Power), telephone (CenturyLink), natural gas (Southwest Gas), water (Tucson Water), and sewer (Pima County). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C0655L, dated June 16, 2011, the subject property is located outside of the 100-year FEMA floodplain. The property is in a seismic zone which is considered to have a low probability of seismic activity. The appraiser was not provided with a title report; however, the alignment for Camino De Oeste runs through the central portion of the subject and contains power lines running through the Camino de Oeste alignment and likely has a powerline easement encumbering the area within the Camino De Oeste alignment. Camino De Oeste improvements to a right-of-way would be required to provide access to any potential residential subdivision development on the subject property.

The entire subject property, excluding approximately two acres in the southeast portion of the site, is located within the Maeveen Marie Behan Conservation Land System (CLS) designated as a Special Species Management Area with substantial numbers of mature ironwood trees, and giant Saguaro cactus, other desert flora, and also serves as a partial wildlife corridor. The Special Species Management Area suggests that any potential development on the subject property should retain 80% of the land area as undisturbed open space. There are no other known easements, encumbrances, or restrictions that adversely affect the subject property.

The physical characteristics of the subject property, as vacant, would allow for the subject property to be developed with a single-family residential subdivision with 17 lots. The subject would be developed under a cluster option where lots of approximately one acre would be developed in order to limit the development cost by having to develop less area of streets and extension of utilities.

Financial Feasibility and Maximally Productive
The most financially feasible and maximally productive use of the subject property, as vacant, would be to develop the site with 17 single family residences using a cluster option to reduce the development costs of developing the entire site with 17 residential lots.

Hypothetical Condition: The subject property is currently zoned SR with a maximum number of 17 lots that can developed on the site under the existing rezoning and the existing Comprehensive Plan. While the subject property has a strong likelihood to be able to successfully amend the Comprehensive Plan and rezone the site to allow a greater number of lots compared to the number of lots under the existing zoning, this appraisal is based on the
hypothetical condition that the subject property owner could not successfully amend the comprehensive plan and rezone the property and could only be developed with a maximum of 17 lots under the existing SR zoning. Per USPAP, the use of this hypothetical condition might have affected the assignment results.
PART IV - SUMMARY OF ANALYSIS AND VALUATION

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

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

Table of Comparable Land Sales

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Sale Date</th>
<th>Property Location</th>
<th>Sale Price</th>
<th>Site Size (Acres.)</th>
<th>No. of Lots</th>
<th>Price / Lot</th>
<th>Zoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>12/19</td>
<td>South side of Moore Road, East of Camino De Oeste</td>
<td>$1,980,000</td>
<td>23.50</td>
<td>22</td>
<td>$90,000</td>
<td>R-8</td>
</tr>
<tr>
<td>2</td>
<td>04/20</td>
<td>Southeast Corner of Old Spanish Trail and Cockatoo Ranch Lane</td>
<td>$1,800,000</td>
<td>61.79</td>
<td>43</td>
<td>$41,860</td>
<td>CR-1</td>
</tr>
<tr>
<td>3</td>
<td>08/20</td>
<td>East Side of Oracle Road, North side of Yvon Street</td>
<td>$620,000</td>
<td>21.97</td>
<td>12</td>
<td>$51,667</td>
<td>CR-1</td>
</tr>
<tr>
<td>4</td>
<td>11/20</td>
<td>South Side of Broken Springs Trail, West of Avenida Dos Vistas</td>
<td>$610,180</td>
<td>40.61</td>
<td>11</td>
<td>$55,471</td>
<td>SR</td>
</tr>
</tbody>
</table>

Subject Property

<table>
<thead>
<tr>
<th>Site Size (Acres.)</th>
<th>No. of Lots</th>
<th>Price / Lot</th>
</tr>
</thead>
<tbody>
<tr>
<td>57.60</td>
<td>17*</td>
<td>SR</td>
</tr>
</tbody>
</table>

* Based on a maximum density of the existing SR Zoning
Subject: South side of Cortaro Farms Road, West of Old Father Drive

Sale 1: South side of Moore Road, East of Camino De Oeste, Marana

Sale 2: Southeast corner of Old Spanish Trail and Cockatoo Ranch Lane

Sale 3: East side of Oracle Road, north side of Yvon Drive

Sale 4: South side of Broken Springs Trail, west of Avenida Dos Vistas
COMPARABLE LAND SALES

LAND COMPARABLE NUMBER ONE (SALE)  ID: MAL 0353 R8 8097B

LOCATION: South side of Moore Road, East of Camino De Oeste, Marana

LEGAL DESCRIPTION: Lots 8-29, Sonoran Preserve on Bajada, Marana, Pima County, Arizona

STATE TAX PARCEL: 219-34-0280 through 219-34-0490

RECORD DATA: Fee number 2019-3540997

DATE OF SALE: December 20, 2019

SELLER: Fidelity National Title Agency Inc, Trust 60374

BUYER: Build Sonoran Preserve LLC

CONFIRMED BY: David Williamson, buyer’s broker (520-404-7681) DFO; April, 2022

LAND DESCRIPTION: This is an irregular shaped property containing 22 platted and engineered lots within the Sonoran Preserve on Bajada subdivision. The site was not improved at the time of sale. The site has approximately 390 feet of frontage on Moore Road along the northern border, a depth of approximately 1,240 feet along the eastern border, and a width of approximately 1,300 feet along the southern border. The total land area of the property is 23.8 acres. The property has direct access from Moore Road to the planned neighborhood loop road that will provide access to each individual lots. Moore Road is a two-lane, asphalt-paved roadway with no concrete curbs, sidewalks, or streetlights in the vicinity of this property. Moore Road has a 2021 traffic count of 958 vehicles per day in the vicinity of this site to the west, and 188 vehicles per day in the vicinity of this site to the east, according to the Pima Association of Governments.
The topography is mostly level, sloping slightly in a southwesterly direction. All utilities are available to the site. According to FEMA Flood Insurance Rate Maps 04019C1060L and 04019C1070L, dated June 16, 2011, with a designation of Zone X, which is outside of 100-year FEMA floodplain.

LAND SIZE: 23.5 acres

ZONING: R-8 (Residential) – Town of Marana

NUMBER OF LOTS: 22 lots

REPORTED SALE PRICE: $1,980,000

PRICE PER LOT: $90,000

MARKETING TIME: Not available

TERMS OF SALE: There was no down payment made and the site was purchased with funds from a new loan. The type of loan was not disclosed.

PRIOR SALE: Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation. The subject sub division was platted in 2006.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Development of 22 lots ranging in size between 0.75 to 1.0 acre.

COMMENTS: The site was zoned as well as platted and engineered at the time of sale. The 22 lots were located within the previously platted 29-lot platted subdivision called Sonoran Preserve on Bajada. This sale included Lots 8-29 within the Southern Preserve on Bajada subdivision.

Per the buyer's broker, there were no extraordinary development costs, either onsite or offsite with this property. All utilities were available to the property at the time of sale.
LOCATION: Southeast corner of Old Spanish Trail and Cockatoo Ranch Lane

LEGAL DESCRIPTION: Lots 72-79, 80-84, 86-115, and Common Areas A-6, A-8 and B-7, Estates at Old Spanish Trail, Pima County, Arizona

STATE TAX PARCEL: 205-75-5270 through 5340, 5350 thru 5390, 5410 thru 5700, 5750, 5760, and 5780

RECORD DATA: Fee numbers 2020-1070577 and 2020-1250766

DATE OF SALE: April 16, 2020 and May 4, 2020

SELLER: Cornerstone Homes at Old Spanish Trails, LLC

BUYER: D.R. Horton, Inc. and Forestar USA Real Estate Group Inc.

CONFIRMED BY: Thrae Paulette, listing broker (520-904-5055) TAB; December 22, 2020

LAND DESCRIPTION: This property consists of an irregular shaped corner property with frontage on Old Spanish Trail along the northern property line and frontage on portions of the east and west sides of Cockatoo Ranch Lane which is an interior subdivision street that transverses the site. The property also has about 900 feet of frontage on Camino Loma Alta along a portion of the western property line. This property consists of 43 lots and 3 common areas in a partially finished recorded subdivision known as Estates at Old Spanish Trail. The lots range in size from a half-acre to 2.5 acres each. The lots are partially developed. Both Old Spanish Trail and Camino Loma Alta are two-lane, asphalt-paved roadways with no curbs, sidewalks or streetlights in the vicinity of this property. The interior subdivision streets are known as Cockatoo Ranch Lane, Royal Falcon Peak Place, Old Owl Creek Court, Cockatoo Ranch Place, and Robins Nest Place. These interior streets including Cockatoo Ranch Lane and Royal Falcon Peak Place are partially finished as two-lane, mostly dirt (with some asphalt paving along just the northern portion of
Cockatoo Ranch) roads with a majority of them on the southern portion of the subdivision still only graded dirt streets at the time of sale. Old Spanish Trail has a 2019 traffic count of 4,622 vehicles per day to the west of this site and 560 vehicles per day to the east of this site, according to the Pima Association of Governments. Camino Loma Alta has a 2019 traffic count of 5,010 vehicles per day near this site. The topography is mostly rolling to hilly, sloping in a mostly southeasterly direction. According to the subdivision plat, the lots are subject to the requirements of the Hillside Development Overlay Zone. The property has good mountain views of the Rincon Mountains. Public water and sewer are available to a majority of the lots at the time of sale, but water and sewer needed to be extended to a portion of the lots. Electric and telephone are available to the property line but not to the individual lots currently. According to FEMA Flood Insurance Rate Map 04019C2935L, dated June 16, 2011, the land is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There are some smaller washes and one medium sized wash traversing several portions of the property.

LAND SIZE: 61.79 acres
NUMBER OF LOTS: 43 lots and 3 common areas
ZONING: CR-1 (Pima County)
REPORTED SALE PRICE: $1,800,000 ($700,000 plus $1,100,000)
PRICE PER ACRE: $29,131
PRICE PER LOT: $41,860
MARKETING TIME: N/A
TERMS OF SALE: This was an all cash to the seller transaction.
PRIOR SALE: Records of the Pima County Assessor indicate that no market transaction has occurred within three years of the date of valuation. The property last sold for a sale price of $700,000 on November 20, 2012, as recorded at fee number 2012-3250601.
<table>
<thead>
<tr>
<th>CONDITIONS OF SALE:</th>
<th>This sale is reported to have occurred under normal market conditions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTENDED USE:</td>
<td>For eventual development of single family residences on the lots.</td>
</tr>
<tr>
<td>COMMENTS:</td>
<td>There will be additional development costs to finish the partially developed lots located on the site. The broker reported that the purchaser is an investor and is land banking for the builder D.R. Horton on a rolling option basis. The cost to complete development of the lots is estimated at $1,200,000 or $27,907 per lot.</td>
</tr>
</tbody>
</table>
LOCATION: East side of Oracle Road, north side of Yvon Drive

LEGAL DESCRIPTION: A portion of the Northwest quarter of the Northwest quarter of Section 13, Township 13 South, Range 13 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 105-01-136D, -137A, and -1380

RECORD DATA: Fee number 2020-2170166

DATE OF SALE: August 4, 2020

SELLER: Jason Stewart and CFL 1, LLC

BUYER: Double D Development, LLC

CONFIRMED BY: Jeff Murtaugh, buyer’s broker (520-907-3606) TFH; January, 2021

LAND DESCRIPTION: This site is an irregular shaped interior property with 658 feet of frontage on Oracle Road along the western property boundary and about 130 feet of frontage on Yvon Drive at the southeast corner of the site. The site has a maximum depth of about 1,290 feet along the southern property boundary and a width of 961.1 feet along the eastern property boundary. Oracle Road is a six-lane, asphalt-paved roadway with a landscaped median and no curbs, sidewalks or streetlights in the vicinity of this property. Oracle Road (aka State Highway 77) has a 2018 traffic count of 30,500 vehicles per day in the vicinity of this site, according to the Arizona Department of Transportation. Yvon Drive is a two-lane, asphalt-paved easement roadway with no curbs, sidewalks or streetlights in the vicinity of this property. There is no traffic count available for Yvon Drive in the vicinity of this site since it is a local residential street. The property has guaranteed access from Yvon Drive throughGenematas to the east. The property would not be access from Oracle Road. The topography ranges from somewhat level to more steeply sloping portions of the property. The western
portion of lower in grade and more level. The eastern portion of more level with more steeply sloping areas in the center and northern portions of the property. All utilities are available at or near the property line.

According to FEMA Flood Insurance Rate Map 04019C1686L, dated June 16, 2011, the majority of the western portion of the site is located in Zone AE which is a Special Flood Hazard Area subject to inundation by the 1% annual chance flood with Base Flood Elevations determined. The Pima Wash is located in the western portion of the property with a floodway for this wash in the property. No development can occur in the floodway or setback from this wash. Small portions of the site at the northwest corner and at the middle of the northern property line are located in Zone X (shaded) which are areas of 500-year flood. A majority of the eastern portion of the site is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. The entire westernmost portion of the property is located in an Important Riparian Area with a designation of Xeririparian C. There is a smaller wash in the central and northern portion of the property. A culvert will be required as part of development of the property.

**LAND SIZE:**

21.87 acres

**NUMBER OF LOTS:**

12 (preliminary platted lots)

**ZONING:**

CR-1 (Pima County)

**REPORTED SALE PRICE:**

$620,000

**PRICE PER LOT:**

$51,667

**MARKETING TIME:**

138 days

**TERMS OF SALE:**

This was an all cash to the seller transaction.

**PRIOR SALE:**

Records of the Pima County Assessor indicate that this property sold as part of a larger property containing an apartment and land in September 2018. A recording after this sale on September 22, 2020 was an internal transfer and not a market sale.
CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: To develop a 12 lot residential subdivision.

COMMENTS: There are plans for a 12 lot subdivision in the eastern portion of the property with access from Yvon Drive through Genematas to the east. The western portion of the property would be left as open space. There are higher development costs to improve Yvon Drive and construct a culvert.
LOCATION: South side of Broken Springs Trail, west of Avenida Dos Vistas

LEGAL DESCRIPTION: A portion of the Southwest Quarter of the Southeast Quarter of Section 22, Township 13 South, Range 12 East, G&SRM, Pima County, Arizona

STATE TAX PARCEL: 214-39-027E; -027F; -027A; -027B; -027C

RECORD DATA: 2020-3020108
2020-3070847
2020-3110574

DATES OF SALE: October 28, 2020
November 2, 2020
November 6, 2020

SELLER: Wild Goose Ltd

BUYERS: R&R Williams Investments, LLC
Shirlee Yocom, Trustee of the Shirlee Yocom Family Living Trust
Daniel J. Patterson, Trustee of the Daniel J. Patterson Family Living Trust

CONFIRMED BY: Gary Brasher, listing agent (520-260-4048)
TAB; July 2020

LAND DESCRIPTION: This site is a somewhat rectangular shaped property. The main body of the property has a length of approximately 1,335 feet along the northern property line, a length of 1,105 feet along the western property line, a length of 1,450 feet along the eastern property line, and a width of approximately 1,300 feet along the southern property line. The site has 415.55 feet of frontage on Broken Springs trail along the northwestern portion of the site. Broken Springs Trail is a two-lane, asphalt-paved private roadway. The topography is sloping generally in an easterly direction. The northwest and southern portion of the property have the steepest slope with the middle potion of the property having a gentler slope. Electric, phone, and water through the City of Tucson are available to the
property. Public sewer is not available to the property. Septic systems would be required for any development. This property has good city and mountain views. According to FEMA Flood Insurance Rate Map 04019C1665L, dated June 16, 2011, the land is located in zone X which are areas determined to be outside the 0.2% annual chance floodplain. There are two unnamed washes that traverse the northwest and southern portion of the property with erosion hazard setbacks of 25 feet. There can be no building development within the setback areas. A northwest and southeast portion of the property fall within an important riparian area with a designation of Xeroriparian C.

LAND SIZE: 40.61 acres

NUMBER OF POTENTIAL LOTS: 11

ZONING: SR, Pima County

REPORTED SALE PRICE: $610,180

PRICE PER POTENTIAL LOT: $55,471

MARKETING TIME: 202 days

TERMS OF SALE: This was an all cash to the seller transaction

PRIOR SALE: Records of The Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Development of 11 SR lots

COMMENTS: This property had 11 water hookups paid for and available to the property at the time of sale from Tucson Water.
## COMPARABLE LAND SALES ADJUSTMENT GRID

<table>
<thead>
<tr>
<th>Sale Date</th>
<th>Subject</th>
<th>Comp 1</th>
<th>Comp 2</th>
<th>Comp 3</th>
<th>Comp 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/2019</td>
<td>04/2020</td>
<td>08/2020</td>
<td>11/2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Site Size (Acres) | 57.60 | 23.50 | 61.79 | 21.97 | 40.61 |
| Number of Lots    | 17*   | 22    | 43    | 12    | 11    |
| Zoning            | SR    | R-8   | CR-1  | CR-1  | SR    |
| Entitlements      | Raw Land | P&E | P&E | Raw Land | Raw Land |
| Site Utility      | Average | Similar | Similar | Inferior | Inferior |
| Sale Price        | $1,980,000 | $1,800,000 | $620,000 | $810,180 |
| Price per Lot     | $90,000 | $41,860 | $51,667 | $55,471 |

* Based on a maximum density of the existing SR Zoning

### Summary of Adjustments

<table>
<thead>
<tr>
<th>Unadjusted Price / Lot</th>
<th>$90,000</th>
<th>$41,860</th>
<th>$51,667</th>
<th>$55,471</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Rights</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Adjusted Price</td>
<td>$90,000</td>
<td>$41,860</td>
<td>$51,667</td>
<td>$55,471</td>
</tr>
<tr>
<td>Financing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Adjusted Price</td>
<td>$90,000</td>
<td>$41,860</td>
<td>$51,667</td>
<td>$55,471</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Adjusted Price</td>
<td>$90,000</td>
<td>$41,860</td>
<td>$51,667</td>
<td>$55,471</td>
</tr>
<tr>
<td>Date/Market Conditions</td>
<td>24%</td>
<td>23%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>Adjusted Price</td>
<td>$111,600</td>
<td>$51,488</td>
<td>$63,033</td>
<td>$65,456</td>
</tr>
</tbody>
</table>

### Physical Adjustments (%)

- Location/Views
  - Comp 1: -20, Comp 2: 20, Comp 3: 0
  - Adjusted Price: 0
- Zoning
  - Comp 1: 0, Comp 2: 0, Comp 3: 0
- Number of Lots
  - Comp 1: 0, Comp 2: 10, Comp 3: 0
  - Adjusted Price: 0
- Lot Size
  - Comp 1: 0, Comp 2: 0
- Entitlements
  - Comp 1: -10, Comp 2: -10, Comp 3: 0
  - Adjusted Price: 0
- Site Utility
  - Comp 1: 0, Comp 2: 0
  - Adjusted Price: 0
- Net Adjustment
  - Comp 1: -30%, Comp 2: 20%
  - Adjusted Price: 10%

### Indicated Value / Lot

- Comp 1: $78,120
- Comp 2: $61,786
- Comp 3: $69,337
- Comp 4: $58,910
This analysis compares four vacant land sales of properties similar to the subject property on a price per lot basis. The comparable properties range in size from 21.97 to 61.79 acres, with a total number of lots ranging between 11 and 43. Sales prices range from $41,860 to $90,000 on a price per lot basis, before the adjustments. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

*Comparable Sale One* requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location/views as this property is located in an area with greater demand and superior views compared to the subject property. There is a downward adjustment for entitlements as this property as sold as a platted and engineered parcel compared to the subject property which is raw land that is not platted or engineered. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.

*Comparable Sale Two* requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for location/views as this property is located in an area with inferior demand compared to the subject property. This sale warrants an upward adjustment for number of lots as there are a greater number of lots on this property compared to what can be developed on the subject property. Properties with greater number of lots tend to sell for less on a price per lot basis compared to properties with fewer lots, all else being equal. There is a downward adjustment for entitlements as this property as sold with an engineered plat in place compared to the subject property which is raw land. Overall, this sale indicates an upward adjustment on a price per lot basis in comparison to the subject property.

*Comparable Sale Three* requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for site utility as this property has more irregular topography and more flood prone land area with greater development costs compared to the subject property. Overall, this sale indicates an upward adjustment on a price per lot basis in comparison to the subject property.

*Comparable Sale Four* requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.
Physical adjustments include a downward adjustment for location/views as this property is located in an area with superior demand and views compared to the subject property. There is an upward adjustment for site utility as this property has more flood prone land and sloping areas with higher development costs compared to the subject property. Overall, this sale indicates an upward adjustment on a price per lot basis in comparison to the subject property.

Sales Comparison Approach Summary

<table>
<thead>
<tr>
<th>Sale</th>
<th>Sale 2</th>
<th>Sale 3</th>
<th>Sale 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Sale Price/Lot</td>
<td>$78,120</td>
<td>$61,786</td>
<td>$69,337</td>
</tr>
</tbody>
</table>

These four comparable sales indicate a price range of $58,910 to $78,120 per potential lot after adjustment. Comparable Sale Three is given the most weight as this sale is the most similar to the subject required the fewest physical adjustments. The remainder sales are given secondary weight as these sales required a greater amount/magnitude of physical adjustments. After analyzing the comparable sales, the conclusion of market value of the subject property by the sales comparison approach, as of April 1, 2022, is $70,000 per potential lot, times 17 potential lots, equaling $1,190,000.

Market Value Conclusion

As of the effective date of appraisal, April 1, 2022, and subject to the assumptions and limiting conditions set forth herein, based on a six to twelve-month marketing period, the subject property has a fee-simple market value of:

ONE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS
($1,190,000)

Hypothetical Condition: The subject property is currently zoned SR with a maximum number of 17 lots that can developed on the site under the existing rezoning and the existing Comprehensive Plan. While the subject property has a strong likelihood to be able to successfully amend the Comprehensive Plan and rezone the site to allow a greater number of lots compared to the number of lots under the existing zoning, this appraisal is based on the hypothetical condition that the subject property owner could not successfully amend the comprehensive plan and rezone the property and could only be developed with a maximum of 17 lots under the existing SR zoning. Per USPAP, the use of this hypothetical condition might have affected the assignment results.
PART V - ASSUMPTIONS AND LIMITING CONDITIONS

1. **Definitions.** "Appraisal," as herein defined, is the process of completing a service; namely, a valuation assignment. "Subject property" refers to the property which is the subject of the assignment. "Appraisers" are those persons, whether one or more, who have accepted the assignment and who have participated in the analyses, opinions, and conclusions formed in the appraisal. "Company" refers to Baker, Peterson, Baker & Associates, Inc. "Report" refers to this written document containing the analyses, opinions, and conclusions which constitute the appraisal.

2. **Liability.** The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraisers responsible for this report, is limited to the Client only, and to the fee actually received by the Company. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of any person other than the Client, the Client is responsible for making such party aware of all assumptions and limiting conditions related thereto. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the subject property, whether physical, financial, or legal.

3. **Title.** No opinion as to title is rendered. Data related to ownership and legal description was provided by the Client or was obtained from available public records and is considered reliable. Unless acknowledged in this report, no title policy or preliminary title report were provided. Title is assumed to be marketable and free and clear of all liens, encumbrances, and restrictions except those specifically discussed in the report. The property is appraised assuming responsible ownership, competent management, and ready availability for its highest and best use.

4. **Survey or Engineering.** No survey or engineering analysis of the subject property has been made by the appraisers. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraisers assume no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the value thereof, excepting those items which are specifically mentioned in the report.

5. **Data Sources.** The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the Client consider independent verification within these categories prior to any transaction involving a sale, lease, or other significant commitment of the subject property, and that such verification be performed by appropriate recognized specialists.
6. **Subsequent Events.** The date of valuation to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The appraisers assume no responsibility for economic or physical factors occurring after the date of valuation which may affect the opinions in this report. Further, in any prospective valuation assignment, the appraisers cannot be held responsible for unforeseeable events that alter market conditions prior to the date of valuation. Such prospective value estimates are intended to reflect the expectations and perceptions of market participants along with available factual data, and should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized.

7. **Adjustments.** The appraisers reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available subsequent to issuance of the report.

8. **Special Rights.** No opinion is expressed as to the value of any subsurface (oil, gas, mineral) or aerial rights or whether the property is subject to surface entry for the exploration or removal of materials except where expressly stated in the report.

9. **Value Distribution.** The distribution of total value in this report between land and improvements applies only under the specified highest and best use of the subject property as herein described. The allocations of value among the land and improvements do not apply to any other property other than the property which is the subject of this report.

10. **Legal or Special Opinions.** No opinion is intended to be expressed for matters which require legal expertise, specialized investigation, or a level of professional or technical knowledge beyond that customarily employed by real estate appraisers.

11. **Personal Property.** Unless expressly stated within this report, no consideration has been given as to the value of any personal property located on the premises, or to the cost of moving or relocating such personal property. Only the real property has been considered.

12. **Soil Conditions.** Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraisers. Therefore, it is assumed that existing soil conditions are capable of supporting development of the subject property in a manner consistent with its highest and best use without extraordinary foundation or soil remedial expense. Further, it is assumed that there are no hidden or unapparent matters (hazardous materials, toxic substances, etc.) related to the soil or subsoil which would render the subject more or less valuable by knowledge thereof.
13.  **Court Testimony.** Testimony or attendance in court or at any other hearing (including depositions) is not required by reason of rendering this appraisal or issuing this report, unless such arrangements have previously been made and are part of a contract for services.

14.  **Exhibits.** Maps, floor plans, photographs, and any other exhibits contained in this report are for illustration only, and are provided as an aid in visualizing matters discussed within the report. They should not be considered as surveys or scale renderings, or relied upon for any other purpose.

15.  **Statute, Regulation, and License.** Unless otherwise stated within the report, the subject property is assumed to be in full and complete compliance with all applicable federal, state, and local laws related to zoning, building codes, fire, safety, permits, and environmental regulations. Further, it is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authorizations have been, or can be, readily obtained or renewed as related to any use of the subject property on which the value estimate contained herein is based.

16.  **Hidden or Unapparent Conditions.** It is assumed that there are no hidden or unapparent conditions which, if known, would affect the analyses, opinions or conclusions contained in this report. This includes, but is not limited to, electrical, mechanical, plumbing, and structural components.

17.  **Hazardous/Toxic Substances.** In this appraisal assignment, no observation was made of the existence of potentially hazardous material used in the construction and/or maintenance of the improvements, or from any other source, whether borne by land or air, including, but not limited to, asbestos, lead, toxic waste, radon, and urea formaldehyde. While not observed, and while no information was provided to confirm or deny the existence of such substances (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such substances. Unless otherwise stated, no consideration has been given to the presence of, nature of, or extent of such conditions, nor to the cost to “cure” such conditions or to remove any toxic or hazardous substances which could potentially affect the value or marketability of the property. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. This value estimate assumes that there is no such material on or in the property.

18.  **Americans with Disabilities Act of 1990.** The ADA became effective on January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not
in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

19. **Disclosure.** Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, including the value estimate, the identity of the appraisers or their professional designations, or the company with which the appraisers are associated, shall be used for any purpose by anyone other than the Client as herein stated, without the prior written consent of the appraisers. Nor shall it be conveyed, in whole or in part, in the public through advertising, news, sales, listings, or any other media without such prior written consent. Possession of this report does not carry with it any right of public distribution.

20. **Type of Report.** This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

21. **Endangered and Threatened Species.** The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.

22. **Acceptance of Report.** Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.
PART VI - CERTIFICATION

WE CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

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

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

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

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

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

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

7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Foundation, the Code of Ethics and Standards of Professional Practice of the Appraisal Institute, and any other specifications submitted by the Client, including Title XI, FIRREA.

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

9. In accord with the Uniform Standards of Professional Appraisal Practice, we have the experience and knowledge to complete this assignment in a credible and competent manner.

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

11. The effective date of this appraisal is April 1, 2022.

12. We have made a personal inspection of the property that is the subject of this report.
13. Our firm has not appraised the subject property within three years prior to this assignment.

14. No one provided significant real property appraisal assistance to the persons signing this certification.

15. We are Certified General Real Estate Appraisers in the State of Arizona.

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139
Designated Supervisory Appraiser
Registration Number DS0007

Dan Orlowksi
Certified General Real Estate Appraiser
Certificate Number 32195
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EXHIBIT D - FEMA FLOOD PLAIN
(see following pages)
EXHIBIT A
Legal Description

PARCEL NO. 1:

All that portion of that parcel of land as shown on that Record of Survey recorded in Recording No. 20190920080, records of Pima County, Arizona and being a portion of the Northeast quarter of the Southeast quarter of Section 25, Township 12 South, Range 12 East of the Gila and Salt River Meridian, Pima County, Arizona and being more particularly described as follows:

Commencing at the Northeast corner of the Southeast quarter of said Section 25;

Thence South 00 degrees 00 minutes 27 seconds East along the Easterly line of said Southeast quarter, 1313.75 feet;

Thence North 89 degrees 51 minutes 43 seconds West, 661.59 feet to the TRUE POINT OF BEGINNING;

Thence continuing North 89 degrees 51 minutes 43 seconds West, 661.59 feet along the Southerly line of said Northeast quarter of the Southeast quarter of said Section 25 and also being the Northerly line of that subdivision recorded in Book 41 of Maps and Plats, Page 82, records of Pima County to the Southeast corner of that subdivision recorded in Recording No. 20153240274;

Thence North 00 degrees 01 minutes 55 seconds East, 1215.28 feet along the Westerly line of the Northeast quarter of the Southeast quarter of said Section 25 and Easterly line of Willow Vista, a subdivision recorded in Recording No. 20153240274, records of Pima County, Arizona to the Southerly curve of Cortaro Farms Road as shown on Recording No. 20162280557 and from which point the radius point of said curve bears South 01 degrees 44 minutes 31 seconds West;

Thence Easterly along said curve concave to the South, having a central angle of 00 degrees 22 minutes 57 seconds, a radius of 16888.19 feet and an arc length of 112.61 feet;

Thence North 88 degrees 09 minutes 01 seconds East, 199.35 feet to a point of curvature and from which point the radius point of said curve bears South 02 degrees 48 minutes 00 seconds West;

Thence Easterly along said curve concave to the South, having a central angle of 01 degrees 06 minutes 15 seconds, a radius of 16883.19 feet and an arc length of 325.36 feet;

Thence leaving said Southerly line of Cortaro Farms Road, South 01 degrees 08 minutes 56 seconds East, 1200.73 feet to the TRUE POINT OF BEGINNING;

EXCEPT all coal and other minerals as reserved in the Patent recorded in Book 218 of Deeds, Page 145.

PARCEL NO. 2:

All that portion of that parcel of land as shown on that Record of Survey recorded in Recording No. 20190920080, records of Pima County, Arizona and being a portion of the Northeast quarter of the Southeast quarter of Section 25, Township 12 South, Range 12 East of the Gila and Salt River Meridian, Pima County, Arizona and being more particularly described as follows:

Commencing at the Northeast corner of the Southeast quarter of said Section 25;

Thence South 00 degrees 00 minutes 27 seconds East along the Easterly line of said Southeast quarter, 183.22 feet to the Southerly right-of-way line of Cortaro Farms Road as recorded in Recording No. 20162280557, records of Pima County, Arizona and TRUE POINT OF BEGINNING;

Thence continuing South 00 degrees 00 minutes 27 seconds East, 1130.53 feet;

Warranty Deed
WDEED (DS) Rev. 08/21/18
Thence leaving said Easterly line, North 89 degrees 51 minutes 43 seconds West, 661.59 feet;

Thence North 01 degrees 06 minutes 55 seconds West, 1200.73 feet to the Southerly right-of-way curve of Cortaro Farms Road as recorded in Recording No. 20162280557 and from which point the radius point of said curve bears South 03 degrees 54 minutes 15 seconds West;

Thence Easterly along said curve concave to the South, having a central angle of 01 degrees 05 minutes 20 seconds, a radius of 16883.19 feet and an arc length of 320.86 feet;

Thence South 85 degrees 00 minutes 24 seconds East, 111.26 feet;

Thence South 74 degrees 56 minutes 45 seconds East, 24.33 feet to a point of curvature from which point the radius point of said curve bears North 15 degrees 03 minutes 12 seconds East;

Thence Easterly along said curve concave to the North, having a central angle of 15 degrees 00 minutes 17 seconds, a radius of 893.51 feet and an arc length of 233.99 feet to the TRUE POINT OF BEGINNING;

EXCEPT all coal and other minerals as reserved in the Patent recorded in Book 218 of Deeds, Page 145.
EXHIBIT "A"
Legal Description

Parcel 1:

A portion of Parcel 225-33-059K as described in Docket 13154, Page 3390, Pima County Records, located in the Southwest Quarter of Section 30, Township 12 South, Range 13 East of the Gila and Salt River Base and Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the West quarter corner of said Section 30, said corner being a brass cap survey monument, stamped "RLS 18557";

THENCE South 00°07'36" East 30.00 feet to the Northwest corner of said Parcel;

THENCE continue South 00°07'36" East 45.00 feet upon the West line of said Parcel;

THENCE parallel to the North line of said Parcel, North 89°56'43" East 45.00 feet to the POINT OF BEGINNING;

THENCE continue North 89°56'43" East 300.00 feet;

THENCE South 00°07'36" East 190.00 feet;

THENCE South 38°21'30" East 135.74 feet;

THENCE South 00°07'36" East 391.70 feet;

THENCE South 89°52'24" West 384.00 feet to a point 45.00 feet East of the West line of said Parcel;

THENCE parallel to said West line and 45.00 feet distant, North 00°07'36" West, 688.70 feet to the POINT OF BEGINNING.

Parcel 2:

A 45 foot wide easement for ingress, egress and utilities located in that portion of Parcel 225-33-059K as described in Docket 13154, Page 3390, Pima County Records, located in the Southwest quarter of Section 30, Township 12 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, the sideline lying 45.00 feet to the left of the following described line:

COMMENCING at the West quarter corner of said Section 30, said corner being a brass cap survey monument, stamped "RLS 18557";

THENCE South 00°07'36" East 30.00 feet to the Northwest corner of said parcel;

THENCE continue South 00°07'36" East 45.00 feet upon the West line of said Parcel to the POINT OF BEGINNING;
THENCE continue South 00°07'36" East 1244.53 feet upon said West line to the POINT OF TERMINUS.

The sidelines of said easement to be lengthened or shortened as required to terminate on the property line.

Parcel 3:

A 45 foot wide easement for ingress, egress and utilities located in that portion of Parcel 225-33-059K as described in Docket 13154, Page 3390, Pima County Records, located in the Southwest quarter of Section 30, Township 13 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, the sideline lying 45.00 feet to the right of the following described line:

COMMENCING at the West quarter corner of said Section 30, said corner being a brass cap survey monument, stamped "RLS 18557";

THENCE South 00°07'36" East 30.00 feet to the Northwest corner of said parcel to the POINT OF BEGINNING;

THENCE North 89°56'43" East 399.93 feet upon the North line of said parcel to a curve, turning to the left, concave to the North, with a radius of 11,499.16 feet, from which the radius point bears North 02°20'06" East;

THENCE upon said curve, upon said North line through a delta angle of 2°23'23", an arc length of 479.60 feet;

THENCE North 89°56'43" East 191.73 feet to the POINT OF TERMINUS.

The sidelines of said easement to be lengthened or shortened as required to terminate on the property lines.
EXHIBIT A

Legal Description

Lots 3 and 4, and the East Half of the Southwest Quarter of Section 30, Township 12 South, Range 13 East of the Gila and Salt River Base and Meridian, Pima County, Arizona;

Except the North 1320 Feet of the East 1320 Feet thereof; and

Further except the north 30 feet thereof; and

Further except that portion described as follows:

Beginning at a found 5/8 inch iron rod, LS 10171, Monumenting the Southwest Corner of the North 1320.00 Feet of said Southwest Quarter of Section 30;

Thence South 89 Degrees 56 Minutes 29 Seconds East along the South line of the North 1320.00 Feet, a distance of 1320.13 Feet to a found 5/8 Inch Iron Rod, LS 10171, Monumenting the Southeast Corner of said North 1320.00 Feet;

Thence South 00 Degrees 07 Minutes 40 Seconds West along the East Line of said Southwest Quarter, a distance of 1317.34 Feet to a found Brass Disk in Concrete, PE 2663, Monumenting the Southeast Corner of said Southwest Quarter;

Thence South 89 Degrees 59 Minutes 48 Seconds West along the South Line of the Southwest Quarter, a Distance of 2383.71 Feet to a Found 3/4 Inch Open Pipe Monumenting the Southwest Corner of Lot 4;

Thence North 00 Degrees 00 Minutes 22 Seconds West along the West Line thereof, a distance of 1319.88 Feet to a set 1/2 Inch Iron Rod LS 4527 Monumenting the Northwest Corner of said Lot 4;

Thence North 49 Degrees 41 Minutes 44 Seconds East, a Distance of 696.08 Feet to a set 1/2 Inch Iron Rod LS 4527;

Then North 74 Degrees 31 Minutes 49 Seconds East, a Distance of 557.43 Feet to a set 1/2 Inch Iron Rod LS 4527 on the West Line of the East 1320.00 Feet of said Southwest Quarter;

Thence South 00 Degrees 08 Minutes 08 Seconds West along said West Line, a Distance of 800.00 Feet to the Point of Beginning; and

Further Except that parcel conveyed to Pima County, as recorded in Docket 8133 at Page 540 more particularly described follows:

All that part of Lot 3 of Section 30, Township 12 South, Range 13 East of the Gila and Salt River Base and Meridian, Pima County, Arizona, Described as follows:

Commencing at the Northwest Corner of said Lot 3;

Thence South 00 Degrees 11 Minutes 01 Seconds East Along the East Line of said Lot 3, a Distance of 30.00 Feet to a Point on the South Right-of-Way Line of Cortaro Farms Road as Shown on Map Recorded in Book 19 of Road Maps, Page 47, Being the True Point of Beginning;

Thence continuing South 00 Degrees 11 Minutes 01 Seconds East, a Distance of 10.00 Feet to a point;
Thence South 89 Degrees 49 Minutes 49 Seconds West, Parallel to the North Line of said Lot 3, a Distance of 192.22 Feet to a point of curvature;

Thence Northwesterly along the arc of a curve to the right, having a radius of 11,499.16 Feet, a central angle of 02 Degrees, 23 Minutes 23 Seconds, an Arc Distance of 479.61 feet to a point on the Southerly Right-of-Way line of Cortaro Farms Rd;

Thence North 89 Degrees, 49 Minutes, 49 Seconds East, a Distance of 671.68 Feet to the True Point of Beginning;

Further Except that portion conveyed in Deed Recorded in Docket 13224 at Page 2577

Further Except that portion conveyed in Deed Recorded at Sequence No. 20162140519

Further Except that portion conveyed in Deed Recorded at Sequence No 20162290282

(JV ARB 15)
EXHIBIT F - SUBJECT PHOTOGRAPHS

PHOTO 1 – VIEW SOUTHWEST FROM CORTARO FARMS

PHOTO 2 – VIEW SOUTHEAST FROM CORTARO FARMS
PHOTO 3 – VIEW SOUTH AT CAMINO DE OESTE ALIGNMENT FROM CORTARO FARMS

PHOTO 4 – VIEW SOUTHEAST AT CAMINO DE OESTE ALIGNMENT FROM CORTARO FARMS
PHOTO 5 – VIEW SOUTHWEST AT CAMINO DE OESTE ALIGNMENT

PHOTO 6 – VIEW SOUTHEAST FROM NORTHEAST CORNER
PHOTO 9 – VIEW NORTH FROM SOUTH END CAMINO DE OESTE

PHOTO 10 – VIEW NORTHEAST FROM SOUTH END CAMINO DE OESTE ALIGNMNET
PHOTO 11 – VIEW NORTHEAST FROM CENTRAL SOUTH POSITION OF LAND

PHOTO 12 – VIEW SOUTH FROM CENTRAL PORTION OF PROPERTY
PHOTO 13 – VIEW SOUTHWEST FROM CENTRAL PORTION OF PROPERTY

PHOTO 14 – VIEW EAST FROM EASTERN PORTION OF PROPERTY
PHOTO 15 – EAST ALONG CORTARO FARMS

PHOTO 16 – VIEW WEST ALONG CORTARO FARMS
EXHIBIT G - QUALIFICATIONS

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

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

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

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

TIM HALE is a staff appraiser specializing in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 1023143). He graduated from Arizona State University with a Bachelor’s Degree in Justice Studies.

ROBERT PARKER and JOSHUA BAKER are production coordinators and support technicians.
AN APPRAISAL REPORT

OF

57.6 ACRES OF VACANT LAND

LOCATED ON

THE SOUTH SIDE OF CORTARO FARMS ROAD, WEST OF OLD FATHER DRIVE, PIMA COUNTY, ARIZONA

FOR

PIMA COUNTY PUBLIC WORKS
REAL PROPERTY SERVICES
MR. JEFFREY TEPLOTSKY

OWNERSHIP: CRAIG DOUGLAS, LLC, RHODOCK HOLDINGS, LLC, AND CORTARO FARMS 15, LLC

A PORTION OF SECTION 25, TOWNSHIP 12 SOUTH, RANGE 12 EAST G&SRB&M, PIMA COUNTY, ARIZONA; AND A PORTION OF SECTION 30, TOWNSHIP 12 SOUTH, RANGE 13 EAST. G&SRB&M, PIMA COUNTY, ARIZONA

EFFECTIVE DATE OF APPRAISAL
APRIL 1, 2022

BAKER, PETERSON, BAKER & ASSOCIATES, INC.
Tucson, Arizona
April 13, 2022

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

RE: An appraisal report 57.6 acres of vacant land located on the south side of Cortaro Farms Road, West of Old Father Drive, Pima County, Arizona.

Ownership: Craig Douglas LLC, Rhodock Holdings LLC, and Cortaro Farms 15 LLC
Tax Parcel Nos.: 221-16-029E, 221-16-029D, 225-33-059R, and 225-33-059M
Effective Date of Appraisal: April 1, 2022
Date of Report: April 13, 2022

Dear Mr. Teplitsky:

In response to your authorization, we have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled us to form an opinion of the market value of the fee-simple interest of the subject property. This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraisers. This report is intended only for use in assisting the intended user in the determination of the market value of the fee-simple interest of the subject property for a potential purchase. It is not intended for any other use.

We have formed the opinion that, as of the effective date of appraisal, April 1, 2022, and subject to the assumptions and limiting conditions set forth herein, based on a six to twelve-month marketing period, the subject property has a fee-simple market value of:

THREE MILLION FIVE HUNDRED SEVEN THOUSAND FIVE HUNDRED DOLLARS
($3,507,500)
This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

Extraordinary Assumption: This appraisal is based on the Extraordinary Assumption that the subject property owner could successfully amend the comprehensive plan and rezone the property to allow the development of a single-family residential subdivision with leaving 55% of the subject property set aside as undisturbed open-space. This is considered reasonably probable as discussed in this report. Per USPAP, the use of this extraordinary assumption might have affected the assignment results.

Respectfully submitted,

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139
Designated Supervisory Appraiser
Registration Number DS0007

Dan Orlowski
Certified General Real Estate Appraiser
Certificate Number 32195

C228097A
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PART I - GENERAL INFORMATION

CLIENT
Pima County Real Property Services

APPRAISERS
Thomas A. Baker, MAI, SRA
Dan Orlowski

SUBJECT PROPERTY:
The subject property is vacant land, containing 57.6 acres of vacant land located on the south side of Cortaro Farms Road, West of Old Father Drive, Pima County, Arizona.

LAND AREA
57.6 acres, based on the Pima County Assessor’s Information.

ZONING
SR (Pima County)

TAX PARCEL NUMBERS
221-16-029D, 221-16-029E, 225-33-059M, and 225-33-059R

FULL CASH VALUE

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<td>221-16-029D</td>
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<tr>
<td>225-33-059R</td>
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LIMITED CASH VALUE

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<td>221-16-029D</td>
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<td>225-33-059R</td>
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REAL ESTATE TAXES (2021)

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</table>
There are currently no property taxes available for parcel 225-33-059M as this parcel was purchased in 2021 from a religious facility ownership which was exempt from property taxes in 2021.

DELIQUENT TAXES
None

INTENDED USE OF REPORT
This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraisers. This report is intended only for use in assisting the intended user in the determination of the market value of the fee-simple interest of the subject property for a potential purchase. It is not intended for any other use.

INTEREST APPRAISED
Fee Simple Interest, as defined in The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 90, is “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

MARKET VALUE DEFINITION
Market value, as utilized in this appraisal, and as defined in The Appraisal of Real Estate, 15th Edition, published by the Appraisal Institute, 2020, page 48, is:

The most probable price, as of a specified date, in cash, or in 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 for self-interest, and assuming that neither is under undue duress.

LEGAL DESCRIPTION
A portion of Section 25, Township 12 South, Range 12 East, G&SRB&M, Pima County, Arizona; and a portion of Section 30, Township 12 South, Range 13 East, G&SRB&M, Pima County, Arizona (See exhibits for full legal descriptions of the subject property).

OWNERSHIP
According to public records of the Pima County Assessor, title to the subject property is in the names of: Craig Douglas LLC, according to recorded deed number 2021-2511099, dated September 8, 2021; Rhodock Holdings LLC, according to recorded deed number 2022-0070471, dated January 7, 2022; and recorded deed number 2021-3610478, dated December 27, 2021. All of the parcels are under common ownership.
SALES HISTORY
Prior sales of portions of the subject property have occurred within the last five years prior to the date of value.

Parcels 221-16-029D and 221-16-029E were purchased by the current owner on August 13, 2021 for $1,970,000, according to Reordering Number 2021-2250731. (These parcels were previously identified as parcel 221-16-029C). This parcel had documents recorded on December 3, 2020 (Recording Number: 2020-3380114 and 2020-3380115) and on September 8, 2021 (Recording Number: 2021-2511099) with these recordings all being internal transfers of ownership and not market sale transactions.

Parcel 225-33-059M was purchased by the current owner on January 7, 2022 for $458,000, according to Reordering Number 2022-0070471.

Parcel 225-33-059R was purchased by the current owner on June 11, 2020 for $560,000 in two separate transactions on the same day according to Reordering Numbers 2020-1630640 and 2020-1630641. This parcel had a document recorded on December 27, 2021 (Recording Number: 2021-3610478) which was an internal transfer of ownership and not a market sale transaction of the property.

The total purchase price of $2988,000 is utilized and the side analyzed as comparable sale four in the sales comparison approach of the report.

ASSUMPTIONS AND LIMITING CONDITIONS
Subject to those assumptions and limiting conditions contained in the "Assumptions and Limiting Conditions" section of this report.

EXtraordinary Assumption
This appraisal is based on the Extraordinary Assumption that the subject property owner could successfully amend the comprehensive plan and rezone the property to allow the development of a single-family residential subdivision with leaving 55% of the subject property set aside as undisturbed open-space. This is considered reasonably probable as discussed in this report. Per USPAP, the use of this extraordinary assumption might have affected the assignment results.

Certification
See exhibits

Effective Date of Appraisal
April 1, 2022

Date of Inspection
April 1, 2022. The appraisers met the property owner, Mr. Alan Murdock, at the subject property and discussed the subject land area, past rezoning attempts, and potential development of the subject property.
PART II - SCOPE OF THE APPRAISAL

Scope of work is identified by USPAP as the "amount and type of information researched and the analysis applied in an assignment." According to the scope of work rule as defined by USPAP, "For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:
1) identify the problem to be solved;
2) determine and perform the scope of work necessary to develop credible assignment results; and
3) disclose the scope of work in the report."

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

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

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

An opinion of the "highest and best use" of the property was formed, utilizing resources to identify such factors as land use, supply and demand, governmental requirements, environmental concerns, and economic elements, present and anticipated, which may impact upon the marketability of the property.
In the sales comparison approach, there was a thorough search for sale and listing data considered directly competitive to the subject property, as vacant. This data was confirmed with one or more parties related to the transaction and (in the case of sales) by review of deeds and records of the Pima County Assessor. The analysis then compared each sale considered a reliable indicator of the value to the subject property in terms of those factors which were superior to the subject, inferior to the subject, and equal or offsetting.

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

**Extraordinary Assumption:** This appraisal is based on the Extraordinary Assumption that the subject property owner could successfully amend the comprehensive plan and rezone the property to allow the development of a single-family residential subdivision with leaving 55% of the subject property set aside as undisturbed open-space. This is considered reasonably probable as discussed in this report. Per USPAP, the use of this extraordinary assumption might have affected the assignment results.
PART III - DESCRIPTION OF REAL ESTATE APPRAISED

TUCSON OVERVIEW:
Tucson is Arizona’s second largest city and the “hub” of commerce in southeastern Arizona. According to the MAP AZ dashboard, in 2020, the estimated population of the Tucson metropolitan area was 1,044,675 persons, while the 2020 US Census indicated the population of the City of Tucson was 542,629.

Starting in 2006, fewer single-family residential permits were issued due to the oversupply of lots and residential homes on the market at that time. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits remained mostly stable with some slight variations since 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019 but increased somewhat in 2020. The 2021 data is through November 2021. There is currently strong demand for residential properties due to low interest rates and low inventory.

Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to a low of 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on the market, resulting in declining home prices. The number of housing permits increased slightly in 2012 and 2013 and then remained relatively stable. In recent years, the number of permits has remained mostly stable with a slight increase in 2017 and 2018 and was mostly stable in 2019. Most recently, there was an increase in 2020 and again in 2021. There is currently strong demand for residential houses due to low interest rates and low inventory.
**Office Market**

Overall, the Pima County office market experienced net positive absorption of 119,422 square feet in the Fourth Quarter of 2021, according to CoStar. This compares to net positive absorption of 44,198 square feet in the Third Quarter of 2021, net negative absorption of 100,481 square feet in the Second Quarter of 2021, net negative absorption of 289 square feet in the First Quarter 2021, net negative absorption of 92,164 square feet in the Fourth Quarter of 2020, net negative absorption of 41,354 square feet in the Third Quarter of 2020, net negative absorption of 53,862 square feet in the Second Quarter of 2020, net negative absorption of 61,867 square feet in the First Quarter of 2020, net negative absorption of 43,280 square feet in the Fourth Quarter of 2019, net positive absorption of 227,357 square feet in the Third Quarter of 2019, net positive absorption of 105,529 in the Second Quarter of 2019, net positive absorption of 243,022 in the First Quarter of 2019, net negative absorption of 29,745 square feet in the Fourth Quarter of 2018, and net positive absorption of 79,029 square feet in the Third Quarter of 2018.

The following figure shows trends in the vacancy rates for office properties in Pima County through the Fourth Quarter 2021. The vacancy rate increased until late 2013 and then declined through 2017. The vacancy rate remained mostly stable in 2018 and the first part of 2019 before increasing at the end of 2019 through mid-2021. The vacancy rate has declined slightly from mid-2021 through the fourth quarter.

![Office Vacancy Rate Graph](image)

No new buildings were completed in the Fourth Quarter of 2021. This compares to no new buildings in the Third Quarter 2021, three new buildings containing 64,037 square feet in the Second Quarter 2021, three new buildings containing 120,000 square feet in the First Quarter 2021, one new building containing 50,000 square feet in the Fourth Quarter 2020, two new buildings containing 58,500 square feet in the Third Quarter 2020, two new buildings containing 42,000 square feet in the Second Quarter 2020, three new buildings containing 45,085 square feet in the First Quarter 2020, four new buildings containing 88,735 square feet in the Fourth Quarter 2019, two new buildings containing 207,248 in the Third Quarter 2019, one new buildings containing 266,300 square feet in the Second Quarter 2019, four
new buildings totalling 235,300 square feet in the First Quarter 2019, one new building containing 14,952 square feet in the Fourth Quarter 2018, and four new buildings containing 57,516 square feet in the Third Quarter 2018.

The stable but higher overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There was a decline in demand for owner/user office buildings, which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013 and remained slow but stable through 2019. Market conditions for office properties had started to slowly improve, primarily for office properties in high demand areas and newer office buildings in good condition. Demand remained lower for older office buildings. It is uncertain if there will be long-term effects from the Covid-19 pandemic on the office market. It is not yet known if work from home will remain in demand, permanently impacting office trends and demand.

**Retail Market**

Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the end of 2007. Some signs for a decline in market conditions includes contracts cancelled, development projects put on hold with reasons including reduced demand and increased competition of other developments coming out of the ground, offers and counter offers at considerably below the listing price, listings being repriced at lower levels, existing tenants looking for rental relief, businesses closing their stores and vacating the premises, and excess developed land without demand. In recent years, demand had increased for many types of retail properties and remained stable for less desirable retail uses. In March 2020, the Covid-19 pandemic impacted the world. After pausing in the immediate emergence of Covid-19, demand has again increased for many retail property types.

There was net positive absorption of 17,068 in the Fourth Quarter 2021, according to CoStar. This compares to net positive absorption of 150,653 square feet in the Third Quarter 2021, net negative absorption of 110,933 in the Second Quarter 2021, net positive absorption of 123,296 square feet in the First Quarter 2021, net positive absorption of 21,861 in the Fourth Quarter 2020, net negative absorption of 291,673 in the Third Quarter 2020, net positive absorption of 117,423 square feet in the Second Quarter 2020, net negative absorption of 21,517 square feet in the First Quarter 2020, net positive absorption of 96,722 square feet in the Fourth Quarter 2019, net negative absorption of 36,500 square feet in the Third Quarter 2019, net positive absorption of 79,816 square feet in the Second Quarter 2019, and net negative absorption of 226,982 square feet in the First Quarter 2019.

In the Fourth Quarter 2021, two new buildings containing 12,331 square feet were completed. This compares to five new buildings containing 167,960 square feet in the Third Quarter of 2021, six new buildings containing 21,331 square feet in the Second Quarter of 2021, ten new buildings containing 51,429 square feet in the First Quarter 2021, three new buildings containing 30,591 square feet in the Fourth Quarter 2020, eight new buildings containing 33,731 square feet in the Third Quarter 2020, ten new buildings containing 68,870 square feet in the Second Quarter 2020, 13 new buildings containing 69,437 square feet in the First Quarter of 2020, nine new buildings containing 44,781 square feet in the Fourth

The following shows trends in the vacancy rate for retail properties in the Tucson market through the Fourth Quarter 2021, according to Costar.

This chart shows that the vacancy rate for retail properties increased through mid-2012. The retail vacancy rate declined since that time. Most recently, there was a decline though 2018, with a slight increase in the vacancy rate from late 2018 through the first quarter of 2020. The retail vacancy rate has remained mostly stable with slight variations from mid-2020 through 2021. The retail market has stabilized from the uncertainty of the early Covid-19 pandemic. Prices and rents are stable or increasing in high demand areas or for high demand property types, although there remains little demand for older retail properties in low demand areas.

**Industrial Market**

Tucson experienced rapid industrial growth from the late 70's to the mid-80s. There has been limited new industrial/flex space constructed recently in Tucson, with one new building containing 240,000 square feet in the Fourth Quarter 2021, compared to two new buildings containing 308,670 square feet in the Third Quarter of 2021, no new buildings completed in Second Quarter 2021, one new building containing 12,237 square feet completed in the First Quarter 2021, one new building containing 5,473 square feet completed in the Fourth Quarter 2020, no new buildings completed in the Third Quarter 2020, one new building containing 32,000 square feet completed in the Second Quarter 2020, one new building containing 13,000 square feet in the First Quarter 2020, one new building containing 157,000 square feet completed in the Fourth Quarter 2019, three new buildings containing 277,634 square
feet in the Third Quarter 2019, two new buildings containing 906,900 square feet in the Second Quarter 2019, and no new buildings completed in the First Quarter 2019, the Fourth Quarter 2018, or the Third Quarter 2018, according to CoStar. Many of the recently constructed buildings are larger buildings constructed for a specific user.

There was net positive absorption of 522,197 square feet in the Fourth Quarter 2021. This compares to net positive absorption of 725,714 square feet in the Third Quarter 2021, net positive absorption of 164,331 square feet in the Second Quarter 2021, net positive absorption of 341,936 square feet in the First Quarter 2021, net positive absorption of 452,600 square feet in the Fourth Quarter 2020, net negative absorption of 80,891 square feet in the Third Quarter 2020, net negative absorption of 121,800 square feet in the Second Quarter 2020, net negative absorption of 18,199 square feet in the First Quarter 2020, net negative absorption of 57,413 square feet in the Fourth Quarter 2019, net negative absorption of 393,968 square feet in the Third Quarter 2019, net positive absorption of 1,090,181 square feet in the Second Quarter 2019, net negative absorption of 26,030 square feet in the First Quarter 2019, net positive absorption of 71,996 square feet in the Fourth Quarter 2018, and net positive absorption of 369,182 square feet in the Third Quarter 2018, according to CoStar.

The following chart shows trends in the industrial/flex vacancy rate in Tucson from 2006 through Fourth Quarter 2021, according to CoStar.

![Industrial Vacancy Rate](chart.png)

Overall, the industrial vacancy rate increased through mid-2012. The vacancy rate declined from late 2012 through the first part of 2019 before increasing somewhat through mid-2020 before declining again through mid-2021. There continues to be a large supply of fully zoned and improved industrial lots available in the Tucson market with limited demand in the current market. In March 2020, the Covid-19 pandemic led to a shutdown of many businesses; however, the industrial market has not been significantly impacted and demand
for many industrial uses has increased in the last year since that time. There may potentially be long-term impacts due to changing demand for warehouses and cold storage due to potential changes in supply chains and delivery and storage models.

**Multi-Family Market**
The following is the vacancy rate for apartments in Tucson from 2006 through the Fourth Quarter 2021. Vacancy rates for apartment properties in the Tucson Metropolitan area peaked in 2009 before slowly declining, with that decline continuing through 2021.

![Vacancy Rate Chart]

The following is the average market rental rate per unit type for properties in the Tucson market, according to CoStar. There has been a significant increase in rents for all unit types in the first three quarters of 2021 followed by a stabilization in the fourth quarter.

![Rental Rate Chart]

There has been limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities. Market conditions for multi-family properties has increased significantly since mid-2020, with increasing rents, decreasing vacancy rates, and increased sales prices.
According to the Bureau of Labor Statistics, the (not seasonally adjusted) unemployment rate for metropolitan Tucson was as follows:

![Unemployment Rate Chart]

This data shows that the unemployment rate in the Tucson metropolitan area had slowly been declining since early 2011. There was a slow steady decline in the unemployment rate over several years. However, the unemployment rate (not seasonally adjusted) was stable in 2019 with an increase early in the year. Due to the shutdown of many businesses due to Covid-19, unemployment began to increase significantly in mid-March 2020. The unadjusted unemployment rate peaked at 13.9% in April 2020 and declined to 10.4% in May 2020. After another increase to 10.7% in July 2020, there was a decline to 6.8% in August 2020. In October 2020 the unemployment rate was 6.4%. The unemployment rate was 7.1% in January 2021 and then declined to 6.6% in April 2021 with a slight increase to 6.7% in May 2021. The unemployment rate was 5.2% in August 2021 and 3.7% in October 2021. The unemployment rate has been generally stable with some variations since that time. Areas with significant increases in unemployment include hospitality, restaurant, and retail jobs, although many job categories have seen increases in unemployment. It is uncertain how long it will take employment in these sectors to fully recover.
According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate also increased through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined and is below 2007 levels. The seasonally adjusted unemployment rate was 3.5% in February 2020 and 4.4% in March 2020. This increased to a peak of 14.8% in April 2020, then declined slightly to 13.3% in May 2020 and 10.2% in July 2020. The unemployment rate declined to 8.4% in August 2020 and 6.9% in October 2020. The unemployment rate declined to 6.3% in January 2021, 6.1% in April 2021, 5.4% in July 2021, 4.7% in September 2021, and 3.9% in December 2021.

Overall, the commercial real estate markets reveal that in early to mid-2020, most investors held a cautionary outlook due to the uncertainty of the government conditions and Covid-19. Market conditions have improved for many property types since that time, starting as early as mid-2020. Market conditions were uncertain for some commercial property types, while demand remained for other property types that are less impacted by Covid-19. Market conditions for single-family and multi-family properties has increased significantly in that time frame, while demand for many commercial uses, particularly those most impacted by Covid-19, were uncertain and stable for longer. In the short term, market conditions for some property types remained uncertain. Demand still remains slow for commercial uses in areas of less demand and with certain older properties, while many commercial uses have been seeing increased demand. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

Market Area
The subject market area or neighborhood is located in the northwest area of the Tucson Metro area and contains part of Pima County and the Town of Marana. The market area is identified as having boundaries of Linda Vista Boulevard to the north, Orange Grove Road to the south, I-10 to the west, and Thornydale Road to the east. The subject neighborhood is
approximately 10 miles north and west of the central business district of Tucson, Arizona. The market area includes residential and commercial uses, with limited industrial uses in the southwest portion of the market area, adjacent to the freeway. Access to the market area is considered good and public transportation is available along the arterial roadways of the market area.

Residential uses in the market area consist mainly of established medium density single-family housing and some larger multi-family developments. There are some lower density single-family uses located in the northeastern portion of the market area. There are some mobile home uses in the market area, primarily located in older mobile home parks. There is limited available vacant land south of Cortaro Farms Road other than smaller infill sites; however, the northwest portion of the market area is actively being developed with new residential subdivisions.

Commercial development within the market area is located along the major arterial roadways of Ina Road, Orange Grove Road, and Thornydale Road. The Arizona Pavilions shopping center, located on the west side of I-10 at Cortaro Farms in the northwestern portion of the market area, is a larger shopping center that includes a large variety of retail uses, commercial uses, and hotel uses that serves the adjacent market areas to the west and northwest, plus freeway-oriented businesses. Other large commercial shopping centers in and near the market area are located at the intersections of Orange Grove and Thornydale Road/River Road and Ina Road and Thornydale Road. There is also some commercial development along Silverbell Road, west of I-10. Commercial development is less intense in the northern portion of the neighborhood. There is newer commercial development located at the northeast corner of the I-10 and Cortaro interchange. The I-10 and Ina Road interchange was recently reconstructed, with some new and converted retail uses in the area. The Tucson Premium Outlet Mall is located at the Twin Peaks and I-10 interchange at the northern end of the market area.

**SITE DESCRIPTION**
The subject property is a somewhat irregular shaped parcel with approximately 2,400 feet of frontage on Cortaro Farms Road along the northern border, a depth of approximately 1,230 feet along the western border, and a depth of approximately 645 feet along the eastern border, a width of approximately 1,475 along the southern border, and a width of approximately 1,100 feet along the southeastern border of the subject property. The site has a total land area of 57.6 acres per the Pima County assessor and information provided in the attempted rezoning plan provided to the appraisers. The site currently has direct access from Cortaro Farms Road along the northern border and from Camino De Oeste along the southern border. The Camino De Oeste alignment runs through the central portion of the subject property and would be the primary access for any residential uses which may be potentially be developed on the subject property. In its current condition as of the date of value, the alignment for Camino De Oeste on the subject property is a rough graded area and is not an improved roadway. Most of the central portion of the subject property is below grade of Cortaro Farms Road, with the northeastern and northwestern areas of the property at grade.
level with Cortaro Farms Road. Cortaro Farms Road is a four-lane asphalt paved roadway with concrete center turn lane, concrete curbs, sidewalks, but no streetlights in the area of the subject. Cortaro Farms Road has a 2021 traffic count of 17,899 vehicles per day according to the Pima Association of Governments Transportation Management System.

The topography of the site is mostly rolling with areas of level topography located predominantly in the eastern and western sections of the site. There are several local washes traversing through the property, generally in a north/south direction that would be locally regulated with a hydrology study required to determine the erosion hazard setback areas from these washes. There is one wash located along the southeastern border of the subject property which is identified by Pima County as having a 25-foot erosion hazard setback. There is a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the subject property, with wildlife fencing located on the north side of Cortaro Farms Road from the subject property which directs the wildlife into the culvert. There are distant mountain views from the subject property. Soil conditions appear to be typical of the area. The central portion of the subject property is below grade of Cortaro Farms Road, with the northeastern and northwestern areas of the property at grade level with Cortaro Farms Road. Properties bordering the subject property include medium-density single family residential subdivisions to the south, east, and west; vacant land dedicated as offsite conservation land adjacent to the southwest; Cortaro Farms Road followed by a mix of medium density residential developments, a church, an elementary school, a fire station, vacant land, and large lot single-family residential uses to the north. Public utilities available to the property include electric (Tucson Electric Power), telephone (CenturyLink), natural gas (Southwest Gas), water (Tucson Water), and sewer (Pima County). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C0655L, dated June 16, 2011, the subject property is located outside of the 100-year FEMA floodplain. The property is in a seismic zone which is considered to have a low probability of seismic activity. The appraiser was not provided with a title report; however, the alignment for Camino De Oeste runs through the central portion of the subject and contains power lines running through the Camino De Oeste alignment and likely has a powerline easement encumbering the area within the Camino De Oeste alignment. Camino De Oeste improvements to a right-of-way would be required to provide access to any potential residential subdivision development on the subject property.

The entire subject property, excluding approximately two acres in the southeast portion of the site, is located within the Maeveen Marie Behan Conservation Land System (CLS) designated as a Special Species Management Area with substantial numbers of mature ironwood trees, and giant Saguaro cactus, other desert flora, and also serves as a partial wildlife corridor. The Special Species Management Area suggests that any potential development on the subject property should retain 80% of the land area as undisturbed open space. There are no other known easements, encumbrances, or restrictions that adversely affect the subject property.
ZONING
The subject site is zoned SR (Suburban Homestead), according to the Pima County Zoning Code (see Exhibits). This classification is a low density single-family residential zone. A wide range of conditional agricultural and ranch uses are permitted. The minimum lot size is 3.31 acres. There is no minimum lot width. The minimum distance between buildings is 20 feet. The maximum lot coverage by structures is 30 percent. The maximum building height allowed in this zoning is 34 feet with setbacks varying on adjacent property uses.

The subject property, as vacant, can be developed with up to 17 single family residences with minimum lot sizes of 144,000 square feet, or can be developed using a cluster option to develop the site with smaller lots, but would still be limited to a maximum of 17 lots allowable under the existing SR zoning.

PIMA COUNTY COMPREHENSIVE PLAN
The majority of the property, containing approximately 41.7 acres, is designated as Low Intensity Urban 0.3 (LIU 0.3) according to the Pima County Comprehensive Plan. The purpose of this designation is to "designate areas for low density residential and other compatible uses; to provide incentives for clustering residential development and providing natural open space; and to provide opportunities for a mix of housing types throughout the region." Only land area zoning and planned for residential use, or natural or cluster open space areas shall be included in gross density calculations. The maximum residential gross density is 0.3 residences per acre (RAC). Allowablezonings under the LIU 0.3 designation are GC, SR, SR-2, SH, CR-1, CR-2, and CR-3, and MR.

While this portion of the property allows for the above-mentioned rezonings, the maximum density allowed under comprehensive plan is the same RAC as the existing SR zoning of the site. Therefore, this portion of the site would not provide a greater density for the overall site than the existing zoning, as the property could be developed with a cluster option to reduce the minimum lot size without exceeding the density of development allowed under the existing SR zoning or the Comprehensive plan. Any rezoning attempt to secure a greater density of development would require an amendment to the Comprehensive Plan for this portion of the site.

The eastern 15.9-acre portion of the subject property, located within tax parcel number 225-33-059R is located in an area designated as MIU, Medium Intensity Urban according to the Pima County Comprehensive Plan. The zone is intended to "designate areas for a mix of medium density housing types and other compatible uses." Only land area zoned and planned for residential use, or natural or cluster open space areas, shall be included in gross density calculations. A maximum density of 10 residences per acre (RAC) is indicated for this designation. These areas provide an opportunity for a variety of residential types, including cluster option developments, and single family attached dwellings. Special attention should be given in site design to assure that uses are compatible with adjacent lower density residential uses. Residential Gross Densities for Developments Using Transfer of Development Rights (TDR's) shall conform to a minimum of 3 RAC and maximum of 5.
RAC density requirements. Allowable zonings under this designation include GC, CR-1, CR-2, CR-3, SH, CR-4, CR-5, CMH-1, CMH-2, MR and TR. Although this portion of the site is designated as MIU, this does not assure any rezoning and this area is subject to CLS requirements for set-aside of undisturbed open space.

**Conservation Lands System**

Almost the entire subject property, excluding approximately two acres located in the southeast portion of the site, is located within the Maeveen Marie Behan Conservation Land System (CLS) with a designation of Special Species Management Area. This is due to the substantial mature ironwood trees and giant Saguaro cactus located on the subject property. Additionally, the subject acts to serve as a partial wildlife corridor with a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the subject property, with wildlife fencing located on the north side of Cortaro Farms Road from the subject property that directs the wildlife into the culvert.

According to the Pima County Maeveen Marie Behan Conservation Land System, the *Special Species Management Area* is land crucial for the conservation of specific native floral and faunal species of special concern to Pima County. Currently, three species are designated as Special Species: cactus ferruginous pygmy-owl, Mexican spotted owl, and southwest willow flycatcher. Special Species and associated Conservation Guidelines may be added or deleted in the future based on the best available regional scientific information as developed by the Science Technical Advisory Team and added to or deleted from the Special Species Management Areas as shown on the CLS map. Such additions and/or deletions will be processed as a Comprehensive Plan amendment. Land use and management within these areas will focus on conservation, restoration, and enhancement of habitat for these species. Conservation Guidelines – At least 80 percent of the total acreage of lands within this designation shall be conserved as undisturbed natural open space and will provide for the conservation, restoration, or enhancement of habitat for the affected Special Species. As such, land use changes will result in 4:1 land conservation and may occur through a combination of on- and off-site conservation inside the Special Species Management Area. The 4:1 mitigation ratio will be calculated according to the extent of impacts to the total surface area of that portion of any parcel designated as Special Species Management Area. Development shall be configured in the least sensitive portion(s) of the property. Area(s) of undisturbed natural open space will be configured to facilitate the movement of the relevant Special Species through the landscape and will include those on-site conservation values essential to survival of the relevant Special Species. A transfer of development rights may be used in order to secure mitigation lands.

**Potential Rezoning**

Based on the existing Pima County SR zoning and the Comprehensive Plan, the subject property would require a successful plan amendment and a successful rezoning in order to develop the subject property with more than 17-singe family lots. Additionally, the CLS overlay greatly prohibits the amount of developable land area which would be available to develop lots and subdivision infrastructure due to the required open-space set aside requirements under the CLS.
The subject property owner has attempted to create a specific plan over the subject property to develop a single-family subdivision with a density which is similar to the adjacent properties. The proposed Specific Plan for the subject property had various concepts from all residential to also having a small commercial pad located at the intersection of Cortaro Farms Road and Camino De Oeste. The concept plans varied in the amount of land area to be left as undisturbed open space ranging from approximately 8% to 25% of the site, which is far less than the 80% called for in the CLS overlay. During the neighborhood meetings, the concept plans presented had substantial opposition from the neighbors and a local conservation group. Ultimately, the plan amendment and rezoning attempt to create a Specific Plan for the subject property was withdrawn by the property owner.

The subject property is located immediately adjacent to the Town of Marana, with the existing subdivision to the west of the subject property being located within the Town of Marana. The appraiser discussed the potential for the subject property to be annexed into the town of Marana for development with Mr. Steve Cheslick, Planning Manager for the Town of Marana. Mr. Cheslick indicated that there was an informal inquiry made to discuss the potential for annexation of the subject property into the Town of Marana. Mr. Cheslick stated that the Town of Marana indicated their response to the informal inquiry was there was no interest in annexation of the subject property at this time.

In discussions with Ms. Terri Tillman, Pima County Senior Planner, and Mr. Tom Drzazgowski, Pima County Chief Zoning Inspector, both indicated that if the property owner in their request for a specific plan had been willing to be more flexible for the amount of open space to be left open, that there would have been a stronger chance that the plan amendment and rezoning could have been successful. The opinions from Pima County zoning officials on the amount of open space required to be set aside on the subject site that would likely secure a successful plan amendment and rezoning attempt ranged from 50%-65% of the land area to be set aside as undisturbed open space, with only having a single-family residential use component and all mitigation to be done onsite. These comments expressed only what these individuals believed would be the minimum set aside that would be required in order to obtain an approval of a plan amendment and rezoning for the land. The final determination of the amount of set-aside would be made with a formal request and review by Pima County zoning with input from neighbors and other concerned parties given the sensitive habitat on the land. Based on these discussions with planning and zoning personnel, the appraiser believes it is reasonably probable that a set-aside of 55% of the land as open space would have the greatest chance of obtaining consensus and have the greatest chance of successfully amending the comprehensive plan and rezoning the property for a higher density residential subdivision on the site. While this in not a guarantee to be successful, this appraisal is based on the reasonable probability that the subject property owner would be able to successfully amend the Comprehensive Plan and rezone the property to develop the site with 55% of the site set aside as undisturbed open space, and develop with up to 115 lots using a cluster option subdivision on 45% of the land area (See extraordinary assumption). Per USPAP, the use of this extraordinary assumption might have affected the assignment results.
MARKET PROFILE – RESIDENTIAL
Starting in mid-2006, the market began to slow, and this trend continued into 2007, with a further slowdown in 2008 through 2010. Prices for residential properties leveled off and then decreased in all market areas. The demand for homes began to decline and fewer homes were purchased. The median price for homes also declined during this time. From 2011, there has been a steady recovery in the residential housing market, in all market areas. Market conditions for single-family residences increased significantly starting in mid-2020 due to low interest rates and limited inventory.

The following are the average number of days on market for single-family residences in the Tucson Market from 2006 through the third quarter of 2021, according to Multiple Listing Service (MLS). This data indicates that the average days on market for single-family residences increased from 2007 and peaked in 2010. Beginning in 2011, the number of days on market dropped significantly and was mostly stable from 2017 through 2019. The number of days on market decreased in 2020, with a substantial reduction in 2021.
The following is the median sale price for single-family residences for the Tucson market from 2006 through the third quarter of 2021, according to MLS. The median sale price for single family residences declined yearly from 2007 through 2011. Beginning in 2011 the median sales price for single family residences in the Tucson market gradually increased on a year over year basis, continuing through 2021.

![Median Sales Price - Tucson](chart)

The following is the number of sales of single-family residences in the Tucson Market from 2006 through the third quarter of 2021, according to MLS. The number of sales declined from 2006 through 2008. Beginning in 2009, the number of sales began a gradual upward trend, which continued through 2021.

![Number of Sales - Tucson](chart)
Starting in 2006, fewer single-family residential permits were issued due to the oversupply of lots and residential homes on the market at that time. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits remained mostly stable with some slight variations since 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019 but increased somewhat in 2020 and 2021. There is currently strong demand for residential properties due to low interest rates and low inventory.

Residential market conditions have increasing for most home types. Prices for some types of homes, specifically in homes priced below $300,000 had increased slowly starting in 2013, and prices have continued to increase. Increased demand due to low interest rates, the increase in available “remote” occupations, and a generally low amount of inventory for homes priced below $300,000 continue to place upward pressure on home prices. This has increased in mid-2020 due to low interest rates and limited inventory, although it is unknown how long this will last. Prices have increased significantly, and at a rapid pace, since mid-2020 through the year end 2021. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

**EXPOSURE/MARKETING TIME**

*Marketing time*, as utilized in this appraisal, is defined as:

"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.”

The reasonable *exposure time* is the period a property is on the market until a sale is consummated and as utilized in this appraisal, is defined as:

"The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.”

The reasonable exposure and marketing time is estimated to be six to twelve months based on the sales used in this report and based on conversations with brokers familiar with properties similar to the subject property.

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2.  Ibid, p. 83

**Highest and Best Use**
The Sixth edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute; 2015, p. 109), defines highest and best use as:

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

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

**Highest and Best Use as Vacant**

**Legal Considerations**
The subject site is zoned SR (Suburban Homestead), according to the Pima County Zoning Code (see Exhibits). This classification is a low density single-family residential zone. A wide range of conditional agricultural and ranch uses are permitted. The minimum lot size is 3.31 acres. There is no minimum lot width. The minimum distance between buildings is 20 feet. The maximum lot coverage by structures is 30 percent. The maximum building height allowed in this zoning is 34 feet with setbacks varying on adjacent property uses.

The majority of the property, containing approximately 41.7 acres, as Low Intensity Urban 0.3 (LIU 0.3) according to the Pima County Comprehensive Plan. The purpose of this designation is to “designate areas for low density residential and other compatible uses; to provide incentives for clustering residential development and providing natural open space; and to provide opportunities for a mix of housing types throughout the region.” Only land area zoning and planned for residential use, or natural or cluster open space areas shall be included in gross density calculations. The maximum residential gross density is 0.3 residences per acre (RAC). Allowable zonings under the LIU 0.3 designation are GC, SR, SR-2, SH, CR-1, CR-2, CR-3, and MR.

The majority of the property, containing approximately 41.7 acres, is designated as Low Intensity Urban 0.3 (LIU 0.3) according to the Pima County Comprehensive Plan. The purpose of this designation is to “designate areas for low density residential and other compatible uses; to provide incentives for clustering residential development and providing natural open space; and to provide opportunities for a mix of housing types throughout the region.” Only land area zoning and planned for residential use, or natural or cluster open space areas shall be included in gross density calculations. The maximum residential gross density is 0.3 residences per acre (RAC). Allowable zonings under the LIU 0.3 designation are GC, SR, SR-2, SH, CR-1, CR-2, CR-3, and MR.

While this portion of the property allows for the above-mentioned rezonings, the maximum density allowed under comprehensive plan is the same RAC as the existing SR zoning of the site. Therefore, this portion of the site would not provide a greater density for the overall site than the existing zoning, as the property could be developed with a cluster option to reduce
the minimum lot size without exceeding the density of development allowed under the existing SR zoning or the Comprehensive plan. Any rezoning attempt to secure a greater density of development would require an amendment to the Comprehensive Plan for this portion of the site.

The eastern 15.9-acre portion of the subject property, located within tax parcel number 225-33-059R is located in an area designated as MIU, Medium Intensity Urban according to the Pima County Comprehensive Plan. The zone is intended to "designate areas for a mix of medium density housing types and other compatible uses." Only land area zoned and planned for residential use, or natural or cluster open space areas, shall be included in gross density calculations. A maximum density of 10 residences per acre (RAC) is indicated for this designation. These areas provide an opportunity for a variety of residential types, including cluster option developments, and single family attached dwellings. Special attention should be given in site design to assure that uses are compatible with adjacent lower density residential uses. Residential Gross Densities for Developments Using Transfer of Development Rights (TDR's) shall conform to a minimum of 3 RAC and maximum of 5 RAC density requirements. Allowable zonings under this designation include GC, CR-1, CR-2, CR-3, SH, CR-4, CR-5, CMH-1, CMH-2, MR and TR. Although this portion of the site is designated as MIU, this does not assure any rezoning and this area is subject to CLS requirements for set-aside of undisturbed open space.

Almost the entire subject property, excluding approximately two acres located in the southeast portion of the site, is located within the Maeveen Marie Behan Conservation Land System (CLS) with a designation of Special Species Management Area. This is due to the substantial mature ironwood trees and giant Saguaro cactus located on the subject property. Additionally, the subject acts to serve as a partial wildlife corridor with a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the subject property, with wildlife fencing located on the north side of Cortaro Farms Road from the subject property that directs the wildlife into the culvert.

According to the Pima County Maeveen Marie Behan Conservation Land System, the Special Species Management Area is land crucial for the conservation of specific native floral and faunal species of special concern to Pima County. Currently, three species are designated as Special Species: cactus ferruginous pygmy-owl, Mexican spotted owl, and southwest willow flycatcher. Special Species and associated Conservation Guidelines may be added or deleted in the future based on the best available regional scientific information as developed by the Science Technical Advisory Team and added to or deleted from the Special Species Management Areas as shown on the CLS map. Such additions and/or deletions will be processed as a Comprehensive Plan amendment. Land use and management within these areas will focus on conservation, restoration, and enhancement of habitat for these species. Conservation Guidelines – At least 80 percent of the total acreage of lands within this designation shall be conserved as undisturbed natural open space and will provide for the conservation, restoration, or enhancement of habitat for the affected Special Species. As such, land use changes will result in 4:1 land conservation and may occur through a combination of on- and off-site conservation inside the Special Species Management Area. The 4:1 mitigation ratio will be calculated according to the extent of impacts to the total
surface area of that portion of any parcel designated as Special Species Management Area. Development shall be configured in the least sensitive portion(s) of the property. Area(s) of undisturbed natural open space will be configured to facilitate the movement of the relevant Special Species through the landscape and will include those on-site conservation values essential to survival of the relevant Special Species. A transfer of development rights may be used in order to secure mitigation lands.

Therefore, the subject property could be developed with a single-family residential subdivision but any potential plan amendment and rezoning would have to have a negotiated amount of set-aside as undisturbed open space confirming to the Conservation Land System (CLS).

Based on the existing Pima County SR zoning and the Comprehensive Plan, the subject property would require a successful plan amendment and a successful rezoning in order to develop the subject property with more than 17-single family lots. Additionally, the CLS overlay greatly prohibits the amount of developable land area which would be available to develop lots and subdivision infrastructure due to the required open-space set aside requirements under the CLS.

The subject property owner has attempted to create a specific plan over the subject property to develop a single-family subdivision with a density which is similar to the adjacent properties. The proposed Specific Plan for the subject property had various concepts from all residential to also having a small commercial pad located at the intersection of Cortaro Farms Road and Camino De Oeste. The concept plans varied in the amount of land area to be left as undisturbed open space ranging from approximately 8% to 25% of the site, which is far less than the 80% called for in the CLS overlay. During the neighborhood meetings, the concept plans presented had substantial opposition from the neighbors and a local conservation group. Ultimately, the plan amendment and rezoning attempt to create a Specific Plan for the subject property was withdrawn by the property owner.

The subject property is located immediately adjacent to the Town of Marana, with the existing subdivision to the west of the subject property being located within the Town of Marana. The appraiser discussed the potential for the subject property to be annexed into the town of Marana for development with Mr. Steve Cheslick, Planning Manager for the Town of Marana. Mr. Cheslick indicated that there was an informal inquiry made to discuss the potential for annexation of the subject property into the Town of Marana. Mr. Cheslick stated that the Town of Marana indicated their response to the informal inquiry was there was no interest in annexation of the subject property at this time.

In discussions with Ms. Terri Tillman, Pima County Senior Planner, and Mr. Tom Drzazgowski, Pima County Chief Zoning Inspector, both indicated that if the property owner in their request for a specific plan had been willing to be more flexible for the amount of open space to be left open, that there would have been a stronger chance that the plan amendment and rezoning could have been successful. The opinions from Pima County zoning officials on the amount of open space required to be set aside on the subject site that would likely secure a successful plan amendment and rezoning attempt ranged from 50%-
65% of the land area to be set aside as undisturbed open space, with only having a single-family residential use component and all mitigation to be done onsite. These comments expressed only what these individuals believed would be the minimum set aside that would be required in order to obtain an approval of a plan amendment and rezoning for the land. The final determination of the amount of set-aside would be made with a formal request and review by Pima County zoning with input from neighbors and other concerned parties given the sensitive habitat on the land. Based on these discussions with planning and zoning personnel, the appraiser believes it is reasonably probable that a set-aside of 55% of the land as open space would have the greatest chance of obtaining consensus and have the greatest chance of successfully amending the comprehensive plan and rezoning the property for a higher density residential subdivision on the site. While this in not a guarantee to be successful, this appraisal is based on the reasonable probability that the subject property owner would be able to successfully amend the Comprehensive Plan and rezone the property to develop the site with 55% of the site set aside as undisturbed open space, and develop with up to 115 lots using a cluster option subdivision on 45% of the land area (See extraordinary assumption). Per USPAP, the use of this extraordinary assumption might have affected the assignment results.

Physical Considerations
The subject property is a somewhat irregular shaped parcel with approximately 2,400 feet of frontage on Cortaro Farms Road along the northern border, a depth of approximately 1,230 feet along the western border, and a depth of approximately 645 feet along the eastern border, a width of approximately 1,475 along the southern border, and a width of approximately 1,100 feet along the southeastern border of the subject property. The site has a total land area of 57.6 acres per the Pima County assessor and information provided in the attempted rezoning plan provided to the appraisers. The site currently has direct access from Cortaro Farms Road along the northern border and from Camino De Oeste along the southern border. The Camino De Oeste alignment runs through the central portion of the subject property and would be the primary access for any residential uses which may be potentially be developed on the subject property. In its current condition as of the date of value, the alignment for Camino De Oeste on the subject property is a rough graded area and is not an improved roadway. Most of the central portion of the subject property is below grade of Cortaro Farms Road, with the northeastern and northwestern areas of the property at grade level with Cortaro Farms Road. Cortaro Farms Road is a four-lane asphalt paved roadway with concrete center turn lane, concrete curbs, sidewalks, but no streetlights in the area of the subject. Cortaro Farms Road has a 2021 traffic count of 17,899 vehicles per day according to the Pima Association of Governments Transportation Management System.

The topography of the site is mostly rolling with areas of level topography located predominantly in the eastern and western sections of the site. There are several local washes traversing through the property, generally in a north/south direction that would be locally regulated with a hydrology study required to determine the erosion hazard setback areas from these washes. There is one wash located along the southeastern border of the subject property which is identified by Pima County as having a 25-foot erosion hazard setback. There is a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the subject property, with wildlife fencing located on the north side of
Cortaro Farms Road from the subject property which directs the wildlife into the culvert. There are distant mountain views from the subject property. Soil conditions appear to be typical of the area. The central portion of the subject property is below grade of Cortaro Farms Road, with the northeastern and northwestern areas of the property at grade level with Cortaro Farms Road. Properties bordering the subject property include medium-density single family residential subdivisions to the south, east, and west; vacant land dedicated as offsite conservation land adjacent to the southwest; Cortaro Farms Road followed by a mix of medium density residential developments, a church, an elementary school, a fire station, vacant land, and large lot single-family residential uses to the north. Public utilities available to the property include electric (Tucson Electric Power), telephone (CenturyLink), natural gas (Southwest Gas), water (Tucson Water), and sewer (Pima County). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C0655L, dated June 16, 2011, the subject property is located outside of the 100-year FEMA floodplain. The property is in a seismic zone which is considered to have a low probability of seismic activity. The appraiser was not provided with a title report; however, the alignment for Camino De Oeste runs through the central portion of the subject and contains power lines running through the Camino De Oeste alignment and likely has a powerline easement encumbering the area within the Camino De Oeste alignment. Camino De Oeste improvements to a right-of-way would be required to provide access to any potential residential subdivision development on the subject property.

The entire subject property, excluding approximately two acres in the southeast portion of the site, is located within the Maeveen Marie Behan Conservation Land System (CLS) designated as a Special Species Management Area with substantial numbers of mature ironwood trees, and giant Saguaro cactus, other desert flora, and also serves as a partial wildlife corridor. The Special Species Management Area suggests that any potential development on the subject property should retain 80% of the land area as undisturbed open space. There are no other known easements, encumbrances, or restrictions that adversely affect the subject property.

The physical characteristics of the subject property, as vacant, would allow for the subject property to be developed with a single-family residential subdivision. We have projected that the subject property could be developed with 115 lots using a cluster option based upon the Extraordinary Assumption that the comprehensive plan could be amended and the subject property could be rezoned to allow the site to be developed with 55% of the land area set aside as undisturbed open space.

Financial Feasibility and Maximally Productive
Based upon the reasonable probability that the subject property could have a plan amendment and rezoning as indicated in the Extraordinary Assumption that the comprehensive plan could be amended and the subject property could be rezoned to allow the site to be developed with 55% of the land area set aside as undisturbed open space, and development occurring on 45 percent of the land area. The most Maximally Productive and Highest and Best Use of the
subject property, as vacant, would be to develop the site with a residential cluster subdivision with a total of 115 single-family lots.

**Extraordinary Assumption:** This appraisal is based on the Extraordinary Assumption that the subject property owner could successfully amend the comprehensive plan and rezone the property to allow the development of a single-family residential subdivision with leaving 55% of the subject property set aside as undisturbed open-space. This is considered reasonably probable as discussed in this report. Per USPAP, the use of this extraordinary assumption might have affected the assignment results.
PART IV - SUMMARY OF ANALYSIS AND VALUATION

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

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

Table of Comparable Land Sales

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Sale Date</th>
<th>Property Location</th>
<th>Sale Price</th>
<th>Site Size (Acres.)</th>
<th>No. of Lots</th>
<th>Price / Lot</th>
<th>Zoning</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>12/20</td>
<td>North of Old Vail Road, East of MaryAnn Cleveland Way</td>
<td>$4,748,000</td>
<td>38.80</td>
<td>139</td>
<td>$34,158</td>
<td>CR-4</td>
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<tr>
<td>2</td>
<td>01/21</td>
<td>East side of Sanders Road, North of Barnett Road</td>
<td>$5,000,000</td>
<td>26.81</td>
<td>146</td>
<td>$34,247</td>
<td>R-6</td>
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<td>3</td>
<td>07/21</td>
<td>Northeast corner of Houghton Road and 5th Street Alignment</td>
<td>$5,840,000</td>
<td>77.80</td>
<td>146</td>
<td>$40,000</td>
<td>SR</td>
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<td>4</td>
<td>06/20-1/22</td>
<td>South side of Cortaro Farms Road, West of Old Father Drive</td>
<td>$2,988,000</td>
<td>57.60</td>
<td>115</td>
<td>$25,983</td>
<td>SR****</td>
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<td>5</td>
<td>09/21</td>
<td>West side of Tortolita Road, South of Bajada Drive</td>
<td>$2,010,000</td>
<td>29.55</td>
<td>82</td>
<td>$24,512</td>
<td>R-144**</td>
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<tr>
<td>6</td>
<td>Escrow</td>
<td>South side of Naranja Drive, West of Pusch Ridge Vista Drive</td>
<td>$1,600,000***</td>
<td>58.00</td>
<td>40</td>
<td>$40,000</td>
<td>PAD</td>
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</tbody>
</table>

Subject Property

57.60  115*  SR**
Subject: South side of Cortaro Farms Road, west of Old Father Drive

Sale 1: North of Old Vail Road, East of MaryAnn Cleveland Way

Sale 2: East side of Sanders Road, North of Barnett Road, Marana

Sale 3: Northeast corner of Houghton Road and 5th Street Alignment

Sale 4: South side of Cortaro Farms Road, west of Old Father Drive

Sale 5: West side of Tortolita Road, South of Bajada Drive, north of Moore

Sale 6: South side of Naranja Drive, West of Pusch Ridge Vista Drive
LAND COMPARABLE NUMBER ONE (SALE)

LOCATION: North of Old Vail Road, East of Mary Ann Cleveland Way

LEGAL DESCRIPTION: Lots 1 through 139 and Common Areas A and B, of the Seasons of old Vail, Sequence 2020-3240071

STATE TAX PARCEL: 305-07-001C; -001F; -001H; 012E; 305-09-012E; -001F (Now individual lots 1-139 plus common areas)

RECORD DATA: 2020-3390922

DATE OF SALE: December 4, 2020

SELLER: Stewart Title and Trust of Tucson Trust

BUYER: Richmond American Homes of Arizona, LLC

CONFIRMED BY: Affidavit, Real Estate Daily, Costar, Assessor, Plat DFO; April, 2022

LAND DESCRIPTION: This site is an irregular shaped property with about 780 feet of frontage on Freeman Road on the northeast property line. The site has a length of about 1,300 feet along the northern property line and a total maximum length of about 3,000 feet along the southern property line. The property has access from Freeman Road, which is currently a dirt roadway in the area of the subject. There is no traffic count available for Freeman Road in the vicinity of this site. The site also has access from the extension of Becker Drive, which is a residential roadway that ends at the eastern property line. The topography is mostly level, sloping slightly in a southeasterly direction. Public utilities are available in the immediate vicinity of the site. According to FEMA Flood Insurance Rate Map 04019C2930L, dated June 16, 2011, the site is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain.

LAND SIZE: 38.8 acres per plat

NUMBER OF LOTS: 139
ZONING: CR-4
REPORTED SALE PRICE: $4,748,000
PRICE PER LOT: $34,158
MARKETING TIME: N/A
TERMS OF SALE: N/A
PRIOR SALE: Records of the Pima County Assessor indicate that no sales transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.
INTENDED USE: Develop a 139-lot subdivision.
COMMENTS: Property had a tentative plat in place at the time of purchase. The purchaser paid for the final platting and engineering during the escrow period.

Development is known as The Seasons at Old Vail, Lots 1-139, & Common Areas A & B

Average lot size is approximately 5,800 sq. ft.
LOCATION: East side of Sanders Road, North of Barnett Road, Marana

LEGAL DESCRIPTION: Lots 1-129 and Lots 135-151, and Common Areas A, D, E, F G, and I; The Village of Barnett; Marana, Pima County, Arizona

STATE TAX PARCELS: 217-41-0110 through 217-41-2620

RECORD DATA: Fee number 2021-0280846

DATE OF SALE: January 28, 2021

SELLER: RB Land Barnett Partners, LLC

BUYER: D.R. Horton, Inc

CONFIRMED BY: Will White, buyer’s broker (520-514-7454)
DFO; April, 2022

LAND DESCRIPTION: This is an irregular shaped property containing 146 Lots and common areas within a previously platted and engineered subdivision known as The Village of Barnett. This purchase was by DR Horton for a single-family residential subdivision phase II, with Phase I currently being developed at the time of this sale.

This property had not been physically improved at the time of sale, only platted, and engineered. The site has approximately 1050 feet of frontage on Sanders Road along the western border, a depth of approximately 1,250 feet along the northern border, and a depth of approximately 1,470 feet along the eastern border. The total land area of the property is 26.81 acres. The property has direct access from Barnett Road through Phase I of the property’s subdivision from the internal neighborhood roads. Barnett Road is a two-lane, asphalt-paved roadway with no concrete curbs, sidewalks, or streetlights in the vicinity of this property. Barnett Road has a 2021 traffic count of 765 vehicles per day in the vicinity of this site, according to the Pima Association of Governments. Sanders Road is a two-lane, asphalt-paved roadway with no concrete curbs,
sidewalks, or streetlights in the vicinity of this property. There is no traffic count available for Sanders Road in the area of this property. All utilities are available to the property. There are no easements which negatively impact the development of the site.

The topography is mostly level, sloping slightly in a southwesterly direction. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C0130L, dated June 16, 2011, with a designation of Zone X shaded, which are areas identified as being located within a FEMA of 500-year floodplain.

LAND SIZE: 26.81 acres

ZONING: R-6 (Residential) – Town of Marana

NUMBER OF LOTS: 146 lots

REPORTED SALE PRICE: $5,000,000

PRICE PER LOT: $34,247

MARKETING TIME: Not available

TERMS OF SALE: This was an all cash to the seller transaction

PRIOR SALE: Records of the Pima County Assessor indicate that no market sale transactions occurred within three years of the date of this sale. The following recorded documents were recorded within three years of the date of value; however, these were internal transfers of ownership and not market sale transactions: Documents 20210280846, 2021083200072, and 20183200072 (recording of the subdivision plat).

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Development of phase II which includes 146 lots and common areas for the Village at Barnett subdivision.

COMMENTS: Per the buyer’s broker, there were no extraordinary development costs and all utilities were available to the property at the time of sale.
LOCATION: Northeast corner of Houghton Road and 5th Street Alignment

LEGAL DESCRIPTION: A portion of the Southwest Quarter of Section 12, Township 14 South, Range 15 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 133-37-017G

RECORD DATA: 2021-11820568

DATE OF SALE: July 1, 2021

SELLER: Gegenheimer Properties, LLLP

BUYER: Meritage Homes of Arizona

CONFIRMED BY: Will White, listing broker (520-514-7454)
DFO; January, 2022

LAND DESCRIPTION: This site is an irregular shaped property with approximately 1,300 feet of frontage on Houghton Road on the western property line and approximately 2,500 feet along the Fifth Street alignment along the northern property line. The property has a small amount of a frontage on Broadway Boulevard on the southern property line. Access is from Houghton Road and Broadway Boulevard. Houghton Road is a two-lane, asphalt-paved roadway widening to four lanes near Broadway in the area of the subject. Houghton Road has a 2021 traffic count of 15,810 vehicles per day in the vicinity of the subject property. Broadway Boulevard is a three-lane, asphalt paved roadway with concrete curbs and a median in the area of the subject property. The topography is mostly level sloping somewhat in a northerly direction. Public sewer, phone, and electric are at the street. According to FEMA Flood Insurance Rate Map 04019C2307ML, dated September 28, 2012, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There are some small local washes crossing the property, primarily in the area of common areas.
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<thead>
<tr>
<th>LAND SIZE:</th>
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<tbody>
<tr>
<td>NUMBER OF LOTS:</td>
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<tr>
<td>CONDITIONS OF SALE:</td>
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<tr>
<td>INTENDED USE:</td>
<td>Develop a 146 lot single-family residential subdivision</td>
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</tbody>
</table>
LOCATION: South side of Cortaro Farms Road, West of Old Father Drive

LEGAL DESCRIPTION: A portion of Section 25, Township 12 South, Range 12 East, G&SRB&M, Pima County, Arizona; and a portion of Section 30, Township 12 South, Range 13 East, G&SRB&M, Pima County, Arizona.

STATE TAX PARCELS: 221-16-029D, -029E; 225-33-059M, -059R

RECORD DATA: Parcel 225-33-059R was purchased by the current owner on June 11, 2020 for $560,000 in two separate transactions on the same day according to Reordering Numbers 2020-1630640 and 2020-1630641.

Parcels 221-16-029D and 221-16-029E were purchased by the current owner on August 13, 2021 for $1,970,000, according to Reordering Number 2021-2250731. (These parcels were previously identified as parcel 221-16-029C).

 Parcel 225-33-059M was purchased by the current owner on January 7, 2022 for $458,000, according to Reordering Number 2022-0070471.

DATES OF SALE: June 11, 2020, August 13, 2021, and January 7, 2022

SELLER: Mountain Vista Unitarian Universalist Co, Tricar Investments, and Tucson City Church of Christ Inc.

BUYER: Craig Douglas LLC, Rhodock Holdings LLC, and Cortaro Farms 15 LLC (These entities are under related ownership).

CONFIRMED BY: Alan Murdock, buyer (in person)
DFO; April, 2022

LAND DESCRIPTION: The property is a somewhat irregular shaped parcel with approximately 2,400 feet of frontage on Cortaro Farms Road along the northern border, a depth of approximately 1,230 feet along the western border, and a depth of approximately 645 feet along the eastern
border, a width of approximately 1,475 along the southern border, and a width of approximately 1,100 feet along the southeastern border of the property. The site has a total land area of 57.6 acres per the Pima County assessor and information provided in the attempted rezoning plan provided to the appraisers. The site currently has direct access from Cortaro Farms Road along the northern border and from Camino De Oeste along the southern border. The Camino De Oeste alignment runs through the central portion of the property and would be the primary access for any residential uses which may be potentially be developed on the property.

In its current condition as of the dates of sale, the alignment for Camino De Oeste on the property is a rough graded area and is not an improved roadway. Most of the central portion of the property is below grade of Cortaro Farms Road, with the northeastern and northwestern areas of the property at grade level with Cortaro Farms Road. Cortaro Farms Road is a four-lane asphalt paved roadway with concrete center turn lane, concrete curbs, sidewalks, but no streetlights in the area of the property. Cortaro Farms Road has a 2021 traffic count of 17,899 vehicles per day according to the Pima Association of Governments Transportation Management System.

The topography of the site is mostly rolling with areas of level topography located predominantly in the eastern and western sections of the site. There are several local washes traversing through the property, generally in a north/south direction that would be locally regulated with a hydrology study required to determine the erosion hazard setback areas from these washes. There is one wash located along the southeastern border of the property which is identified by Pima County as having a 25-foot erosion hazard setback. There is a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the property, with wildlife fencing located on the north side of Cortaro Farms Road from the property which directs the wildlife into the culvert. There are distant mountain views from the property. Soil conditions appear to be typical of the area.
According to FEMA Flood Insurance Rate Map 04019C0655L, dated June 16, 2011, the property is located outside of the 100-year FEMA floodplain.

The entire property, excluding approximately two acres in the southeast portion of the site, is located within the Maeveen Marie Behan Conservation Land System (CLS) designated as a Special Species Management Area with substantial numbers of mature ironwood trees, and giant Saguaro cactus, other desert flora, and also serves as a partial wildlife corridor. The Special Species Management Area suggests that any potential development on the property should retain 80% of the land area as undisturbed open space. There are no other known easements, encumbrances, or restrictions that adversely affect the property.

**LAND SIZE:**
57.6 acres

**NUMBER OF LOTS:**
115 Lots (See comments)

**ZONING:**
SR, Pima County

The majority of the property, approximately 41.7 acres, is designated as Low Intensity Urban 0.3 (LIU 0.3) according to the Pima County Comprehensive Plan. The eastern 15.9-acre portion of the property is located in an area designated as MIU, Medium Intensity Urban according to the Pima County Comprehensive Plan.

Almost the entire subject property, excluding approximately two acres located in the southeast portion of the site, is located within the Maeveen Marie Behan Conservation Land System (CLS) with a designation of Special Species Management Area. This is due to the substantial mature ironwood trees and giant Saguaro cactus located on the subject property. Additionally, the subject acts to serve as a partial wildlife corridor with a culvert that directs wildlife under Cortaro Farms Road onto a wash area located in the western portion of the subject property, with wildlife fencing located on the north side of Cortaro Farms Road from the subject property that directs the wildlife into the culvert. This designation requires 80% of the property be set aside as undisturbed open space.
REPORTED SALE PRICE: $2,988,000

PRICE PER LOT: $25,983

MARKETING TIME: N/A

TERMS OF SALE: This is reported to be an all cash to the seller transaction.

PRIOR SALE: Parcels 221-16-029D and 221-16-029E (these parcels were previously identified as parcel 221-16-029C). This parcel had documents recorded on December 3, 2020 (Recording Number: 2020-3380114 and 2020-3380115) and on September 8, 2021 (Recording Number: 2021-2511099) with these recordings all being internal transfers of ownership and not market sale transactions.

Parcel 225-33-059R had a document recorded on December 27, 2021 (Recording Number: 2021-3610478) which was an internal transfer of ownership and not a market sale transaction of the property.

CONDITIONS OF SALE: This assemblage of parcels by the buyers were reported to have occurred under normal market conditions. The buyers are related parties.

INTENDED USE: To assemble the properties and secure a plan amendment to allow the property to be rezoned with a specific plan for the development of a single-family residential subdivision.

COMMENTS: Under the existing SR zoning, the property could be developed with up to 17 single-family residential lots, with the ability to use a cluster option to secure smaller lot sized while retaining the same density of a 0.3 RAC on the site.

After the appraiser discussed the property with Pima County Planning and Zoning personal, it is deemed reasonably probable that the property could successfully secure a plan amendment and rezoning to allow the property to be developed with 55% of the land area set aside as undisturbed open space, and
development occurring on 45 percent of the land area. Based on a typical RAC of 4.5, which is consistent with development in the area and the constraints of the site, the site was estimated to be able to be developed with up to 115 single-family lots.
LOCATION: West side of Tortolita Road, South of Bajada Drive, north of Moore Road

LEGAL DESCRIPTION: A portion of the Northeast Quarter of the Southeast Quarter of Section 26, Township 11 South, Range 12 East; G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 218-44-0840, 218-44-085A, and 218-44-087A

RECORD DATA: Fee number 2021-2440347

DATE OF SALE: September 1, 2021

SELLER: Melo LLC; Li-Hsin Change as Trustee of The Yu-Shuan Chang Trust; Richard I. Weiss and Nancy G. Weiss

BUYER: DR Horton, Inc

CONFIRMED BY: Affidavit, Real Estate Daily, Costar, Assessor, Plat DFO; April, 2022

LAND DESCRIPTION: This is an irregular “L” shaped property with approximately 660 feet of frontage on Tortolita Road on the eastern property line. The property has a width of approximately 1,300 feet along the northern property line and approximately 660 feet along the southern property line, and a depth of approximately 1,320 feet along the western property line. The property has access from Tortolita Road. Owl Head Road is a dirt roadway located to the west of the subject property. Tortolita Road is a two-lane, asphalt-paved roadway with no concrete curbs or sidewalks in the vicinity of this property. No traffic count is available for Tortolita Road in the area of the subject property. The topography is mostly level, sloping slightly in a southwesterly direction. All utilities are available in the street or near the property line. Offsite roadway at the corner of Moore Road and Tortolita as well as improvements to Owl Head Road are required per the
plat. According to FEMA Flood Insurance Rate Map 04019C1055L, dated June 16, 2011, with a LOMR dated March 17, 2017, the land is located in Shaded Zone X, in an area of 500-year flood.

LAND SIZE: 29.55 acres
NUMBER OF LOTS: 82 Lots
ZONING: R-144, Town of Marana
REPORTED SALE PRICE: $2,010,000
PRICE PER LOT: $24,512
MARKETING TIME: Not available
TERMS OF SALE: This was an all cash to the seller transaction.
PRIOR SALE: Records of the Pima County Assessor indicate that no market transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.
INTENDED USE: Development of an 82-lot single-family residential subdivision
LAND COMPARABLE NUMBER SIX (SALE)  ID: ORO 0219 8097A

LOCATION: South side of Naranja Drive, West of Pusch Ridge Vista Drive

LEGAL DESCRIPTION: Portion of the Eastern Half of the Northwest Quarter of Section 12, Township 12 East, Range 13 South

STATE TAX PARCEL: 224-28-156B; -156F; -158G; -156H; 156J; 224-30-3640

RECORD DATA: N/A

DATE OF SALE: In Escrow

SELLER: Davis Development & Properties LLC

BUYER: N/A

CONFIRMED BY: Thrac Paulette; listing broker, (520-904-5055)
DFO; April, 2022

LAND DESCRIPTION: This site is an irregular shaped property with about 675 feet of frontage on Naranja Drive along the northern property boundary. The site has a depth of approximately 2,575 feet. Naranja Drive is a two-lane, asphalt-paved roadway in the vicinity of this property. Naranja Drive has a 2021 traffic count of 8,646 vehicles per day in the vicinity of this site, according to the Pima Association of Governments. The topography is generally level, sloping slightly in a southerly direction. The majority of the property is located below grade of Naranja Drive and the properties to the east and west. Electric, sewer, water, and phone are available to the property. According to FEMA Flood Insurance Rate Map 04019C1090L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There is a local wash along the western property line.

LAND SIZE: 58 acres

NUMBER OF LOTS: 40 lots
ZONING: PAD (Oro Valley)

REPORTED SALE PRICE: $1,600,000 (list price)

MARKETING TIME: N/A

TERMS OF SALE: N/A

PRIOR SALE: Records of the Pima County Assessor indicate that no market transactions have occurred within three years of the date of valuation.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Development of a single-family subdivision containing 40 lots

COMMENTS: Average lot size of 55’ x 128’

Only tentative plat in place at time of escrow

Large portion of site is sloping and flood prone, but development to occur outside of the floodplain areas
## COMPARABLE LAND SALES ADJUSTMENT GRID

<table>
<thead>
<tr>
<th>Subject</th>
<th>Comp 1</th>
<th>Comp 2</th>
<th>Comp 3</th>
<th>Comp 4</th>
<th>Comp 5</th>
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<td>R-6</td>
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<td>P&amp;E</td>
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<td>$34,247</td>
<td>$40,000</td>
<td>$25,983</td>
<td>$22,584</td>
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* Based on 65% open space and a 4.5 RAC of the developable area of the property
** Requires plan amendment and rezoning
*** Requires rezoning

### Summary of Adjustments

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<tr>
<th>Unadjusted Price / Lot</th>
<th>$34,158</th>
<th>$34,247</th>
<th>$40,000</th>
<th>$25,983</th>
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<td>$30,240</td>
<td>$30,867</td>
<td>$26,582</td>
<td>$29,400</td>
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</tbody>
</table>

This analysis compares six vacant land sales of properties similar to the subject property on a price per lot basis. The comparable properties range in size from 26.81 to 77.80 acres, with a total number of lots ranging between 40 and 146. Sales prices range from $22,584 to $40,000 on a price per lot basis, before the adjustments. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

*Comparable Sale One* requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for location/views as this property is located in an area with inferior demand compared to the subject property. This sale warrants a downward adjustment for zoning as this property did not require a plan amendment and was already zoned to allow the property to be developed with a higher density residential subdivision while the subject requires a plan amendment and rezoning from the existing SR zoning. There is a downward adjustment for entitlements as this property as sold with a tentative plat in place compared to the subject property which is raw land. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.

*Comparable Sale Two* requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for location/views as this property is located in an area with inferior views and open space compared to the subject property. This sale warrants a downward adjustment for zoning as this property did not require a plan amendment and was already zoned to allow the property to be developed with a higher density residential subdivision while the subject requires a plan amendment and rezoning from the existing SR zoning. There is a downward adjustment for entitlements as this property as sold as a platted and engineered parcel compared to the subject property which is raw land that is not platted or engineered. There is a downward adjustment for site utility as this property is more level and has lower development costs compared to the subject property which has more rolling terrain and washes located on the site. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.

*Comparable Sale Three* requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location/views as this property is located in an area with superior demand compared to the subject property. This sale warrants a downward adjustment for zoning as this property does not require a plan amendment prior to attempting to rezone the site compared to the subject which requires a
successful plan amendment before attempting to rezone from its existing SR zoning to allow for a higher density of development. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.

*Comparable Sale Four* is the prior sale of the subject property and requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for site utility as the value of the subject property as assembled into a single property under common ownership has an increased plottage value compared to the sum of the purchase prices of each of the individual parcels that were purchased and assembled into to create the subject property as a single property. Overall, this sale indicates an upward adjustment on a price per lot basis in comparison to the subject property.

*Comparable Sale Five* requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for zoning as this property does not require a plan amendment prior to attempting to rezone the site compared to the subject which requires a successful plan amendment before attempting to rezone the site from its existing SR zoning to allow for a higher density of development. This sale requires an upward adjustment for site utility as this property has substantial offsite costs for required road improvements compared to the subject which does not have significant offsite costs. Overall, this sale indicates an upward adjustment on a price per lot basis in comparison to the subject property.

*Comparable Sale Six* requires an upward adjustment for conditions of sale as this property is currently in escrow at a sale price reported to be slightly above the list price according to the broker involved in the sale.

Physical adjustments include a downward adjustment for location/views as this property is located in an area with superior demand and views compared to the subject property. This sale warrants a downward adjustment for zoning as this property was already zoned to allow the property to be developed with a higher density residential subdivision while the subject requires a plan amendment and rezoning from the existing SR zoning. There is a downward adjustment for entitlements as this property as sold with a tentative plat in place compared to the subject property which is raw land. There is an upward adjustment for site utility as this property has more flood prone land and sloping areas with higher development costs compared to the subject property. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.
Sales Comparison Approach Summary

<table>
<thead>
<tr>
<th></th>
<th>Sale 1</th>
<th>Sale 2</th>
<th>Sale 3</th>
<th>Sale 4</th>
<th>Sale 5</th>
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<tr>
<td>Adjusted Sale Price/Lot</td>
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</tbody>
</table>

These six comparable sales indicate a price range of $26,582 to $33,099 per potential lot after adjustment. Comparable Sales Four is given the most weight as this is a prior sale of the subject property and requires the least number of physical adjustments. The remainder sales are given secondary weight as these sales required a greater amount/magnitude of physical adjustments. After analyzing the comparable sales, the conclusion of market value of the subject property by the sales comparison approach, as of April 1, 2022, is $30,500 per potential lot, times 115 potential lots, equaling $3,507,500.

Market Value Conclusion
As of the effective date of appraisal, April 1, 2022, and subject to the assumptions and limiting conditions set forth herein, based on a six to twelve-month marketing period, the subject property has a fee-simple market value of:

THREE MILLION FIVE HUNDRED SEVEN THOUSAND FIVE HUNDRED DOLLARS
($3,507,500)

Extraordinary Assumption: This appraisal is based on the Extraordinary Assumption that the subject property owner could successfully amend the comprehensive plan and rezone the property to allow the development of a single-family residential subdivision with leaving 55% of the subject property set aside as undisturbed open-space. This is considered reasonably probable as discussed in this report. Per USPAP, the use of this extraordinary assumption might have affected the assignment results.
PART V - ASSUMPTIONS AND LIMITING CONDITIONS

1. **Definitions.** "Appraisal," as herein defined, is the process of completing a service; namely, a valuation assignment. "Subject property" refers to the property which is the subject of the assignment. "Appraisers" are those persons, whether one or more, who have accepted the assignment and who have participated in the analyses, opinions, and conclusions formed in the appraisal. "Company" refers to Baker, Peterson, Baker & Associates, Inc. "Report" refers to this written document containing the analyses, opinions, and conclusions which constitute the appraisal.

2. **Liability.** The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraisers responsible for this report, is limited to the Client only, and to the fee actually received by the Company. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of any person other than the Client, the Client is responsible for making such party aware of all assumptions and limiting conditions related thereto. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the subject property, whether physical, financial, or legal.

3. **Title.** No opinion as to title is rendered. Data related to ownership and legal description was provided by the Client or was obtained from available public records and is considered reliable. Unless acknowledged in this report, no title policy or preliminary title report were provided. Title is assumed to be marketable and free and clear of all liens, encumbrances, and restrictions except those specifically discussed in the report. The property is appraised assuming responsible ownership, competent management, and ready availability for its highest and best use.

4. **Survey or Engineering.** No survey or engineering analysis of the subject property has been made by the appraisers. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraisers assume no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the value thereof, excepting those items which are specifically mentioned in the report.

5. **Data Sources.** The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the Client consider independent verification within these categories prior to any transaction involving a sale, lease, or other significant commitment of the subject property, and that such verification be performed by appropriate recognized specialists.
6. **Subsequent Events.** The date of valuation to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The appraisers assume no responsibility for economic or physical factors occurring after the date of valuation which may affect the opinions in this report. Further, in any prospective valuation assignment, the appraisers cannot be held responsible for unforeseeable events that alter market conditions prior to the date of valuation. Such prospective value estimates are intended to reflect the expectations and perceptions of market participants along with available factual data, and should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized.

7. **Adjustments.** The appraisers reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available subsequent to issuance of the report.

8. **Special Rights.** No opinion is expressed as to the value of any subsurface (oil, gas, mineral) or aerial rights or whether the property is subject to surface entry for the exploration or removal of materials except where expressly stated in the report.

9. **Value Distribution.** The distribution of total value in this report between land and improvements applies only under the specified highest and best use of the subject property as herein described. The allocations of value among the land and improvements do not apply to any other property other than the property which is the subject of this report.

10. **Legal or Special Opinions.** No opinion is intended to be expressed for matters which require legal expertise, specialized investigation, or a level of professional or technical knowledge beyond that customarily employed by real estate appraisers.

11. **Personal Property.** Unless expressly stated within this report, no consideration has been given as to the value of any personal property located on the premises, or to the cost of moving or relocating such personal property. Only the real property has been considered.

12. **Soil Conditions.** Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraisers. Therefore, it is assumed that existing soil conditions are capable of supporting development of the subject property in a manner consistent with its highest and best use without extraordinary foundation or soil remedial expense. Further, it is assumed that there are no hidden or unapparent matters (hazardous materials, toxic substances, etc.) related to the soil or subsoil which would render the subject more or less valuable by knowledge thereof.
13. **Court Testimony.** Testimony or attendance in court or at any other hearing (including depositions) is not required by reason of rendering this appraisal or issuing this report, unless such arrangements have previously been made and are part of a contract for services.

14. **Exhibits.** Maps, floor plans, photographs, and any other exhibits contained in this report are for illustration only, and are provided as an aid in visualizing matters discussed within the report. They should not be considered as surveys or scale renderings, or relied upon for any other purpose.

15. **Statute, Regulation, and License.** Unless otherwise stated within the report, the subject property is assumed to be in full and complete compliance with all applicable federal, state, and local laws related to zoning, building codes, fire, safety, permits, and environmental regulations. Further, it is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authorizations have been, or can be, readily obtained or renewed as related to any use of the subject property on which the value estimate contained herein is based.

16. **Hidden or Unapparent Conditions.** It is assumed that there are no hidden or unapparent conditions which, if known, would affect the analyses, opinions or conclusions contained in this report. This includes, but is not limited to, electrical, mechanical, plumbing, and structural components.

17. **Hazardous/Toxic Substances.** In this appraisal assignment, no observation was made of the existence of potentially hazardous material used in the construction and/or maintenance of the improvements, or from any other source, whether borne by land or air, including, but not limited to, asbestos, lead, toxic waste, radon, and urea formaldehyde. While not observed, and while no information was provided to confirm or deny the existence of such substances (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such substances. Unless otherwise stated, no consideration has been given to the presence of, nature of, or extent of such conditions, nor to the cost to “cure” such conditions or to remove any toxic or hazardous substances which could potentially affect the value or marketability of the property. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. This value estimate assumes that there is no such material on or in the property.

18. **Americans with Disabilities Act of 1990.** The ADA became effective on January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not
in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

19. **Disclosure.** Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, including the value estimate, the identity of the appraisers or their professional designations, or the company with which the appraisers are associated, shall be used for any purpose by anyone other than the Client as herein stated, without the prior written consent of the appraisers. Nor shall it be conveyed, in whole or in part, in the public through advertising, news, sales, listings, or any other media without such prior written consent. Possession of this report does not carry with it any right of public distribution.

20. **Type of Report.** This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

21. **Endangered and Threatened Species.** The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.

22. **Acceptance of Report.** Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.
PART VI - CERTIFICATION

WE CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

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

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

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

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

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

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

7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Foundation, the Code of Ethics and Standards of Professional Practice of the Appraisal Institute, and any other specifications submitted by the Client, including Title XI, FIRREA.

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

9. In accord with the Uniform Standards of Professional Appraisal Practice, we have the experience and knowledge to complete this assignment in a credible and competent manner.

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

11. The effective date of this appraisal is April 1, 2022.

12. We have made a personal inspection of the property that is the subject of this report.
13. Our firm has not appraised the subject property within three years prior to this assignment.

14. No one provided significant real property appraisal assistance to the persons signing this certification.

15. We are Certified General Real Estate Appraisers in the State of Arizona.

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139
Designated Supervisory Appraiser
Registration Number DS0007

Dan Orlowski
Certified General Real Estate Appraiser
Certificate Number 32195
# PART VII - EXHIBITS

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
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<td>A</td>
<td>Subject Plat Map</td>
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<tr>
<td>B</td>
<td>Aerial Photograph</td>
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<td>C</td>
<td>Zoning Map (Pima County)</td>
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<td>D</td>
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<td>E</td>
<td>Subject Legal Description</td>
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EXHIBIT C - ZONING MAP
(Pima County)
EXHIBIT E - LEGAL DESCRIPTION OF SUBJECT PROPERTY

(see following pages)
EXHIBIT A
Legal Description

PARCEL NO. 1:

All that portion of that parcel of land as shown on that Record of Survey recorded in Recording No. 20190920080, records of Pima County, Arizona and being a portion of the Northeast quarter of the Southeast quarter of Section 25, Township 12 South, Range 12 East of the Gila and Salt River Meridian, Pima County, Arizona and being more particularly described as follows:

Commencing at the Northeast corner of the Southeast quarter of said Section 25;

Thence South 00 degrees 00 minutes 27 seconds East along the Easterly line of said Southeast quarter, 1313.75 feet;

Thence North 89 degrees 51 minutes 43 seconds West, 661.59 feet to the TRUE POINT OF BEGINNING;

Thence continuing North 89 degrees 51 minutes 43 seconds West, 661.59 feet along the Southerly line of said Northeast quarter of the Southeast quarter of said Section 25 and also being the Northerly line of that subdivision recorded in Book 41 of Maps and Plats, Page 82, records of Pima County to the Southeast corner of that subdivision recorded in Recording No. 20153240274;

Thence North 00 degrees 01 minutes 55 seconds East, 1215.28 feet along the Westerly line of the Northeast quarter of the Southeast quarter of said Section 25 and Easterly line of Willow Vista, a subdivision recorded in Recording No. 20153240274, records of Pima County, Arizona to the Southerly curve of Cortaro Farms Road as shown on Recording No. 20162280557 and from which point the radius point of said curve bears South 01 degrees 44 minutes 31 seconds West;

Thence Easterly along said curve concave to the South, having a central angle of 00 degrees 22 minutes 57 seconds, a radius of 16868.19 feet and an arc length of 112.61 feet;

Thence North 88 degrees 09 minutes 01 seconds East, 199.53 feet to a point of curvature and from which point the radius point of said curve bears South 02 degrees 48 minutes 00 seconds West;

Thence Easterly along said curve concave to the South, having a central angle of 01 degrees 06 minutes 15 seconds, a radius of 16883.19 feet and an arc length of 325.36 feet;

Thence leaving said Southerly line of Cortaro Farms Road, South 01 degrees 06 minutes 56 seconds East, 1200.73 feet to the TRUE POINT OF BEGINNING;

EXCEPT all coal and other minerals as reserved in the Patent recorded in Book 218 of Deeds, Page 145.

PARCEL NO. 2:

All that portion of that parcel of land as shown on that Record of Survey recorded in Recording No. 20190920080, records of Pima County, Arizona and being a portion of the Northeast quarter of the Southeast quarter of Section 25, Township 12 South, Range 12 East of the Gila and Salt River Meridian, Pima County, Arizona and being more particularly described as follows:

Commencing at the Northeast corner of the Southeast quarter of said Section 25;

Thence South 00 degrees 00 minutes 27 seconds East along the Easterly line of said Southeast quarter, 183.22 feet to the Southerly right-of-way line of Cortaro Farms Road as recorded in Recording No. 20162280557, records of Pima County, Arizona and TRUE POINT OF BEGINNING;

Thence continuing South 00 degrees 00 minutes 27 seconds East, 1130.53 feet;
Thence leaving said Easterly line, North 89 degrees 51 minutes 43 seconds West, 661.59 feet;

Thence North 01 degrees 08 minutes 56 seconds West, 1200.73 feet to the Southerly right-of-way curve of Cortaro Farms Road as recorded in Recording No. 20162280557 and from which point the radius point of said curve bears South 03 degrees 54 minutes 15 seconds West;

Thence Easterly along said curve concave to the South, having a central angle of 01 degrees 05 minutes 20 seconds, a radius of 16883.19 feet and an arc length of 320.86 feet;

Thence South 85 degrees 00 minutes 24 seconds East, 111.26 feet;

Thence South 74 degrees 56 minutes 45 seconds East, 24.33 feet to a point of curvature from which point the radius point of said curve bears North 15 degrees 03 minutes 12 seconds East;

Thence Easterly along said curve concave to the North, having a central angle of 15 degrees 00 minutes 17 seconds, a radius of 893.51 feet and an arc length of 233.99 feet to the TRUE POINT OF BEGINNING;

EXCEPT all coal and other minerals as reserved in the Patent recorded in Book 218 of Deeds, Page 145.
EXHIBIT "A"
Legal Description

Parcel 1:

A portion of Parcel 225-33-059K as described in Docket 13154, Page 3390, Pima County Records, located in the Southwest Quarter of Section 30, Township 12 South, Range 13 East of the Gila and Salt River Base and Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the West quarter corner of said Section 30, said corner being a brass cap survey monument, stamped "RLS 18557";

THENCE South 00°07'36" East 30.00 feet to the Northwest corner of said Parcel;

THENCE continue South 00°07'36" East 45.00 feet upon the West line of said Parcel;

THENCE parallel to the North line of said Parcel, North 89°56'43" East 45.00 feet to the POINT OF BEGINNING;

THENCE continue North 89°56'43" East 300.00 feet;

THENCE South 00°07'36" East 190.00 feet;

THENCE South 38°21'30" East 135.74 feet;

THENCE South 00°07'36" East 391.70 feet;

THENCE South 89°52'24" West 384.00 feet to a point 45.00 feet East of the West line of said Parcel;

THENCE parallel to said West line and 45.00 feet distant, North 00°07'36" West, 688.70 feet to the POINT OF BEGINNING.

Parcel 2:

A 45 foot wide easement for ingress, egress and utilities located in that portion of Parcel 225-33-059K as described in Docket 13154, Page 3390, Pima County Records, located in the Southwest quarter of Section 30, Township 12 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, the sideline lying 45.00 feet to the left of the following described line:

COMMENCING at the West quarter corner of said Section 30, said corner being a brass cap survey monument, stamped "RLS 18557";

THENCE South 00°07'36" East 30.00 feet to the Northwest corner of said parcel;

THENCE continue South 00°07'36" East 45.00 feet upon the West line of said Parcel to the POINT OF BEGINNING;
THENCE continue South 00°07'36" East 1244.53 feet upon said West line to the POINT OF TERMINUS.

The sidelines of said easement to be lengthened or shortened as required to terminate on the property line.

Parcel 3:

A 45 foot wide easement for ingress, egress and utilities located in that portion of Parcel 225-33-059K as described in Docket 13154, Page 3390, Pima County Records, located in the Southwest quarter of Section 30, Township 13 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, the sideline lying 45.00 feet to the right of the following described line:

COMMENCING at the West quarter corner of said Section 30, said corner being a brass cap survey monument, stamped "RLS 18557";

THENCE South 00°07'36" East 30.00 feet to the Northwest corner of said parcel to the POINT OF BEGINNING;

THENCE North 89°56'43" East 399.93 feet upon the North line of said parcel to a curve, turning to the left, concave to the North, with a radius of 11,499.16 feet, from which the radius point bears North 02°20'06" East;

THENCE upon said curve, upon said North line through a delta angle of 2°23'23", an arc length of 479.60 feet;

THENCE North 89°56'43" East 191.73 feet to the POINT OF TERMINUS.

The sidelines of said easement to be lengthened or shortened as required to terminate on the property lines.
EXHIBIT A
Legal Description

Lots 3 and 4, and the East Half of the Southwest Quarter of Section 30, Township 12 South, Range 13 East of the Gila and Salt River Base and Meridian, Pima County, Arizona;

Except the North 1320 Feet of the East 1320 Feet thereof; and

Further except the north 30 feet thereof; and

Further except that portion described as follows:

Beginning at a found 5/8 inch iron rod, LS 10171, Monumenting the Southwest Corner of the North 1320.00 Feet of said Southwest Quarter of Section 30;

Thence South 89 Degrees 58 Minutes 29 Seconds East along the South line of the North 1320.00 Feet, a distance of 1320.13 Feet to a found 5/8 Inch Iron Rod, LS 10171, Monumenting the Southeast Corner of said North 1320.00 Feet;

Thence South 00 Degrees 07 Minutes 40 Seconds West along the East Line of said Southwest Quarter, a distance of 1317.34 Feet to a found Brass Disk in Concrete, PE 2663, Monumenting the Southeast Corner of said Southwest Quarter;

Thence South 89 Degrees 59 Minutes 48 Seconds West along the South Line of the Southwest Quarter, a Distance of 2383.71 Feet to a Found 3/4 Inch Open Pipe Monumenting the Southwest Corner of Lot 4;

Thence North 00 Degrees 00 Minutes 22 Seconds West along the West Line thereof, a distance of 1319.88 Feet to a set 1/2 Inch Iron Rod LS 4527 Monumenting the Northwest Corner of said Lot 4;

Thence North 49 Degrees 41 Minutes 44 Seconds East, a Distance of 696.08 Feet to a set 1/2 Inch Iron Rod LS 4527;

Then North 74 Degrees 31 Minutes 48 Seconds East, a Distance of 557.43 Feet to a set 1/2 Inch Iron Rod LS 4527 on the West Line of the East 1320.00 Feet of said Southwest Quarter;

Thence South 00 Degrees 08 Minutes 08 Seconds West along said West Line, a Distance of 600.00 Feet to the Point of Beginning; and

Further Except that parcel conveyed to Pima County, as recorded in Docket 8133 at Page 540 more particularly described follows:

All that part of Lot 3 of Section 30, Township 12 South, Range 13 East of the Gila and Salt River Base and Meridian, Pima County, Arizona, Described as follows:

Commencing at the Northwest Corner of said Lot 3;

Thence South 00 Degrees 11 Minutes 01 Seconds East Along the East Line of said Lot 3, a Distance of 30.00 Feet to a Point on the South Right-of-Way Line of Cortaro Farms Road as Shown on Map Recorded in Book 10 of Road Maps, Page 47, Being the True Point of Beginning;

Thence continuing South 00 Degrees 11 Minutes 01 Seconds East, a Distance of 10.00 Feet to a point;
Thence South 89 Degrees 49 Minutes 49 Seconds West, Parallel to the North Line of said Lot 3, a Distance of 192.22 Feet to a point of curvature;

Thence Northwesterly along the arc of a curve to the right, having a radius of 11,499.16 Feet, a central angle of 02 Degrees, 23 Minutes 23 Seconds, an Arc Distance of 479.61 feet to a point on the Southerly Right-of-Way line of Cortaro Farms Rd;

Thence North 89 Degrees, 49 Minutes, 49 Seconds East, a Distance of 671.68 Feet to the True Point of Beginning;

Further Except that portion conveyed in Deed Recorded in Docket 13224 at Page 2577

Further Except that portion conveyed in Deed Recorded at Sequence No. 20162140519

Further Except that portion conveyed in Deed Recorded at Sequence No 20162290262

(JV ARB 15)
EXHIBIT F - SUBJECT PHOTOGRAPHS

PHOTO 1 – VIEW SOUTHWEST FROM CORTARO FARMS

PHOTO 2 – VIEW SOUTHEAST FROM CORTARO FARMS
PHOTO 3 – VIEW SOUTH AT CAMINO DE OESTE ALIGNMENT FROM CORTARO FARMS

PHOTO 4 – VIEW SOUTHEAST AT CAMINO DE OESTE ALIGNMENT FROM CORTARO FARMS
PHOTO 5 – VIEW SOUTHWEST AT CAMINO DE OESTE ALIGNMENT

PHOTO 6 – VIEW SOUTHEAST FROM NORTHEAST CORNER
PHOTO 7 – VIEW SOUTH FROM NORTHEAST CORNER

PHOTO 8 – VIEW SOUTHWEST ACROSS PARCEL FROM NORTHEAST CORNER
PHOTO 11 – VIEW NORTHEAST FROM CENTRAL SOUTH POSITION OF LAND

PHOTO 12 – VIEW SOUTH FROM CENTRAL PORTION OF PROPERTY
PHOTO 13 – VIEW SOUTHWEST FROM CENTRAL PORTION OF PROPERTY

PHOTO 14 – VIEW EAST FROM EASTERN PORTION OF PROPERTY
PHOTO 15 – EAST ALONG CORTARO FARMS

PHOTO 16 – VIEW WEST ALONG CORTARO FARMS
Subject: Southeast corner of Davis Road and Central Highway, McNeal

Sale 1: East side of Highway 191, south of Lee Road alignment

Sale 2: South side of Webb Road, west of Martineau Road

Sale 3: North side of Davis Road, east of Frontier Road, McNeal

Sale 4: South side of Eastland Road, east of Highway 191

Sale 5: East side of Bell Ranch Road, north of Baker Road
EXHIBIT G - QUALIFICATIONS

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

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

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

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

TIM HALE is a staff appraiser specializing in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 1023143). He graduated from Arizona State University with a Bachelor's Degree in Justice Studies.

ROBERT PARKER and JOSHUA BAKER are production coordinators and support technicians.
Arthur Pack Regional Park
Parcels of Concern
Subdivisions as of Dec. 31, 2005
Preserves as of Dec. 31, 2005

Image Source: PAG, 2005
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May 25, 2022

Alan Murdock
Cortaro Farms 15, LLC; Rhodock Holdings, LLC; Craig Douglas, LLC
4007 East Paradise Falls Drive, Suite 125
Tucson, Arizona 85712

Re: Potential County Interest in Property Located Near Cortaro Farms Road and Oldfather Drive

Dear Mr. Murdock,

As you are aware, Pima County has expressed a potential interest in acquiring property owned by you at the referenced location, which was the subject of a recently withdrawn Comprehensive Plan amendment and Specific Plan request (P21SP00001). As part of this interest, Pima County has performed appraisals of the property considering the following development scenarios: 1) existing “As Is” zoning; and 2) an “As if Rezoned” condition with 45 percent of the site developed for 115 residential lots.

The “As Is” appraisal report estimates a value based on the current SR (Suburban Ranch) zoning. The appraisal estimates that 17 SR lots can be developed on the 57.6 acres using a cluster option to reduce development costs. The appraisal opines a value of $1,190,000, or $70,000 per lot.

The “As if Rezoned” appraisal report estimates a value based on an assumption that the property owner could successfully amend the Pima County Comprehensive Plan and rezone the property to allow 45 percent of the total 57.6 acres to be developed with an estimated 115 residential lots. The density of the development would be 4.5 residences per acre on the usable portion, leaving 55 percent of the site as undisturbed set-aside land. The appraisal opines a value of $3,507,500, or $30,500 per lot.
I understand that Pima County Real Property Services Director Jeff Teplitsky has provided a copy of the “As if Rezoned” appraisal to you, and has had discussions with you about your willingness to sell the property at the County appraised values. It is also my understanding that you have indicated that the property has higher value based on other unsolicited purchase offers and you are not interested in selling at the County appraised values.

Recognizing there have only been informal conversations, I am seeking to better understand your position on a potential sale to Pima County, including your estimation of value ideally supported by a valid appraisal. I would appreciate a written response outlining your position.

Sincerely,

Jan Lesher
County Administrator

c: Carmine DeBonis Jr., Deputy County Administrator for Public Works
    Linda Mayro, Director, Office of Sustainability and Conservation
    Jeff Teplitsky, Director, Real Property Services Department