APPRAISAL REPORT

A 15.211 Acre Tract of Vacant Excess Land
Without Legal or Physical Access
Located Along the North Side of the
Loop 202 Freeway East of Kyrene Road
Chandler, Arizona 85286

ADOT Parcel No. L-M-432-B

APPRAISAL COVER SHEET

PARCEL NO.:	L-M-432-B
OWNER NAME:	Arizona Department of Transportation
ADDRESS:	205 South Seventeenth Avenue
	Phoenix, Arizona 85007
LOCATION OF PROPERTY:	Along the North Side of the Loop 202 Freeway
	East of Kyrene Road
	Chandler, Arizona 85286
PROJECT:	H089301R
HIGHWAY:	SANTAN FREEWAY
SECTION:	I-10 - Price Road
CONTRACT NUMBER:	AD14-052969 #JW-14-005
DATE OF APPRAISAL:	July 31, 2014
DATE OF VALUATION:	July 12, 2014
APPRAISER:	[redacted]

[redacted]

July 31, 2014

Mr. Steve Troxel
Right of Way Operations
Arizona Department of Transportation
205 South 17th Avenue, Mail Drop 612 E
Phoenix, Arizona 85007

RE: Appraisal of a landlocked 15.211 acre tract of excess land located along the north side of the Loop 202 Santan Freeway known as ADOT Parcel No. L-M-432-B, in Chandler, Arizona 85286.

Dear Mr. Troxel:

At your request we have completed an appraisal of the above referenced tract of excess land that was created when the right of way for the Loop 202 freeway was acquired. The property is 15.211 acres in size and is slightly irregular in shape. It has frontage on the Loop 202 freeway to the south but has no physical or legal access to the site and has no visibility from the freeway due to a large sound wall that runs between the freeway and its common border with the subject property. The Arizona Department of Transportation is in process of disposing of the property as excess land and as a result has had it appraised.

The purpose of the appraisal is to estimate the market value of the subject property. The intended use of this report is to assist the Arizona Department of Transportation (ADOT) in disposing of the site as excess land. The intended user is ADOT. This report is not to be used by any other party or for any other purpose without the written consent of Harding & Associates. This report is written in narrative form.

The property was inspected and analyzed for the purpose of estimating its market value, as defined in this report, as of July 12, 2014. The report is prepared to conform to the 2014-15 edition of the Uniform Standards of Professional Appraisal Practice (USPAP) and the appraisal standards and specifications of ADOT, as I understand them. It contains a description of the property appraised and the analysis of the data leading to the value stated. The data, opinions, and conclusions discussed are subject to the assumptions and limiting conditions contained in the addenda of this report.

As a conclusion of the analysis, the estimated value of the fee simple interest in the property as of July 12, 2014, is:

TWO MILLION TWO HUNDRED NINETY THOUSAND DOLLARS
($2,290,000)

Data used to support this value conclusion is presented and analyzed in the accompanying report. It is noted that no environmental hazards were noted to be influencing the subject property at the time of inspection, nor were there any underground site improvements identified.

The underlying assumptions and limiting conditions pertaining to this report are contained in the "Certificate of Appraiser" immediately following the Auditing Breakdown section of this report and in the first exhibit in the Addenda. These assumptions and limiting conditions are an integral part of the report and are only placed at the end to facilitate reading of the report, not to minimize their importance.

Respectfully,

[redacted]

[redacted]

[redacted]

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Type of Property:	Vacant residential land that is landlocked.
Location:	Along the north side of the Loop 202 Santan Freeway, east of Kyrene Road in Chandler, Arizona 85286.
Purpose of Appraisal	Estimate market value of the fee simple interest in the subject property.
Intended Use of the Appraisal:	To assist in disposition of the property as excess land.
Hypothetical Conditions: None	
Legal Description:	The legal description provided by the client for the property is lengthy and is shown as "Exhibit A" found in Exhibit 7 of the Addenda.
Tax Parcel Number:	Portions of Maricopa County Assessor's parcel numbers 301-88-005N and 301-88-005P.
Site Area:	15.211 Acres or 662,603 square feet according to the legal description.
Zoning:	PAD, planned area development, by the City of Chandler.
Site Improvements:	The site is vacant. The only site improvements include perimeter concrete block walls on two sides and a freeway sound wall on the other two sides, plus a small area that has asphalt pavement that is of no use or value.
Highest & Best Use:	Resolve the access issue and hold the site for future single family residential development.
Value Estimate Of Total Property:	$2,290,000
Date of Valuation:	July 12, 2014
Date of Inspection:	July 12, 2014

[redacted]

Appraisal Reporting Standards: This report is drafted to adhere to the Uniform Standards of Professional Appraisal Practice (USPAP) plus the appraisal standards and specifications of the Arizona Department of Transportation as I understand them. This report is written in summary format.

Appraiser: [redacted]

[redacted]

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[redacted]

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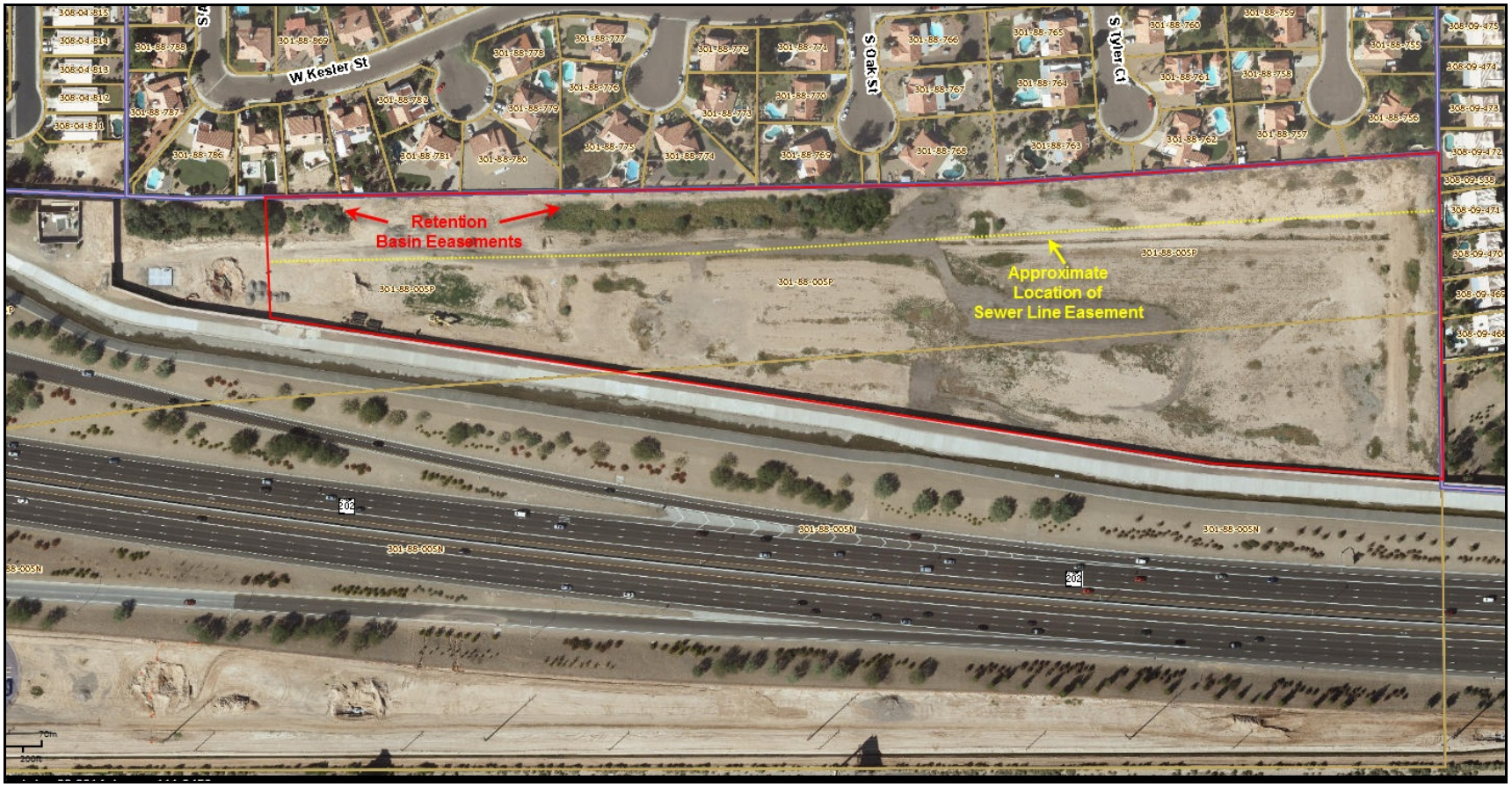

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INTRODUCTION

The property that is the subject of this report is a 15.211 acre parcel of vacant land that is landlocked. It is located along the north side of the Loop 202 Santan Freeway east of Kyrene Road in Chandler, Arizona. When the property was purchased for the freeway right of way, it had access from the south or west borders but not the north or east borders. Once the freeway was constructed the access from the south or west was removed, leaving the site landlocked.

The tract is irregular in shape and consists of portions of two assessor's parcels that the Arizona Department of Transportation (ADOT) acquired in 2000 to build the Loop 202 freeway. ADOT has been marketing the site as excess land. However, the size of the parcel has changed slightly recently due to a transfer of a small portion of the land to the City of Chandler. As a result they have had our previous appraisal updated. An aerial photo of the property is shown on the previous page.

The property and related market influences are discussed later in this report. Maps and exhibits are shown throughout the text of this report. Subject photos and other exhibits are shown in the Addenda. Much of the information discussed above is repeated or defined specifically on following pages in more technical style to meet the requirements of the Uniform Standards of Professional Appraisal Practice.

Scope of Work

The purpose of this appraisal is to estimate market value of the fee simple interest in the subject property, as of the date of valuation. The client and intended user is the Arizona Department of Transportation. The intended use is to assist ADOT in disposition of the site as excess land. No hypothetical conditions or extraordinary assumptions are made for the report. It is noted that this firm completed an appraisal of a slightly larger tract of which this parcel is a part. Other than this prior appraisal, we have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

PROPERTY IDENTIFICATION

Tax Parcel Numbers

The subject property consists of portions of four Maricopa County Assessor's parcels numbered 301-88-005N and 301-88-005P.

Legal Description

The legal description provided by the client for the property is lengthy and is shown as "Exhibit A" on the last two pages of Exhibit 7 of the Addenda.

Development History

The subject site is vacant land. Other than some old asphalt pavement there is no indication that this site was ever developed.

Owner of Record

The owner of record is:

Arizona Department of Transportation
205 South 17th Avenue
Phoenix, Arizona 85007

Five Year Chain of Title

According to Real quest Real Estate Data Service, there have been no ownership transfers of any of the parcels since ADOT acquired the land in 1990.

Current Listing Price and Offerings

Although the site is excess land, it is not presently being marketed by the client for the last 6-8 months according to their website and confirmation with Debra Fisher of the ADOT property management and excess land disposition division. Previously the 16.197 acre parcel was listed for $2,560,000, the value concluded in our prior appraisal. When it was listed there had been some interest but no written offers according to Ms. Fisher.

Owner Contact and Site Inspection

The property owner is the client and therefore no owner contact was necessary. The property was inspected on July 12, 2014. No one besides the appraiser was present.

Exposure Period

Based upon information seen in the market, the projected exposure time required to sell the subject property on the open market is nine to twelve months based upon analysis of current market conditions, discussions with market participants and observers, and by comparison with marketing periods of the sales included in this report, where available. This conclusion is based upon the assumption that the property is properly marketed by a professional brokerage specializing in this type of property and at a price that is equal to or near the value concluded in this appraisal.

Easements and Encumbrances

A title report provided by the client dated May 28, 2014 is shown in the addenda. A review of Schedule B of the title report shows eleven exceptions to the title, including several easements. Most are for utility lines but one is for a retention basins to the benefit of the subdivision to the north of the subject. Total area of the easement appears to encumber an estimated 75,395 square feet, or 1.731 acres along two segments of the north property border. Other easements include one to Salt River Project, the City of Chandler for sewer lines, and other easements. property. It is noted that a vehicular non-access restriction runs along the south and west asides of the property, prohibiting any access to or from the existing freeway.

It is assumed that there are no other easements, known or unknown, that impact the utility or marketability of the property. In the event that an updated title report shows adverse restrictions or easements, the appraiser reserves the right to review the value indicated in this appraisal and to alter the value conclusion, if necessary.

Hazardous Wastes

No toxic waste or contaminant has been identified on the site, although the entire site was not inspected. According to the environmental checklist completed by ADOT, the site is free and clear of any known contaminants. However, it does not mean that such materials do not exist, either on or under the property. The appraiser is without the expertise to identify or detect such substances. Because of the liability generated if toxic materials are found on the site, it is strongly recommended that a specialist in detection of toxic waste be retained and the site checked for possible contamination.

If a toxic waste or contaminant is detected, the value estimate concluded in this report is no longer valid. If a reappraisal is required, it will be made at an additional charge and upon receipt of any additional information requested, including descriptions of the toxic waste or contaminant and the cost of removal.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate market value of the fee simple interest in the subject property, as of the date of valuation. The intended use is to assist the client in disposition of the site as excess land. The intended user is ADOT.

DEFINITION OF MARKET VALUE

The definition of market value applied in this assignment, pursuant to the Arizona Revised Statute 28-7091, is as follows:

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

PROPERTY RIGHTS APPRAISED

The **fee simple estate** of the parcel is appraised, subject to the limitations and restrictions shown on schedule B of the title report in the addenda. The fee simple estate is defined as:

> "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."[1]

Division of Personalty and Realty

It is noted that no personal property, business value or going concern values are considered in the subject value estimate. There are no known items of personal property attached to the site.

Date of Inspection and Valuation

The site was most recently inspected on July 12, 2014. This is also the date of valuation.

Tenant Information

No leases impact the title of the subject property.

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[1] Appraisal Institute, *The Dictionary of Real Estate*, 4th Edition, (Chicago: 2002), p.113

APPRAISAL PROCESS

An appraisal involves a specific process in order to form an opinion of the market value of the fee simple interest in the property. The process includes the following steps: 1) inspection of the subject property to identify the physical, locational and economic characteristics of the property relative to competing properties; 2) research and investigation of public records and interviews with public officials relating to the property and competing properties to identify legally permitted uses and availability of public amenities; 3) performing a search of public records to identify sales of competing property in the market; 4) interviews with market participants including confirmation of relevant data for analysis of the sales and to identify those sales that are most similar to the subject property; 5) formulating an opinion of the highest and best use of the subject property; and; 6) analysis of the sales comparison approach. Since the cost and income approaches apply to improved properties, they are not applicable in this case. The sales comparison approach is discussed in the Valuation section of this report.

Extent of Data Collection Process

In order to analyze the forces affecting the subject market and the property's competitive position within the market, a number of independent investigations were conducted. Regularly updated data from published data services pertaining to the subject market and competing properties was referenced to gain current information on market conditions. Current sales data was gathered on numerous comparable properties in the subject market area and recorded affidavits of property value were checked to verify preliminary information. From this data search, the most comparable properties were selected for use supporting a value estimate for the site.

Data used in the discussion of the Arizona and Phoenix metro area was gathered from many sources including Phoenix daily newspapers, publications by Arizona State University and the University of Arizona, and from other sources. Neighborhood data was collected by driving the area and making observations on location, nature, and condition of surrounding improvements and features. Observations discussed in the site and improvement description sections as well as observations on quality and condition is based upon personal inspection of the property.

All sales data applied in this report was confirmed from one or more of the following data sources:

Arizona Regional Multiple Listing Service
Costar Real Estate Data Service
Loopnet Real Estate Sales Data Service
Affidavits of Property Value
Owners or their representatives
Maricopa County Records

The data collected and employed in the analysis is referenced throughout the report and typically includes the source of the data, degree of reliability, and overall significance of the data. From these investigations and data sources, the most relevant information was selected for analysis in supporting an estimate of value for the subject property. The next section discusses broad economic and real estate market trends influencing the subject property. The subject neighborhood and site are described subsequently.

REGIONAL SUMMARY

Since all parties concerned with this report are familiar with general conditions in the Phoenix area, most of the area description is omitted. Only a summary of conditions is included.

Overall, Arizona and the Phoenix metropolitan area offer many positive attributes. The area's favorable location within the sunbelt, affordable housing, cultural and recreational amenities and economic diversity are expected to result in continued population growth. This is demonstrated by past increases in annual population and employment growth rate statistics and a low unemployment rate relative to other regions and to the nation. These conditions are expected to continue once the current national recession is weathered.

Overview of Real Estate Markets

After a period of record setting growth in the housing market in 2003-2005 that spurred new construction in most other segments of the commercial and industrial sectors, the residential home market is languishing in a period of over-supply. New home construction has been effectively halted by all of the major production home builders who are presently offering a variety of incentive packages to sell existing inventory. Subdivisions in the most outlying areas typically have suffered the greatest impact in terms of value. In certain sub-markets, including the subject sub-market of Chandler and Gilbert, between th middle of 2012 and the middle of 2013, demand has actually been strong enough to catch up with supply and new lots are being sought by the home building companies. This fueled a short but strong period of activity in the residential development land market that is reported to have flamed out in early 2014, due to concerns in the home builder and speculator segments of the land market that the residential strength could not be sustained. Recent numbers in the new home market show demand is fluctuating, with new home construction in June 2014 off by 8% compared to May 2014.

The inventory of resale homes throughout the valley home market hovered at between 40,000 and 60,000 homes for sale during the period including 2009 and 2010, and into early 2011. During 2011 and into 2012 inventory dropped to less than 15,000, helping to stabilize values in many areas. Although the foreclosure market continues to have some effect on the market, it has dropped significantly in 2014 and is far less of a negative factor than it was in 2009-2012. As values have risen quickly in 2013 as a result of reduced supply, the market is again reacting and inventory is increasing, prices stabilizing and marketing times increasing.

In step with the downturn in the housing market, the retail and office markets suffered a steep decline in occupancy rates and rental income. Vacancies rose during the downturn and many national retailers cancelled plans to expand into the area. There are a few pockets where retail is starting to see positive absorption but virtually no new construction of retail uses except perhaps for specialty users.

The office market is in a similar stage of over-supply, but with a higher number of new construction than retail. Most notably is the Price Road corridor south of the Loop 202 freeway south of the southern terminus of the Loop 101 freeway. It is emerging as a high-tech and office corridor in the southeast valley and has had a positive impact on surrounding areas. As this is within the area nearby the subject, its strength also helps bolster the location of the subject property.

The industrial market is presently the strongest of the commercial use types, adding new user and speculative space, mostly in the very large size category and mainly in the southwest Phoenix market area. Although overall vacancy rates remain relatively high, certain size and use types of industrial buildings are in short supply, spurring the new construction. Several national retailers and internet companies have constructed major distribution centers in the southwest submarket over the last 18 months.

The speculative development land market experienced a tremendous run up in values during the period from 2004 through 2007 in part as a result of strong profits created by the home builders who sought new sites for future subdivisions. Another key component of this run up was a large amount of buyers from Las Vegas who were cashing out of developments in Nevada where available new developable land was drying up. These buyers created rapid appreciation in several future development areas including land surrounding Surprise, Peoria and Maricopa. However, this upward trend in value came to an abrupt halt somewhere between September 2005 and June 2006, depending on the location and upon the reliability of sales data that can be used to draw a conclusion on the change in the trend. It is widely agreed that the market had stopped appreciating sometime in 2006 and has shown a strong decline in value since that time, with an increase in the rate of decline since late 2008, then slowing again in 2010. Most of the sub-markets appear to have bottomed out in late 2011 or early 2012.

Presently, most markets have shown signs of moderate to strong recovery since early 2013, depending mainly on location. This is true for the subject's competing market as well. However, 2014 has been reported by several seasoned brokers to be viewed with much uncertainty and as a result the number of sales in 2014 has reportedly dropped. The trend in value during this period has not emerged yet to indicate whether a decline in value has begun, but to date it appears that a modest increase may be continuing.

Summary of Regional Description

The Phoenix metropolitan area has grown into a center for government, transportation, and commerce for most of the southwestern United States. Its warm climate, affordable housing, cultural and recreational amenities, and economic diversity are expected to result in continued population and employment growth over the next several years once the national recession is weathered. Its residential real estate market is recovering from a period of dramatic correction following a period of rapid growth and appreciation. The current stage of recovery includes a great deal of uncertainty, investor concern and price fluctuation, as many outside factors, mainly Federal government actions, continue to negatively impact the stability of the real estate market. The commercial and industrial markets are in similar stages of recovery as well and speculative land has been similarly affected.

NEIGHBORHOOD DESCRIPTION

The subject property is located within an established neighborhood in the southeast valley. The area included within the neighborhood is a combination of residential subdivisions and newer industrial/commercial uses intermixed that serve the immediate area as well as a wider trace area as well due to its excellent freeway access. It is located about 12 miles southeast of the central business district of Phoenix.

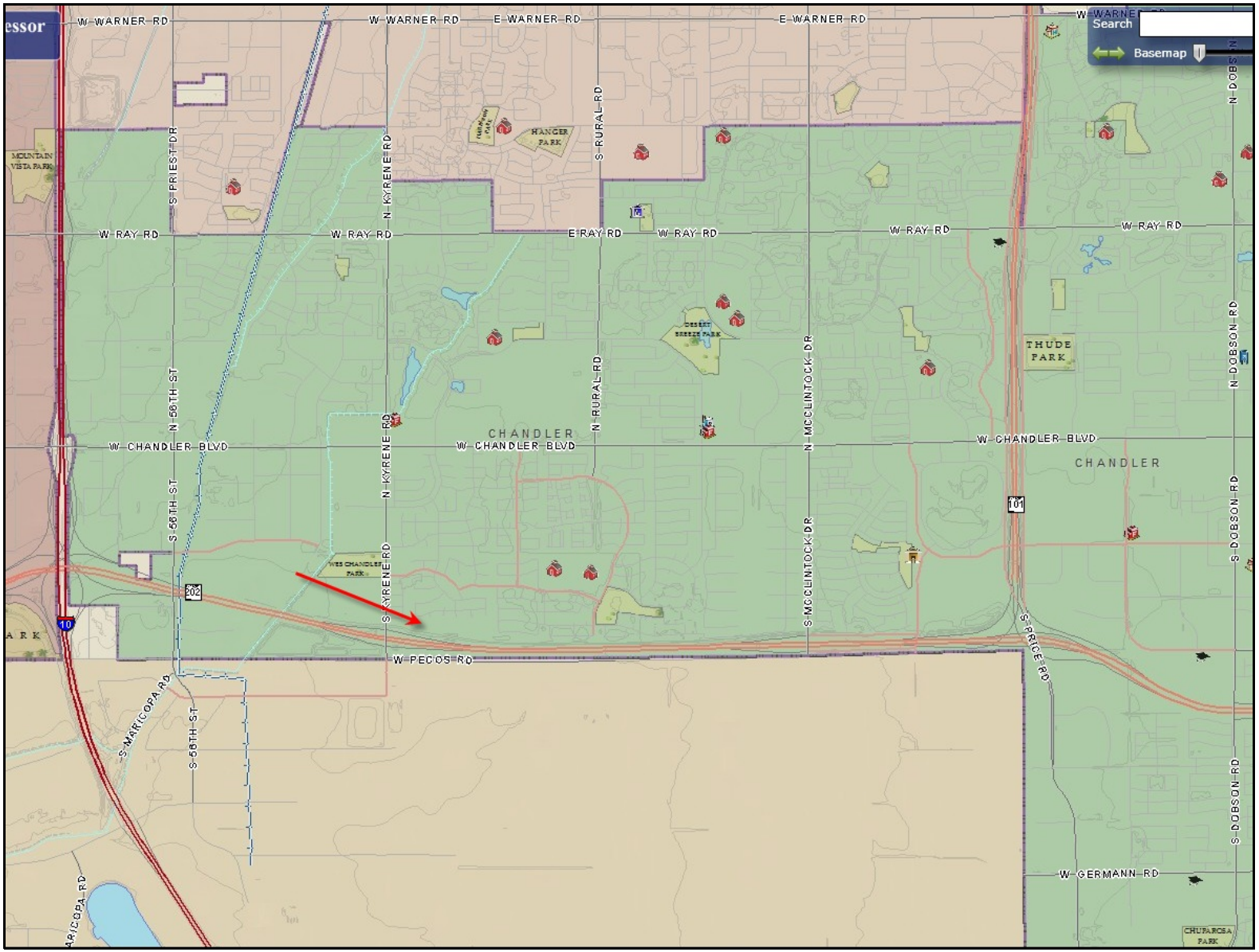
Boundaries

Neighborhood boundaries have been identified which enclose these consistent uses. The area is slightly irregular in shape, as seen on the neighborhood map and aerial photos on the following pages. The boundaries selected for this discussion are Interstate 10 to the west, the Loop 202 Freeway to the south, the Loop 101 Freeway to the east and the Chandler City Limits to the north. The freeways also form borders between Chandler and Phoenix to the west, Chandler and the Gila River Indian Community to the south. The area is roughly 4.5 miles wide east to west and 2.5 miles deep north to south, although the north border is highly irregular.

Access Routes and Arterial Streets

The metropolitan Phoenix street system is laid out on a grid, with arterial streets and roadways running north-south and east-west on section lines, one mile apart. This is also the case in this neighborhood. East-west section line roads include Ray Road and Chandler Boulevard while north-south section line roads include 56th Street, Kyrene Road, Rural Road, McClintock Road and Price Road, which is now the Loop 101 freeway. The Loop 202/Santan Freeway begins at Interstate 10 to the west, connects with Loop 101 and continues east where it circles to the east then north to loop around the southeast valley.

NEIGHBORHOOD MAP



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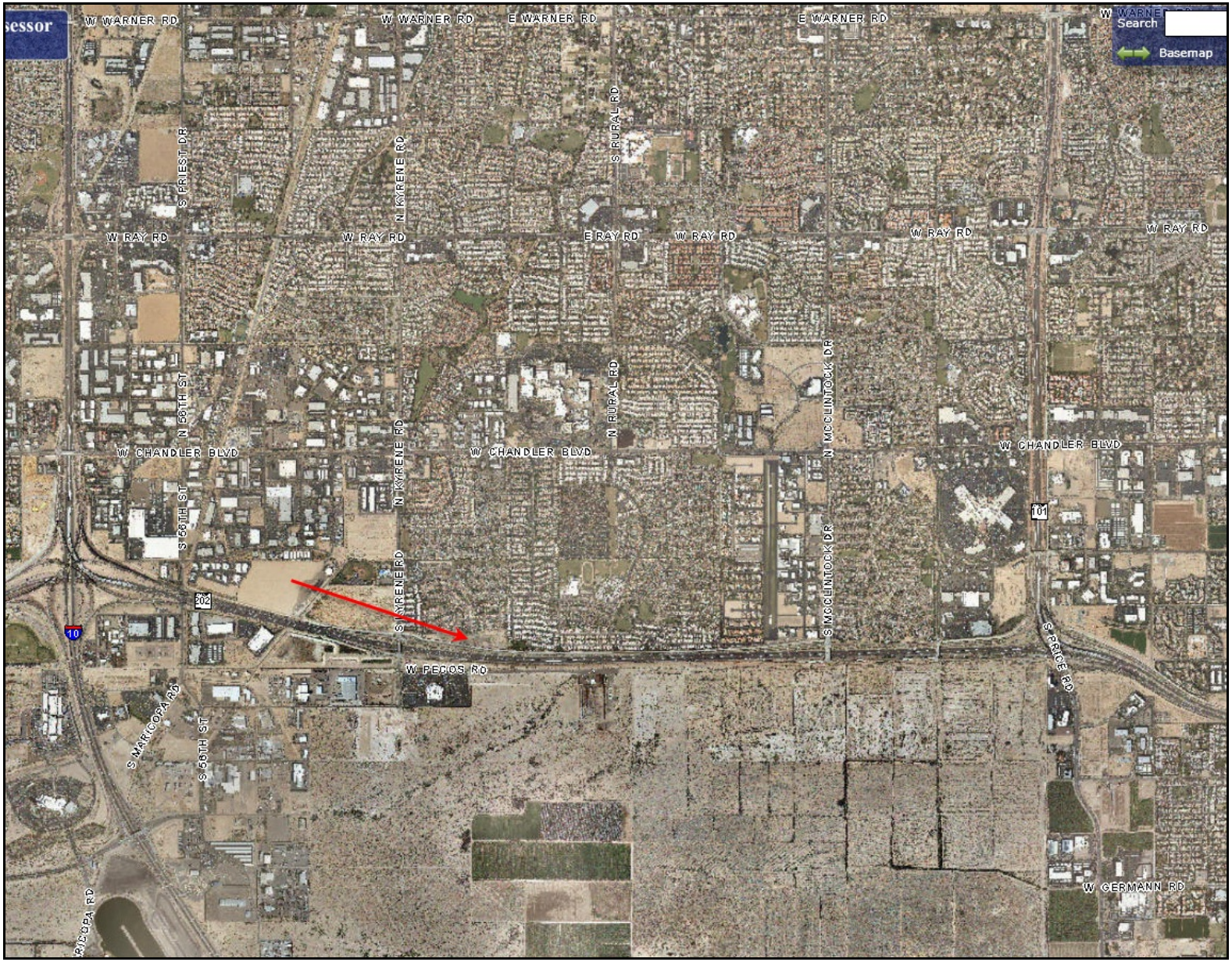
AERIAL PHOTO



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Topographic and Man-Made Features

The area described is mainly flat and level. Besides roadways and highways, no other significant man-made features exist within the neighborhood boundaries, besides the Stellar Airpark, a small private airport and associated taxi-in residential community, and a regional mall at the northwest corner of the Loop 101 and Loop 202 freeways.

Amenities

The subject neighborhood benefits from many amenities within its boundaries as well as a variety just outside its borders. Adequate schools, commercial shopping, churches and parks are included. Additionally, all public utilities are available throughout the neighborhood. Fire and police protection are provided by the City of Chandler.

Land Uses

Primarily, the neighborhood consists of a mix of newly-developed residential communities towards the north and south and emerging industrial/commercial uses near the southwest corner. It is noted that an enormous Intel plant is under construction south of the neighborhood along Price Road in what is said to be emerging as a high-tech corridor. As such, there is an anticipated increase in the number of high paying jobs to be created in the area and as a result residential demand is also expected to increase in surrounding areas, including in the subject neighborhood.

As is typical of metro Phoenix, existing development has commercial uses, such as neighborhood shopping centers located at the major arterial corners, while homes, schools and churches are found towards the middle of each square-mile section. This is consistent with its freeway proximity and the desire to encourage more residential growth in the neighborhood.

Summary

The subject neighborhood is a mostly developed area with some limited vacant land left that is available for residential and industrial/commercial growth. It is located within an area of the East Valley that has benefitted greatly from completion of the Loop 202/Santan Freeway through the area in 2007. New amenities were recently developed as a result along the freeway within and just outside of neighborhood boundaries. The City of Chandler is actively encouraging continued residential and new employment growth for the area focusing around the Chandler Airpark to the east and the Price Road corridor south of the neighborhood. Given these characteristics, the neighborhood is desirable. The area has benefitted from proximity to theses employment centers and as a result is seeing a resurgence in the residential market.

SITE DATA

Assessor's Parcel Numbers

The subject property consists of portions of Maricopa County assessor's parcel numbers 301-88-005P and 301-88-005N. These parcels also include land under the Loop 202 freeway, which is not a part of the subject property being appraised.

Location

The subject land is located along the north side of the Loop 202 freeway right of way north of the sound wall. The site is approximately 525 feet east of Kyrene Road. It does not front on any streets and as such has no known street address.

Site Size, Dimensions and Shape

The subject parcel is irregular in shape. The north and west borders follow straight lines and are at approximate right angles to the north border, which bends slightly. The south border follows the curve of the freeway, creating the irregular shape. The shape is not so irregular that it impacts its utility or value, however.

It is approximately 2,080 feet wide east to west. At its deepest point at the east end it is approximately 520 feet deep while at the west end it is reduced to a depth of 134 feet. Total site area, according to the legal description provided by the client and shown in Exhibit 7 of the addenda, is 662,603 square feet, or 15.211 acres.

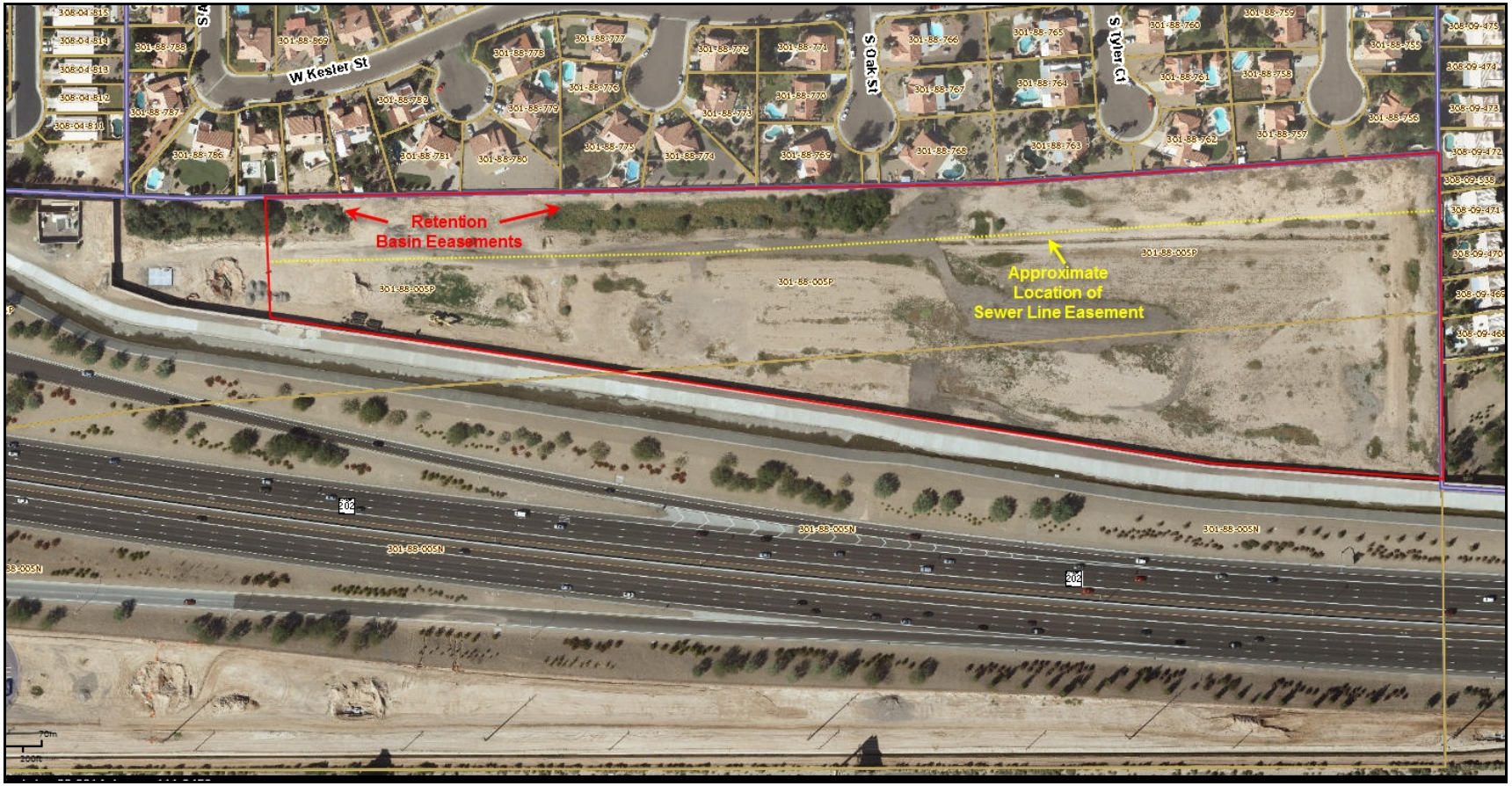
Topography and Cover

The site is level and cover is dirt, grass and some scrub brush, although a small portion has been asphalt paved. Drainage for the area is rated average. There are no known soil or sub-surface conditions which would adversely affect the development of the site.

Access

The site has no physical or legal access and as a result is landlocked. Its nearest potential access points are from existing streets to the east, north and west. The freeway frontage includes a vehicular non-access easement, preventing any access from the freeway right of way, which also includes the west property border facing Kyrene Road. The subject is physically separated from the Kyrene Road frontage by freeway right of way that is used for drainage channel, landscape buffer, a cell tower and sound wall. Existing subdivisions lie adjacent to the north and east borders of the subject property. However, there are several points where access could potentially be acquired either through a common area retention basin near the southeast corner of the subject, or by either acquiring one of the residences within the subdivision to the north that could provide it access by demolishing the residence and constructing a street over the resulting vacant lot, or by acquiring a right of way easement over a portion of one of those lots. Reference to the aerial photo on the following page will aid in visualizing those points.

AERIAL OF SUBJECT PARCEL



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[redacted]

Based upon a lengthy discussion with Jeff Kurtz of the City of Chandler, to be developed with a standard subdivision, the property would be required to provide two points of access, including one in the form of emergency access only. Examination of the perimeter of the property reveals several points where access points could be developed to connect with existing streets to the north or east. The most logical point that would not have any impact on existing structures is over the common area of the subdivision adjacent to the subject near its southeast corner. Mr. Kurtz indicated that a street could be extended to the southwest from the corner of Pineview Drive and Kessler Lane that would connect the subject to existing public street. The lost area of common area or retention could be replaced on the subject parcel so that the subdivision to the east is still in compliance with City codes.

A second point of access in the form of an emergency crash gate could be provided from one of three cul de sacs that stop just north of the north border of the property, nearest its northeast corner. Although in each case the needed right of way area belongs to at least one existing residence, it is likely that such a right of way easement could be acquired from one of potentially six residences that adjoin the subject and one of these cul de sacs. Given the fact that it would only be for emergency purposes likely would be less of a detriment to these owners compared to a full street right of way which would have a larger negative impact on the residence. With these points in mind, it is considered reasonable to conclude that the lack of access to the subject parcel could be cured to the point where it could legally be allowed to be developed.

Utilities

All necessary utilities for development are available either to the site or closely nearby. They include municipal water and sewer services provided by the City of Chandler, Salt River Project electrical service and telephone via Century Link, formerly Qwest Communications.

Site Improvements

The only site improvements are six foot tall perimeter concrete block walls along the north and east borders, freeway sound walls along the south and west border, and some old asphalt covering a small portion of the site that is of no value. The perimeter walls are in good condition although there is evidence that in the past they have been vandalized with graffiti.

Street Improvements

Since the site is landlocked, there are no existing street improvements. The potential residential subdivision streets to the north and east are two lane asphalt paved streets with curb and gutter and in some locations sidewalks as well. They are in good condition.

Traffic Counts

There is no traffic count data for the surrounding small residential streets.

Flood Zone

FEMA maps for the area denote the subject parcel as lying within an "X" flood hazard area. The "X" designation indicates an “Areas determined to be outside the 0.2% annual chance flood plain”. Flood insurance is not required in an “X” area. The subject is shown on FEMA flood panel numbers 2715 and 2720 of 4425, dated October 16, 2013. Both are shown in Exhibit 5 of the addenda.

Easements and Encumbrances

A title report provided by the client dated May 28, 2014 is shown in the addenda. A review of Schedule B of the title report shows eleven exceptions to the title, including several easements. Most are for utility lines but one is for a retention basins to the benefit of the subdivision to the north of the subject. Total area of the easement appears to encumber an estimated 75,395 square feet, or 1.731 acres along two segments of the north property border. Other easements include one to Salt River Project, the City of Chandler for sewer lines, and other easements. property. It is noted that a vehicular non-access easement runs along the south and west asides of the property, prohibiting any access to or from the existing freeway.

It is assumed that there are no other easements, known or unknown, that impact the utility or marketability of the property. In the event that an updated title report shows adverse restrictions or easements, the appraiser reserves the right to review the value indicated in this appraisal and to alter the value conclusion, if necessary.

Environmental Hazards

Upon inspection, no hazardous materials were identified, however it does not mean that such materials do not exist, either on or under the site. The appraiser is without the expertise to identify or detect such substances. Because of the liability generated if toxic wastes or contaminants are found on the site or in any structures, it is strongly recommend that a specialist in the detection of toxic waste be retained and the property checked for possible contamination. It is noted that the ADOT Disposition Checklist shown in the addenda indicates that the site is clear of any contaminants.

Relation of Site to Surroundings

Surrounding uses include medium density residential subdivisions to the north and east, and freeway right of way to the south and west. The current vacant use is consistent with its surroundings. Given the subdivision uses to the north and east, the likely future use of the site is for the same medium-density residential subdivision use once market conditions improve and once the landlocked access condition is cured.

Summary of Site Analysis

The subject consists of a 15.211 acre tract of level vacant land that is irregular in shape. It is physically and legally landlocked due to the construct of the Loop 202 freeway along its south and west border and the presences of existing residential subdivisions along the north and east borders. All needed utilities for residential development are present to the site or within a short distance to the north or east. The site has no flood issues and is suited for residential development once the access conditions are cured.

ZONING

The purpose of zoning is to provide for the orderly growth and compatible development of land uses. It is intended to provide a basis for a consistent application of land use between public and private interests where both public and private objectives can be satisfied. Zoning ordinances outline the uses allowed for a particular property. Zoning can have a significant impact on property value if zoning is different from the highest and best use that would otherwise be appropriate for the site.

The subject property is zoned PAD, planned area development, by the City of Chandler. The purpose of this zoning is described in the excerpt from the zoning code below:

> The Planned Area Development (PAD) zoning designation is intended to accommodate, encourage and promote innovately designed developments involving residential and nonresidential land uses, which together form an attractive and harmonious unit of the community. Such a planned development may be designed as a large-scale separate entity, able to function as an individual community, neighborhood, or mixed-use development; as a small-scale project which requires flexibility because of unique circumstances or design characteristics; or as a transitional area between dis-similar land uses (interface zone). Thus it can be used either as an overlay district to provide flexibility in an otherwise established land use district, or it can be used as an independent district.
>
> This zoning designation recognizes that adherence to a rigid set of space, bulk and use specifications contained elsewhere in this Code would preclude the application of the PAD concept. Therefore, where PAD zoning is deemed appropriate or necessary, traditional rigid zoning regulations are replaced by performance considerations to fulfill the objectives of the Chandler General Plan. The PAD zoning designation may be tailored to meet the specific development representations of an applicant, relative to permitted uses, design standards, and other details. Hence one PAD designation may vary considerably from another designation.
>
> *(Ord. No. 983, § 1, 7-9-81; Ord. No. 3063, § 3, 11-18-99; Ord. No. 3386, § 1, 9-12-02)*

Based upon a discussion with City of Chandler planner Jeff Kurtz, the likely use that would be allowed on the subject parcel would be medium density residential subdivision, similar to those adjacent to the subject to the north and east. Typical lot sizes in those developments are 7,000 to 8,000 square feet, with a small number of large lots as big as 13,000 to 21,000 square feet for cul de sac lots. Typical density for this type of subdivision is about 3.0 to 3.5 units per acre.

It is noted that the Chandler Land Use Plan designates this area for residential uses, consistent with this conclusion and surrounding land uses.

TAXES AND ASSESSMENTS

The State of Arizona currently employs a dual structure for real estate taxation, as the result of Senate Bill 1001, voted into law in July 1980. Arizona Revised Statutes require that all property be valued annually at market value. In addition, each property also has a "limited" value that cannot exceed full cash value. Limited value is based on the previous year's limited value increased by either 10%, or 25% of the difference between the full cash value of the current year and the limited value of the preceding year, whichever is greater, unless the property has been changed, as defined in ARS 42-201.02 C and D since the previous year.

The subject property a portion of a tract that is assessed by Maricopa County under assessor's parcel numbers 301-88-005P and 301-88-005N. Since it is state-owned, no taxes are assessed. There are currently no known special assessments encumbering the property.

SIGNS

Inspection of the property revealed no commercial billboard signs on the property.

HIGHEST AND BEST USE

In order to conclude the highest price a buyer is willing to pay for a property, the highest and best use of that property must first be estimated. Highest and best use is defined as follows:

> "The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value."[2]

The highest and best use of a property must be legally permissible, physically possible, financially feasible, and maximally productive. Applying these four tests to all of the possible uses identifies the single use that maximizes value of the property.

To test highest and best use, all logical, feasible alternatives for which the site may be used are considered. Eliminating uses which are not legally permissible of physically possible reduces the alternatives significantly. These uses can be reduced by eliminating those uses that are not financially feasible. Of the uses considered financially feasible, only one use can be maximally productive, or most profitable. This process is discussed below for the subject property.

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[2] *The Appraisal of Real Estate*, 13th Edition, The Appraisal Institute, page 280

Legally Permissible

There are two significant factors influencing the legally permissible use of the site. The first is the PAD zoning, which would allow a residential subdivision of 3.0 to 3.5 units per acre. The second is the lack of physical and legal access to the site, which effectively prohibits any type of development. As it stands today, the site has no potential for development at all without first curing the access condition.

Based upon a lengthy discussion with Jeff Kurtz of the City of Chandler, to be developed with a standard subdivision, the property would be required to provide two points of access, including one in the form of emergency access only. Examination of the perimeter of the property reveals several points where access points could be developed to connect with existing streets to the north or east. The most logical point that would not have any impact on existing structures is over the common area of the subdivision adjacent to the subject near its southeast corner. Mr. Kurtz indicated that a street could be extended to the southwest from the corner of Pineview Drive and Kessler Lane that would connect the subject to existing public street. The lost area of common area or retention could be replaced on the subject parcel so that the subdivision to the east is still in compliance with City codes.

A second point of access in the form of an emergency crash gate could be provided from one of three cul de sacs that stop just north of the north border of the property, nearest its northeast corner. Although in each case the needed right of way area belongs to at least one existing residence, it is likely that such a right of way easement could be acquired from one of potentially six residences that adjoin the subject and one of these cul de sacs. Given the fact that it would only be for emergency purposes likely would be less of a detriment to these owners compared to a full street right of way which would have a larger negative impact on the residence. With these points in mind, it is considered reasonable to conclude that the lack of access to the subject parcel could be cured to the point where it could legally be allowed to be developed.

Based upon the points discussed, the two legally permissible uses are considered to be; 1) to cure the lack of legal and physical access through acquisition over two adjoining parcels to allow a residential subdivision to be developed on the site as allowed under the PAD zoning, and; 2) to hold the site as an investment for future residential subdivision development, after curing the access issues.

Physically Possible

Once the access condition is cured, the site is ready for development. It is level and has no flood plain issues to contend with. Water, sewer, power and telephone services are available under Pineview Drive and under the three cul de sacs to the north, although the water and sewer lines may not have adequate capacity to serve the needs of a subdivision on the subject parcel. However, water and sewer lines under Kyrene Road could be extended to the site along the north side of the freeway. So, based upon the points discussed, both legally permissible uses are considered physically possible as well.

Financially Feasible Use

Of the two legally permissible and physically possible uses, both are also considered financially feasible as well. The sales discussed in the following valuation section reflect the transition that the market is experiencing from a stage where development of residential land was not feasible and purchases were only made for investment purposes to a stage where some land is being acquired for subdivision development as allowed by zoning. This is the result, finally, of some healing in the southeast valley housing submarket to the point where some new product is being absorbed and builders feel confident enough to develop new subdivisions. Since the subject will require securing the access points prior to development, as well as completing the steps to receive a final subdivision plat from the City of Chandler, there is some holding period and risk involved in this type of endeavor. However, as an in-fill location the subject site is considered strong enough to warrant such a risk.

Therefore, holding the site as an investment is considered a financially feasible use. Curing the lack of access and securing a final subdivision plat to allow development with a residential subdivision of 3.0 to 3.5 units per acre is also considered financially feasible based upon sales seen in the market.

Maximally Productive Use

Although there are two uses that meet the first three tests of highest and best use, only one can be maximally productive. Since developers are starting to enter the market once again, investors who are looking for properties such as the subject to purchase are now competing with developers and as such will need to pay comparable prices for the land that developers will. As a result, the price paid by developers then sets the pace for the value of the land. In other words, the price that a developer is willing to pay is the highest price and therefore the maximally productive use of the property. In conclusion, the maximally productive use, and therefore the highest and best use of the property, is to cure the lack of access to the property through acquisition over adjacent parcels to allow subdivision development as allowed under the current PAD zoning.

Concluded Highest and Best Use

The concluded highest and best use of the property, is to cure the lack of access to the property through acquisition over adjacent parcels to allow subdivision development as allowed under the current PAD zoning.

VALUATION

Estimates of value are formulated by applying three different analyses the cost, sales comparison, and income capitalization approaches. The cost and income approaches apply to improved properties and do not apply in this situation. Therefore, only the sales comparison approach is analyzed. The sales comparison approach is described briefly below, followed by analysis as it applies to the subject property.

SALES COMPARISON APPROACH

The sales comparison approach is a method of estimating value that examines transfers of land that are similar to the subject site, both physically and in terms of utility and highest and best use. By comparing the sales on a common unit basis, a trend in values can usually be identified. By analyzing the most similar sales and making adjustments for factors that effect value, a value is indicated from each. Since these are the most likely alternative sites that would be considered by a potential buyer of the subject site, they are the most logical indications of its market value. The value indications are then reconciled into a single value estimate based upon the relative strengths of each adjusted sale. This process is applied below to the subject property.

In order to support a value estimate for the subject land use type, a search in the market area was made for vacant land sales with similar use potential to the subject parcel. The search for small to medium sized tracts of land with residential subdivision development potential included all parcels between 5 acres and 100 acres throughout the southeast valley submarket since January 2013. From this process, the four best sales have been selected to support a value estimate for the subject property.

The next discussion analyzes the four sales selected that are most comparable to the subject site. The sales are analyzed on the basis of price per acre of site area. Numerous factors that potentially affect value have been considered for the subject tract and for each sale, including location, date of sale, financing conditions, site utility, level of site improvements, availability of utilities, topography and other factors. The factors that require adjustment are discussed below as they apply to the subject. From these analyses, adjusted unit prices are used to indicate of value for the subject site.

Significant details from each sale are summarized on the chart on the following page. A map showing the location of the subject site and each of the sales is shown on the page following the chart. A discussion of the sales and their related adjustments then follows the map. Complete data on each sale is displayed on data sheets in the final exhibit of the addenda. The adjusted prices per acre are used as indicators of value for the subject site.

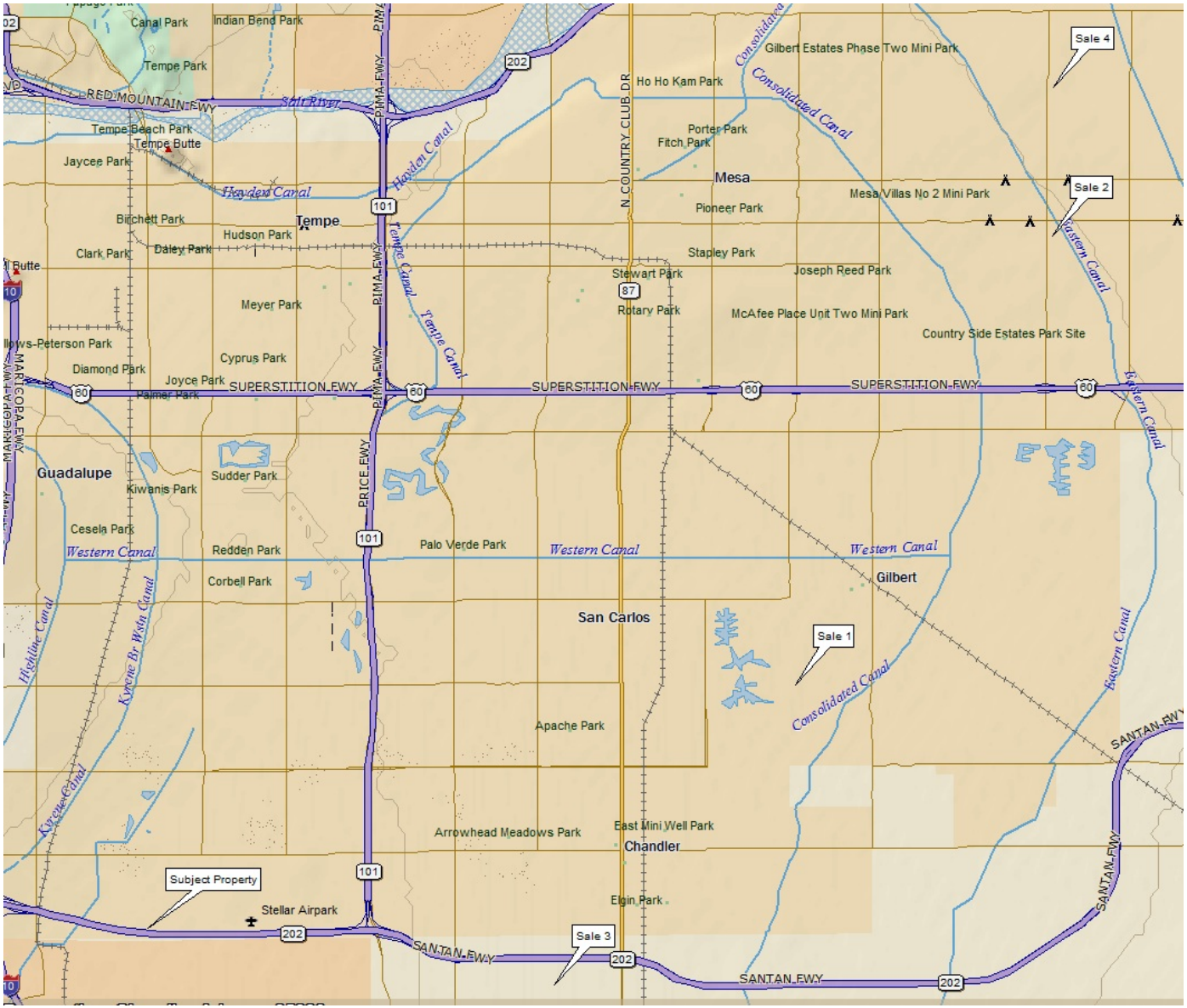
SUMMARY OF COMPARABLE LAND SALES						
Sale No.	**Contract Date**	**Price**	**Acres**	**$/Acre**	**Zoning**	**Remarks**
1	10-13	$1,435,029	7.12	$201,549	SF-7, SF-15 Gilbert	Unfinished site along south side of Warner Road, east of Cooper Road. Buyer is home builder who is now developing 27 lots on the site. Water and sewer to site.
2	12-13	$2,167,000	10.97	$197,629	R1-9 Mesa	Preliminary plat for a 55 lot subdivision. Finished site with citrus orchard. Buyer is now developing the site with a subdivision.
3	12-13	$1,488,487	6.78	$219,540	AG-1 Chandler	Located east of SEC of Willis Road and Alma School Road. Buyer is home builder with an active subdivision nearby. Water and sewer to site, street improvements needed on two sides.
4	4-13	$1,500,000	9.200	$163,043	R1-35 PAD Mesa	Mostly finished in-fill lot at NEC of Brown Road and Val Vista Drive. Purchased for investment. Improved with mature citrus orchard.
Subj.			15.211 662,603		PAD Chandler	Irregular in-fill tract with water and sewer to site. 3-3.5 units per acre likely. Landlocked.

Discussion of Sales

The four sales considered most indicative are discussed below. All four are from areas of Chandler, Gilbert and Mesa that are considered similar in many ways to the subject location. Each sale is discussed below.

Sale No. 1 is located at the southeast corner of Warner Road and 130th Street in Gilbert, just east of Cooper Road, about eight miles northeast of the subject property. It is a 7.12 acre tract of vacant residential land that sold in October 2013 for $1,435,029, or $201,549 per acre. It is zoned a combination of SF-7 and SF-15 by the Town of Gilbert. The buyer had received preliminary plat on the site for 27 lots according to the listing broker. The buyer is now under construction on the site. The fee simple estate sold for cash, under normal conditions of sale. The property was marketed by Land Advisors Organization.

COMPARABLE LAND SALES MAP



[redacted]

Sale No. 2 is a citrus orchard that was purchased for single family residential development. It is located south of the southeast corner of Main Street and Val Vista Drive in Mesa, about 14 miles northeast of the subject. It has a total area of 10.970 acres that sold in December 2013 for $2,167,000, or $197,629 per acre. It is zoned R1-9 and the buyer, Lennard Homes, is already in process of developing a 55 lot subdivision on the site.

Sale No. 3 is a 6.78 acre parcel of vacant residential development land that is located along the south side of Willis Road east of Alma School Road in Chandler, five miles southeast of the subject. It sold in November 2013 for $1,488,487, which calculates to $219,541 per acre. It was zoned AG-1 by the City of Chandler at the time of sale and the buyer is already under construction on a residential subdivision. The buyer is Taylor Morrison Homes. The fee simple estate sold for cash under normal conditions of sale.

Sale No. 4 is a 9.20 acre parcel of citrus orchard that is located at the northeast corner of Val Vista Drive and Brown Road in Mesa. It sold in April 2013 for 1,500,000, cash, or $163,043 per acre. It is zoned R1-35 by the City of Mesa and the buyer plans to hold the site as an investment. The fee simple estate sold for cash under normal conditions of sale. The property was marketed by Cassidy Turley Commercial.

Discussion of Adjustments

In order to properly estimate value through the adjustment of sales, the following categories of adjustment must be considered:

1. Property Rights Transferred
2. Terms of Sale
3. Conditions of Sale
4. Market Conditions
5. Location
6. Physical Features
7. Non-Realty Items

Each of these factors are discussed in order as they apply to each sale.

Unit of Comparison

Both the price per acre and the price per square foot of land area are used in this price and size range of the land market. The price per acre is applied here.

Factors Not Requiring Adjustment

Each of the sales involved transfer of the fee simple interest, similar to the subject site and no adjustment is estimated. All of the sales involved cash and no adjustment is required. All four sales were arm's length transactions and no adjustment is required for conditions of sale. Finally, none of the sales were reported to include any personal property or other non-realty items. Adjustment is not required for any of these categories.

Market Conditions

The four sales occurred since April 2013. During the period since the beginning of 2008 the vacant land market has been experiencing an overall decline value. The trend was moderately downward through the end of 2008, then more strongly downward in the period since the first of 2009. The change was largely the result of the financial crisis that occurred in the fourth quarter of 2008, making financing for this type of purchase very difficult to find. Based upon discussions with brokers and analysis of the aggregate sales data, an upward trend began in late 2012, lasting through the end of 2013, then brokers have reported a significant change, with very few sales and weaker demand since the beginning of 2014. Therefore, a one-half percent per month upward adjustment is applicable to each of the sales for the period from the contract date of the sale through the end of 2013, then no adjustment for the seven months of 2014.

Location

The subject property is located in an in-fill location very near the freeway in Chandler. According to Mr. Michael Ils-Cremieux of Meritage Homes, in-fill land in Gilbert and especially Chandler is difficult to find and land north of the Loop 202 is especially sought after from a builder's perspective. As such, the location of the subject is positive. In terms of access, its physical access conditions are somewhat difficult due to the fact that potential buyers of finished homes will have to meander through existing subdivisions to find it, but its proximity to the Kyrene Road interchange is considered a benefit that partially offsets that.

Sale No. 1 is located at the southwest corner of Warner Road and 130th Street in Gilbert. Its surroundings are considered slightly superior and a small downward adjustment is applied.

Sale No. 2 is located just south of Main Street in Mesa, close to the downtown area. As a result, this location is considered superior to the subject and a downward adjustment is made.

Sale No. 3 is located in a generally similar area southeast of the subject near Alma School Road and Willis Road, just south of the freeway. Compared to the subject, the location of Sale No. 3 is considered generally similar and no adjustment is made.

Sale No. 4 is located 14 miles northeast of the subject in the citrus area of northeast Mesa. This location is considered slightly inferior to the subject given its lack of freeway proximity and more remote location relative to employment and shopping areas. Overall a small upward adjustment is estimated for the subject's superior freeway proximity.

The proximity to the sound wall is also considered a negative impact on the subject property from the standpoint of residential development. Since this is inferior to each of the four sales, a small downward adjustment is made to each.

Zoning and Density

The subject site is zoned PAD with a projected density of 3 to 3.5 dwelling units per acre. This is similar to that of Sales No.1 and 2 and no adjustment is estimated, however both Sales No. 1 and 2 had a preliminary plat in place and a downward adjustment is made. Sale No. 3 is zoned AG-1, which is inferior to the subject and an upward adjustment is indicated. Sale No. 4 is zoned R1-35, single family with a 35,000 square foot minimum lot size. A small upward adjustment is estimated.

Physical Features

Physical characteristics that are considered for adjustment to these sales when compared to the subject site include size, level of development, shape and topography. All of the sales have a normal topography like the subject and no adjustment is needed. Although the subject is triangular in shape, it is not so unusual that it impacts its utility or value. The shape of the four sales is also normal and no adjustment is made. Lastly, three of the sales had citrus trees on the sites. However, discussions with the brokers involved revealed that no value difference was considered to any of those sales so no adjustment is needed.

The only factors requiring adjustment then are size and level of improvement. It is noted that the citrus orchards on two of the tracts have been considered but the brokers reported no difference in value as a result of the trees.

Size
In terms of size, at 15.211 acres, the subject is larger than all four of the sales. However within this size range there does not appear to be a significant difference in value due to size differences. As a result no adjustments are necessary.

Site Improvements
Regarding site improvements, the subject has water and sewer lines nearby but will have to secure legal access to the site and the improve it. Since that is handled below as a separate item, the subject is compared at this point to the sales assuming that access is improved. All four of the sales have municipal water and sewer services to each site and no adjustment is made for these improvements.

Sale No.1 is a mostly finished site with all utilities and street improvements in place, however it will need street improvements along the east side frontage. A small upward adjustment is made. Sale No. 2 is a finished site, which is similar to the subject's assumed condition, and no adjustment is made.

Sale No. 3 will require improvement of the half street frontages on all three sides and a large upward adjustment is made. Sale No. 4 included all utilities to the site but the street frontage along Val Vista Drive will require additional improvement. An upward adjustment is made.

No other adjustments are noted. The adjustments discussed are summarized on the chart below.

SUMMARY OF ADJUSTMENTS					
Characteristic	**Subject**	**Sale 1**	**Sale 2**	**Sale 3**	**Sale 4**
$ per Acre		$201,549	$197,629	$219,540	$163,043
Property Rights Transferred	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Terms of Sale	Cash	Cash	Cash	Cash	Cash
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Date of Sale Market Conditions	7-14 Improving	10-13 + 1%	12-13 -0-	11-13 + 0.5%	4-13 + 4%
Adjusted Price/ SF		$203,565	$197,629	$220,638	$169,565
Location	East of Kyrene Rd Backs to Fwy Sound Wall	Warner Road east of Cooper Superior -5% Superior -5%	Main and Val Vista in Mesa Superior -5% Superior -5%	Willis Road east of Alma School Similar -0- Superior -5%	NEC Brown and Val Vista In Mesa Inferior + 5% Superior -5%
Zoning	PAD Chandler	SF-7/SF-15 Prelim Plat -10%	R1-9 Prelim Plat -10%	AG-1 Inferior + 5%	R1-35 Inferior + 5%
Physical Features					
Size	15.211 ac.	7.12 ac. -0-	10.60 ac. -0-	6.78 ac. -0-	9.200 ac. -0-
Site Imps	Assumed Finished Site	Inferior + 5%	Similar -0-	Inferior + 10%	Inferior + 5%
Shape/Utility	Normal	Normal -0-	Normal -0-	Normal -0-	Normal -0-
Non-Realty Items	None	Similar	Similar	Similar	Similar
Combined Adj. for Location and Physical Factors		-15%	-20%	-5%	+ 10%
Indicated Value of Subject		$173,030	$158,103	$209,606	$186,522

Conclusion of Value

After adjustment, the four sales indicate a range of value of $158,103 per acre to $209,606 per acre. Of the four sales, the best indicators are considered to be from Sales No. 2 and 3, unfortunately indicating the high and low ends of the range. Both have generally similar locations, densities and likely uses. Sale No. 4 is the oldest sale of the four weakening it to some degree but it is only 15 months old and is still considered very reliable.

Based upon the relative strengths and weaknesses of the market data, the final estimated value of the subject land is $165,000 per acre. Applying this to the total site area of 15.211 acres leads to a value estimate of $2,509,815, rounded to $2,510,000.

From this figure, two subtractions must be made to reflect two negative factors influencing the subject property. They are the cost of securing and improving access and the negative impact of the drainage easement.

Access

In terms of access, each of the four sales has access via public rights of way, with no further costs associated with securing it. The subject property will need to acquire a right of way over the adjoining neighborhood park area owned by the HOA of the subdivision to the east, then improve it with a street, a distance of about 170 feet. It will require less than a fifth of an acre, which will need to be replaced on the subject site.

Further, an easement over one of the adjoining residential parcels at one of the three cul de sacs along the north border must also be secured to provide a secondary "crash gate" point of emergency access. The estimated cost to acquire the rights of way is highly speculative given the unknowns of how willing any of the sellers might be but is expected that purchase of the two tracts could to be negotiated for approximately $75,000. The cost of improving the street leading to the subject site is about $25,000, while the "crash gate" access point will cost about $10,000. Total estimated cost to cure the access is then approximately $110,000. Given the risk associated with it, an additional profit margin of at least 20% is applied, or $22,000, leading to a final cost estimated at $132,000.

Drainage and Sewer Line Easement

As mentioned previously, an estimated 1.731 acres is encumbered with a drainage easement, allowing the subdivision to the north the ability to flow its runoff onto the subject parcel. There are easements for the two retention basins along the north border of the subject property where this has been occurring for decades and the sewer line easement that runs east-west over the parcel. Although it is possible that the retention easement areas can be relocated and combined with needed basins for the subject development, it still will require additional design, site grading and likely piping. As such, an additional cost is estimated at $50,000 to reflect these projected costs. Adding a 20% profit incentive to this figure leads to a total of $60,000. The negative impact of the sewer line easement is estimated at $30,000, due to additional planning costs and possible loss of usable area as a result.

The total cost figures for access and the drainage easement total $222,000. Subtracting this from the estimated site value of $2,510,000 leads to a figure of $2,288,000, rounded to $2,290,000.

In conclusion, the final estimated value of the subject property, as of July 12, 2014, is:

TWO MILLION TWO HUNDRED NINETY THOUSAND DOLLARS
($2,290,000)

AUDITING BREAKDOWN

The value conclusions reached for the subject property are summarized as follows:

Land	$2,290,000	
Improvements	$0	
Total		$2,290,000

ADOT CERTIFICATION OF APPRAISER

Project Number: H089301R

Parcel Number: L-M-432-B

I hereby certify:

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

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

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

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

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

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

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

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

That my opinion of the MARKET VALUE of the acquisition as of July 12, 2014, is $2,290,000, based upon my independent appraisal and the exercise of my professional judgement.

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

Date: July 31, 2014 Signature: [redacted]

USPAP CERTIFICATION OF VALUE

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent on the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance in preparation of this report.
- It is noted that this firm completed an appraisal of a slightly larger tract of which this parcel is a part in September 2012. Other than this prior appraisal, we have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- That the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

[redacted]

ADDENDA

EXHIBIT 1

Assumptions and Limiting Conditions

EXHIBIT 2

Appraiser's Qualifications

EXHIBIT 3

ADOT Purchase Order for Assignment
Appraiser License

EXHIBIT 4

Subject Property Title Report

EXHIBIT 5

Zoning Map and Zoning Description

EXHIBIT 6

Flood Plain Map

EXHIBIT 7

Excess Land Exhibit Sheet

EXHIBIT 8

Photographs of Subject

EXHIBIT 9

Market Data Sheets for Land Sales

EXHIBIT 1

Assumptions and Limiting Conditions

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

1. That the title to the property is marketable and free of all liens and encumbrances, except as noted in the report.

2. That no responsibility is assumed for the legal description or for matters including legal or title considerations.

3. That the descriptions and plats furnished are correct.

4. That information furnished by others is believed to be reliable. No warranty is made as to its accuracy, however.

5. That all engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

6. That there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

7. That there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.

8. That all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

9. That all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be renewed for any use on which the value estimate contained in this report is based.

10. That the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. That the distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.

13. That neither all nor any part of the contents of this report, especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected, shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the appraiser.

14. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics of the Appraisal Institute.

15. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of any such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, petroleum contaminants, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

EXHIBIT 2

Appraiser's Qualifications

EXHIBIT 3

ADOT Purchase Order for Assignment
Appraiser License

EXHIBIT 4

Subject Property Title Report

ARIZONA DEPARTMENT OF TRANSPORTATION

RIGHT OF WAY GROUP

RIGHT OF WAY DISPOSAL REPORT

Project: 202L MA 050 H0874/ 600-7-701

Section: I-10-PRICE RD

Excess Land: L-M-432B

Parcel No: 7-7058

The undersigned has examined the title to the property described in EXHIBIT "A" and the FEE owner is:
STATE OF ARIZONA by and through its Department of Transportation
Owner Address:
205 S. 17th Ave, Mail Drop 612E, Phoenix, Arizona 85007

The undersigned has examined the title to the property described in EXHIBIT "A" and the Easement owner is:
Not Applicable
Owner Address:
Not Applicable

Please see the attached forms containing vesting information and the requirements required for this parcel to be disposed of:
Security Title Agency Commitment for Title Insurance Attached

SCHEDULE A-1:
SEE EXHIBIT "A" ATTACHED

REMARKS:
ADOT records only searched from 8-1-2008 to 5-28-14
Schedule B items from Security Title Agency Commitment for Title Insurance attached.

Search Date: 5/28/2014 @ 7:30 AM

Examiner: Shirley Seeley

Reviewer:

Assessor's #: ptns of 301-88-005N &005P

County: Maricopa

E-M-432

SECURITY TITLE AGENCY, INC.
3636 North Central Avenue, 3rd Floor
Phoenix, AZ 85012
(602) 230-6271

on behalf of
TICOR TITLE INSURANCE COMPANY

COMMITMENT FOR TITLE INSURANCE

SCHEDULE A

SECOND AMENDED

1. Effective Date: August 1, 2008, at 7:50 AM

2. Policy to be issued: Order Number: 150634630/KR/SB

   a) LTAA Standard Coverage Policy 1992 Amount: $1,835,000.00
      Proposed Insured:

      TO COME

3. The estate or interest in the land is a fee.

4. Title to said estate or interest in said land is at the effective date hereof vested in:

   STATE OF ARIZONA, BY AND THROUGH IT'S DEPARTMENT OF TRANSPORTATION, AN ARIZONA CORPORATION

5. The land referred to in this commitment is in the State of Arizona, County of Maricopa and is described as follows:

   SEE EXHIBIT "A" ATTACHED HERETO AND
   BY REFERENCE MADE A PART HEREOF

EXHIBIT "A"

That portion of the South half of the Southwest quarter (S½SW¼) of Section 34, Township 1 South, Range 4 East, Gila and Salt River Meridian, Maricopa County, Arizona, described as follows:

Commencing at a BLM brass cap marking the Southwest corner of said Section 34, being South 00°07'40" East 2648.90 feet from a brass cap marking the West quarter corner of said Section 34;

thence along the West line of said Section 34, North 00°07'40" West 927.56 feet;

thence North 89°52'20" East 65.00 feet to the point of juncture of the existing northerly right of way line of State Route 202L (SANTAN FREEWAY) with the existing easterly right of way line of Kyrene Road;

thence along said existing northerly right of way line of State Route 202L South 87°21'29" East 515.58 feet to the South subdivision boundary line of CARRINGTON PLACE, according to Book 288, page 27, records of Maricopa County, Arizona, which is coincident with said existing northerly right of way line;

thence continuing along said existing northerly right of way line and along said South subdivision boundary line of CARRINGTON PLACE, South 87°21'29" East 101.59 feet;

thence continuing along said existing northerly right of way line and South subdivision boundary line of CARRINGTON PLACE, North 88°53'26" East 120.05 feet to the POINT OF BEGINNING;

thence continuing along said existing northerly right of way line and South subdivision boundary line of CARRINGTON PLACE, North 88°53'26" East 1148.38 feet;

thence continuing along said existing northerly right of way line and South subdivision boundary line of CARRINGTON PLACE, North 86°05'45" East 698.40 feet to the West subdivision boundary line of MONTE VISTA NO. 37, according to Book 367, page 01, records of Maricopa County, Arizona which is coincident with the North – South mid section line of said Section 34;

thence along said North – South mid section line and West subdivision boundary line of MONTE VISTA NO. 37, South 0°34'51" East 521.91 feet to the North face of the existing northerly sound wall of State Route 202L, being North 00°34'51" West 442.84 feet from a BLM brass cap marking the South quarter corner of said Section 34;

(continued)

thence along said North face of the existing northerly sound wall, North 85°51'39" West 365.08 feet;

thence continuing along said North face of the existing northerly sound wall, North 80°44'37" West 552.19 feet;

thence continuing along said North face of the existing northerly sound wall, North 81°33'55" West 947.35 feet;

thence North 01°09'28" East 198.01 feet to the POINT OF BEGINNING.

662,603 square feet, more or less.

The parcel of land herein conveyed shall have no right or easement of access to or from said State Route 202L.

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

ALSO RESERVING UNTO the Grantor, its successors and/or assigns, an easement over the southerly 15.00 feet of the above described property, for future construction and maintenance of the sound wall and appurtenances thereto, including footers, together with the right of ingress and egress for said purposes.

The parcel of land described above is landlocked, having no means of access to or from any public way. By acceptance of this deed, the Grantee acknowledges awareness of the landlocked condition of this parcel prior to purchase and further acknowledges that it is the Grantee's expressed intention to acquire a landlocked parcel of land. The Grantor makes no warrantee, covenant or assurance, expressed or implied, concerning the suitability or usability of this parcel of land for any purpose.

150634630

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B - Section I

REQUIREMENTS

The following are the requirements to be complied with:

1. Satisfactory evidence should be had that improvements and /or repairs or alterations thereto are completed; that contractor, subcontractors, labor and materialmen are all paid.

2. Instrument(s) creating the estate or interest to be insured must be approved, executed and filed for record, to wit:

NOTICE:
Pursuant to Arizona Revised Statutes 11-480, effective January 1, 1991, the County Recorder may not accept documents for recording that does not; (a) Contain print at least ten-point type (pica) or larger, (b) Have margins of at least one-half inch along the left and right sides, one-half inch across the bottom and at least two inches on top for recording and return address information, and (c) Each instrument shall be no larger than 8-1/2 inches in width and 14 inches in length.

A. Proper disposition of Real Estate Taxes on land being insured herein.
NOTE: SEE TAX SHEET ATTACHED

The right is reserved to make additional exceptions and/or requirements upon examination of all documents submitted in satisfaction of Requirement No. A.

NOTE: The parties to be insured herein acknowledge that they have read Paragraph , of Schedule B, herein; and that the Title Insurance Policy, when issued, will not insure against lack of access to and from the land shown in Paragraph , Schedule A.

_____ _____

B. Furnish names of parties to be insured. The right is reserved to make additional exceptions or requirements upon examination of names submitted.

C. Record Deed from STATE OF ARIZONA, BY AND THROUGH IT'S DEPARTMENT OF TRANSPORTATION, AN ARIZONA CORPORATION to TO COME.

In the event any Affidavit required pursuant to ARS 33-422 has been, or will be, recorded pertaining to the land, such Affidavit is not reflected in this commitment nor will it be shown in any policy to be issued in connection with this commitment

END OF REQUIREMENTS

SCHEDULE B -- EXCEPTIONS

In addition to the conditions and stipulations and/or exclusions, you are not insured against loss, costs, attorneys fees and expenses resulting from:

1. (A) Unpatented mining claims; (B) Reservations or exceptions in patents or in acts authorizing the issuance thereof; (C) Water rights, claims or title to water, whether or not the matters excepted under (A), (B), or (C), are shown by the public records. (ALTA Residential Owners Policy)

2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of covered Title Risks.
(ALTA Residential Owners Policy)

3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of covered Title Risks. (ALTA Residential Owners Policy)

4. All matters set forth in Paragraphs numbered 1 (one) through 10 (ten) inclusive on the inside cover sheet of the Policy under the heading of Schedule "B", Part 1. (Standard Coverage Policy)

END OF SCHEDULE B, PART 1.

150634630

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B - Section II

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

A. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records, or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires of record for value the estate or interest or mortgage thereon covered by this commitment.

B. Any LTAA Standard Coverage Policy issued pursuant hereto will contain under Part I of Schedule B the standard exceptions set forth on the inside of the back cover hereof.

1. 2008 taxes, a lien, but not yet due and payable.

2. Easement for communication system, and rights incident thereto as set forth in Miscellaneous Book 82, Page 42, amended in Docket 15628, Page 814.

3. All matters shown on plat recorded in Book 69 of Maps, page 11.

4. Easement for irrigation ditch, and rights incident thereto as set forth in Deed Book 156, Page 521 and modified in Docket 11723, Page 716.

5. Easement for sanitary sewer system, and rights incident thereto as set forth in Document No. 840348452.

6. Any action that may be taken by the Arizona Department of Transportation to acquire right of way and access for State Highway, as disclosed by Resolution of Establishment recorded in Document No. 850212890, in Document No. 880017426 and in Document No. 970681451.

7. Easement for drainage retention, and rights incident thereto as set forth in Document No. 860034839.

8. Easement for aviation, and rights incident thereto as set forth in Document No. 880511157.

9. Easement for underground electrical conduits, and rights incident thereto as set forth in Document No. 880567110.

10. Easement for irrigation pipeline, and rights incident thereto as set forth in Document No. 20020298256.

11. Easement for utilities, ingress, egress, sound wall, and rights incident thereto as set forth in _____.

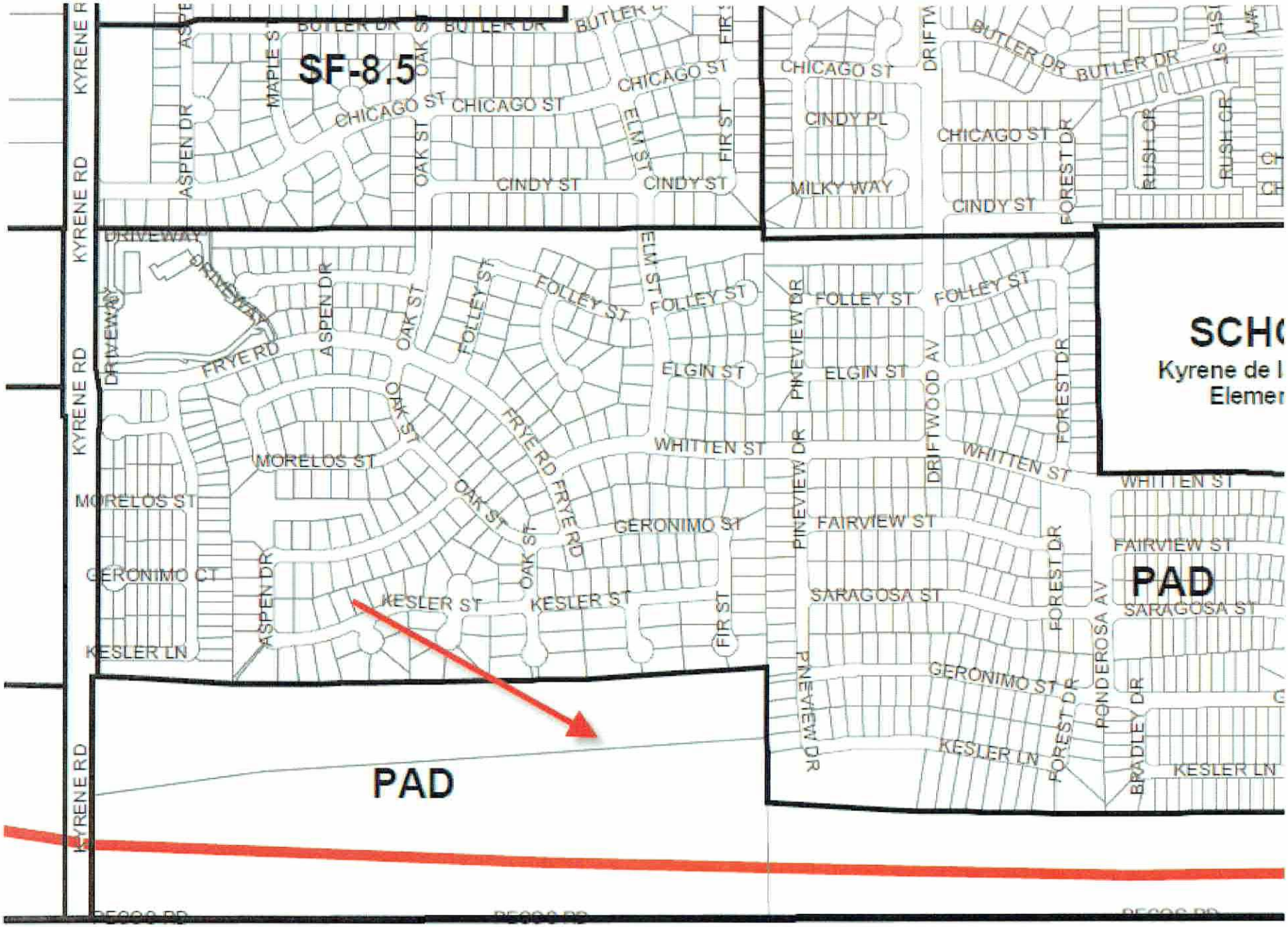
12. All matters shown on plat recorded in Book 673 of Maps, page 25.

13. Notwithstanding the insuring clauses of the policy, the company does not insure against loss or damage by reason of a lack of a right of access to and from the land.

END OF SCHEDULE B

EXHIBIT 5

Zoning Map and Zoning Description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DRIFTW
FOREST DR
RUSH CR
ASPEN DR
MAPLE ST
OAK ST
ELM ST
FIR ST
DRIVEWAY
FRYE RD
FOLLEY ST
ELGIN ST
WHITTEN ST
MORELOS ST
GERONIMO ST
GERONIMO CT
KESLER ST
KESLER LN
PINEVIEW DR
DRIFTWOOD AV
FAIRVIEW ST
SARAGOSA ST
PONDEROSA AV
BRADLEY DR

ARTICLE XVII. - PLANNED AREA DEVELOPMENTS

35-1700. - Purpose.

The Planned Area Development (PAD) zoning designation is intended to accommodate, encourage and promote innovately designed developments involving residential and nonresidential land uses, which together form an attractive and harmonious unit of the community. Such a planned development may be designed as a large-scale separate entity, able to function as an individual community, neighborhood, or mixed-use development; as a small-scale project which requires flexibility because of unique circumstances or design characteristics; or as a transitional area between dis-similar land uses (interface zone). Thus it can be used either as an overlay district to provide flexibility in an otherwise established land use district, or it can be used as an independent district.

This zoning designation recognizes that adherence to a rigid set of space, bulk and use specifications contained elsewhere in this Code would preclude the application of the PAD concept. Therefore, where PAD zoning is deemed appropriate or necessary, traditional rigid zoning regulations are replaced by performance considerations to fulfill the objectives of the Chandler General Plan. The PAD zoning designation may be tailored to meet the specific development representations of an applicant, relative to permitted uses, design standards, and other details. Hence one PAD designation may vary considerably from another designation.

(Ord. No. 983, § 1, 7-9-81; Ord. No. 3063, § 3, 11-18-99; Ord. No. 3386, § 1, 9-12-02)

35-1701. - Objectives.

The objectives of PAD zoning shall include the following:

(1) To accommodate variations in building design, lot arrangements and land uses.

(2) To provide for a coordinated and compatibly arranged variety of land uses through innovative site planning.

(3) To provide a maximum choice in the types of environments for residential, commercial, and industrial uses and facilities.

(4) To encourage an efficient and safe traffic circulation, including the separation of pedestrian from vehicular traffic.

(5) To encourage economy in the construction and maintenance of streets and utilities.

(6) To encourage the provision of usable open space.

(7) To assist in the fulfillment of the goals, objectives and policies of the Chandler General Plan and any amendments thereto.

(8) To maintain a reasonable quality of living standard and minimize adverse environmental impact on surrounding areas during development.

(Ord. No. 3063, § 3, 11-18-99; Ord. No. 3386, § 1, 9-12-02)

35-1702. - Permitted uses.

All uses permitted within a PAD zoning designation shall be identified at the time of zoning approval, and be set forth in the ordinance and/or Preliminary Development Plan approved by the Mayor and Council.

(1) Residential uses may be any variety of types and styles. In the development of a balanced community, a variety of housing types within one (1) project shall be deemed most in keeping with the objectives of this article.

(2) All other uses shall be determined by the compatibility of such uses with each other and with surrounding land uses and shall conform to policies established in the Chandler General Plan.

(Ord. No. 3063, § 3, 11-18-99; Ord. No. 3386, § 1, 9-12-02)

35-1703. - Intensity of land use.

Densities and intensity permitted in the PAD zoning designation shall be determined by the quality of the PAD designation and shall be consistent with the Chandler General Plan.

(Ord. No. 3063, § 3, 11-18-99; Ord. No. 3386, § 1, 9-12-02)

35-1704. - Construction without approval prohibited.

No building or zoning permit shall be issued for any use under a PAD zoning designation prior to approval of the final development plan as prescribed herein.

(Ord. No. 3063, § 3, 11-18-99; Ord. No. 3386, § 1, 9-12-02)

35-1705. - Preliminary development plan required.

A PAD Preliminary Development Plan is required. The approval of such plan may be handled as follows:

(1) In cases of specific or small-scale single-stage projects, the Preliminary Development Plan, as described in Section 1706 shall be filed as part of the application and approved prior to and in conjunction with Planning Commission and City Council consideration of the application.

(2) In cases of large, multi-stage projects, such approval may be given in stages. The initial submittal with the application may be a conceptual development plan with sufficient description and documentation to identify the nature, mix, general arrangement, density, open space, and quality of the project. Such conceptual development plan may then be approved conditionally, with the Preliminary Development Plan to be submitted to the Planning Commission and City Council in the time and stages stipulated by City Council at

the time of rezoning. Multi-stage developments shall not be considered phased developments.

(3) In order for a development to be a phased development, it is required that the applicant submit a Preliminary Development Plan for each phase of the development as part of the PAD zoning application.

(4) Written notification of a Preliminary Development Plan shall comply with the standards described in Section 35-2601.2 of Article XXVI.

(Ord. No. 3063, § 3, 11-18-99; Ord. No. 3386, § 1, 9-12-02; Ord. No. 3411, § 1, 11-7-02; Ord. No. 3640, § 2, 1-13-05)

35-1706. - Description of preliminary development plan.

(1) A Preliminary Development Plan shall contain the following information:

(a) A master development plan as defined in the Subdivision Code, Chapter 48, acceptable to the Planning and Development Director for consistency with Chandler codes and policies and plans.

(b) An area map showing adjacent property owners, location of all buildings, and existing uses within a three hundred (300) foot radius of the parcel, measured in all directions from the perimeter property lines of the parcel.

(c) A legal description of the metes and bounds of the parcel, including gross and net acreage.

(d) Drawings and descriptions clearly showing the following:

1. The existing topographical features of the site;

2. A statement of intended design philosophy and environmental quality; this statement may be in writing, graphic, photographic or a combination of these;

3. Where portions of the site are subject to flooding, the map shall indicate extent and frequency; location of retention areas, calculations and maintenance responsibility;

4. Where areas lie in aircraft approach and holding patterns, such areas shall be indicated;

5. The location and nature of the various uses and their areas in acres;

6. The proposed circulation system and traffic analysis, including any improvements needed to accommodate additional traffic; indicating whether they are public or private;

7. Delineation of the various land use areas, indicating for each such area its general extent, size, total number of dwelling units and approximate percentage allocation by dwelling type, building arrangement, schematic floor plans, building elevations, architectural style and details, and exterior building materials and colors;

8. The interior open space system;

9. General statement as to how common open space is to be owned and maintained;

10. A calculation of the residential density in dwelling units per gross acre, including interior roadways; a calculation of nonresidential intensity in terms of building coverage or floor area ratios, as appropriate;

11. Perimeter treatment and relationship of the project to surrounding land uses;

12. Principal ties to the community at large with respect to transportation, water supply and sewage disposal; indicating whether they are public or private;

13. General description of the availability of other community facilities, such as schools, fire protection services, and cultural facilities, if any, and how these facilities are affected by this proposal;

14. Graphic representation of proposed landscaping, on-site parking, points of access, common areas, recreational amenities, screen walls/fences, building heights, lighting, streets, drives and pedestrian walks, water features, signage and other site plan details;

15. Evidence that the proposal is compatible with the goals of the Chandler General Plan;

16. If the development is to be phased, a general indication of how the phasing is to proceed; whether or not the development is to be phased, the development plan shall show the intended total project;

17. A list of development standards from which departure is requested, together with a statement of how such deviations shall result in environmental quality higher than without stated deviations.

The Zoning Administrator may waive, in writing, any of the above required information when, in his/her opinion, not applicable and require additional information when needed to adequately describe or clarify the project or its impact.

(2) The Preliminary Development Plan shall be reviewed by the Chandler Planning and Development Department and any other departments and agencies deemed appropriate by the Department. The Department shall compile and return written comments to the applicant within thirty (30) days, or as soon as practical.

(3) The Planning and Zoning Commission shall review the Preliminary Development Plan, together with a written report and recommendations from the Zoning Administrator or designee. Commission recommendation shall be transmitted to the City Council for review.

(4) The City Council shall review the Preliminary Development Plan, together with Commission and staff reports. The City Council may approve the PAD only upon finding that:

(a) The proposal meets the intent, objectives and general requirements of the PAD designation; and

(b) The proposal is in conformance with the Chandler General Plan, amendments thereto and all pertinent codes and policies.

(5) If the City Council approves the PAD zoning designation, the Official Zoning Map shall be so changed by ordinance. The Council may, as necessary, attach conditions to the PAD approval, which may include but are not limited to the following:

(a) Use limitations.

(b) Landscaping.

(c) Screen planting.

(d) Setback and height of buildings.

(e) Paving, location of drives and parking areas.

(f) Storm drainage and stormwater retention.

(g) Public and/or private open space.

(h) Shape and size of lots.

(i) Grouping and uses of buildings.

(j) Maintenance of grounds.

(k) Regulation of signs.

(l) Fences and walls.

(m) Adequacy of vehicular and pedestrian circulation and access.

(n) Timing and phasing.

(o) Any other reasonable consideration the Council finds germane to project quality and neighborhood compatibility.

(Ord. No. 3063, § 3, 11-18-99; Ord. No. 3386, § 1, 9-12-02)

35-1707. - Final development plan approval.

(1) It is the intent of this section that subdivision review under the City Subdivision Regulations, Chapter 48, be carried out simultaneously as an integral part of the PAD review. The plans required under this section must be submitted in a form which substantially satisfies the requirements of the Subdivision Regulations for final plat approval.

(2) The applicant shall submit a pre-determined number of copies of the Final Development Plan for approval by the Planning & Development Department. The plan shall contain the following information:

(a) All information required on the Preliminary Development Plan.

(b) Complete site plans showing location and type of all improvements.

(c) Plans and elevations of all building types, building materials, and colors.

(d) Schematic grading plans including proposed treatment of sloped and retention areas.

(e) The number of dwelling units by type and estimate of school enrollment to be generated by the project.

(f) All applicable standards of design and construction required by all pertinent City Codes and policies.

(g) Phases and timing of development in numerical order, if applicable.

(h) Any other requirements of Section 35-1900 of this chapter.

(i) An agreement to maintain the property free and clear of weeds, uncontrolled vegetation and trash, litter and debris by twice annually clearing all undeveloped space until project completion. Semiannual weed/debris removal shall be done in May and October.

(j) An agreement to post all phased projects with signs prohibiting dumping of waste, scrap or fill material of any type and to berm and trench the entire periphery of all undeveloped space not in an active phase of development.

(3) The Final Development Plan must be in substantial conformance with the approved Preliminary Development Plan as determined by the Zoning Administrator. Any deviations from the approved Preliminary Plan that would alter the nature of the project shall require approval by the Planning and Zoning Commission and the City Council, with a finding as outlined in Section 35-1706(4)(a) of this chapter.

(4) The Final Development Plan shall be accompanied by a statement of how the deviations from other provisions of the Zoning Code, as requested and/or approved in the Preliminary Development Plan, have been achieved in the Final Development Plan.

(Ord. No. 3063, § 3, 11-18-99; Ord. No. 3386, § 1, 9-12-02)

35-1708. - Extension of premises to serve or consume liquor within a public right-of-way. (Planned Area Development zoning district)

Any extension of premises to serve or consume liquor outdoors within an adjoining public right-of-way shall require approval of a use permit by the City Council as provided for in Section 35-305(1).

The use permit required for this purpose shall be known herein as an "extension of premises permit" and shall be subject to the following requirements:

A. Such requests shall be consistent with the Chandler General Plan and located within the boundaries of a specific area plan adopted by the City Council that expressly encourages outdoor dining within the public sidewalk to create or maintain pedestrian activity and aid in the revitalization of the area.

B. The use allowed under an extension of premises permit shall be an accessory use to the building or suite in which food or spirituous beverages are lawfully sold or served, and all services to the designated sidewalk area identified in the extension of premises permit shall originate from such building or suite. If such sidewalk area is detached from said building or suite, then the sidewalk area shall be located directly in front of the said building or suite frontage unless otherwise approved by City Council, and in no event shall the sidewalk area be separated by more than thirty (30) feet from the building or suite.

C. No portion of a public right-of-way devoted to use as a parking lane or parking space(s), loading zone, bus stop, or moving lane of traffic, shall be considered eligible for such consideration.

D. The area of the sidewalk within the public right-of-way in which spirituous beverages are to be served shall be enclosed on all sides by a barrier measuring at least thirty-two (32) inches in height from sidewalk grade, that cannot be removed, relocated, or otherwise altered by a patron or passerby. The quality and design of the barrier's materials shall be commensurate to that of the building from which the services to the extension of premises originate.

E. A minimum eight (8) foot clearance shall be maintained within an arterial street right-of-way between the enclosure required in subsection 35-1708.D. herein, and the inside face of any column, street light, street sign, traffic signal pole, curb line, utility equipment box, or other street fixture, to allow unobstructed pedestrian use of the remaining public sidewalk. Said clearance may be reduced within an arterial street right-of-way to a minimum of six (6) feet by City Council only upon finding that such reduction is necessary to accommodate a special circumstance that is not self-imposed by the applicant and the length of such reduction along the building frontage constitutes a minimal portion of the building frontage or is not extended more than necessary to address said special circumstance. A minimum six (6) foot clearance shall be maintained within all other rights-of-way. In cases where a right-of -way is being reconstructed or otherwise modified by City approval, said minimum clearance may be reduced to as little as five (5) feet. Compliance with the applicable provisions of the Americans with Disabilities Act (ADA) shall be maintained at all times within the adjoining public right-of-way outside of the enclosure.

F. Except for signs hanging from or otherwise attached to a colonnade, canopy, awning, or the exterior wall off the building, no signage is allowed in the public right-of-way, including those portions of the right-of-way affected by an extension of premises use permit.

G. Site plan details including but not necessarily limited to such items as vehicular parking; signage; colors and materials of all elements to be placed in the right-of-way; the location, style, and construction method for the enclosure required in Subsection 35-1708.D. above; and any requirements as may be necessary to insure compatibility with adjoining buildings and uses, whether public or private, shall be addressed as part of the use permit approval process in accordance with the requirements set forth in Section 35-305(1) of the City Code. Issues pertaining to light, noise, music, live entertainment, amusement devices, hours of operation, and any other characteristics related to the particular application being considered shall be addressed as part of the use permit process and stipulated as necessary.

H. The operator for which an extension of premises permit is granted shall be responsible for maintaining the enclosure barrier required in Subsection 35-1708.D. and the affected area of the sidewalk right-of-way, both within and immediately outside the enclosure, in a clean and orderly manner, free of any and all litter and stains as may otherwise be generated from the serving area.

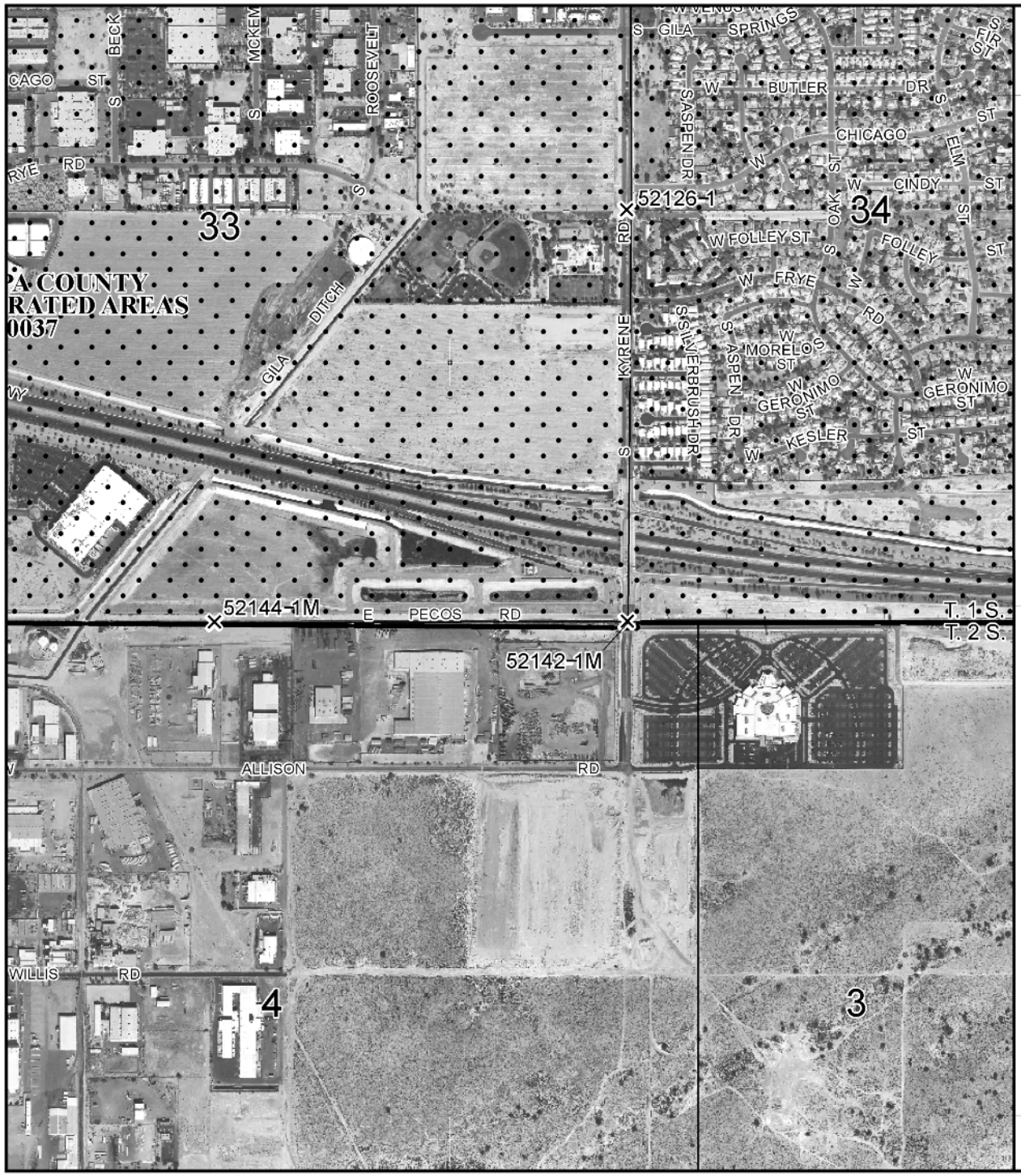
I. After receiving use permit approval by the Mayor and Council to allow an extension of liquor premises into the right-of-way, the operator shall then be required to obtain an encroachment permit in accordance with the requirements of Chapter 46 of the City Code. The method of constructing the enclosure as required in Subsection 35-1708.D. above, the method of affixing the enclosure to the ground, and the means of restoring the affected right-of-way to its previous condition at such time as the extension of premises ceases operation, shall also be subject to review and approval in obtaining the encroachment permit.

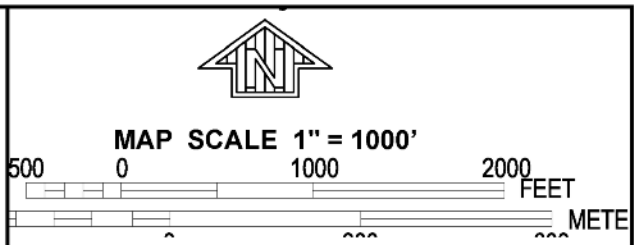
J. The sidewalk area designated in an extension of premises permit shall not be separated or detached from its associated building or suite by any part of a public right-of-way devoted to use as an alley, parking lane or parking space, loading zone, bus stop, or moving lane of traffic.

(Ord. No. 4206, § 6-10-10, Ord. No. 4280, § 1, 2-24-11)

EXHIBIT 6

Flood Plain Map and Cover Page





NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 2715L

FIRM

FLOOD INSURANCE RATE MAP

MARICOPA COUNTY, ARIZONA

AND INCORPORATED AREAS

PANEL 2715 OF 4425

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
MARICOPA COUNTY	040037	2715	L
CHANDLER, CITY OF	040040	2715	L
PHOENIX, CITY OF	040051	2715	L

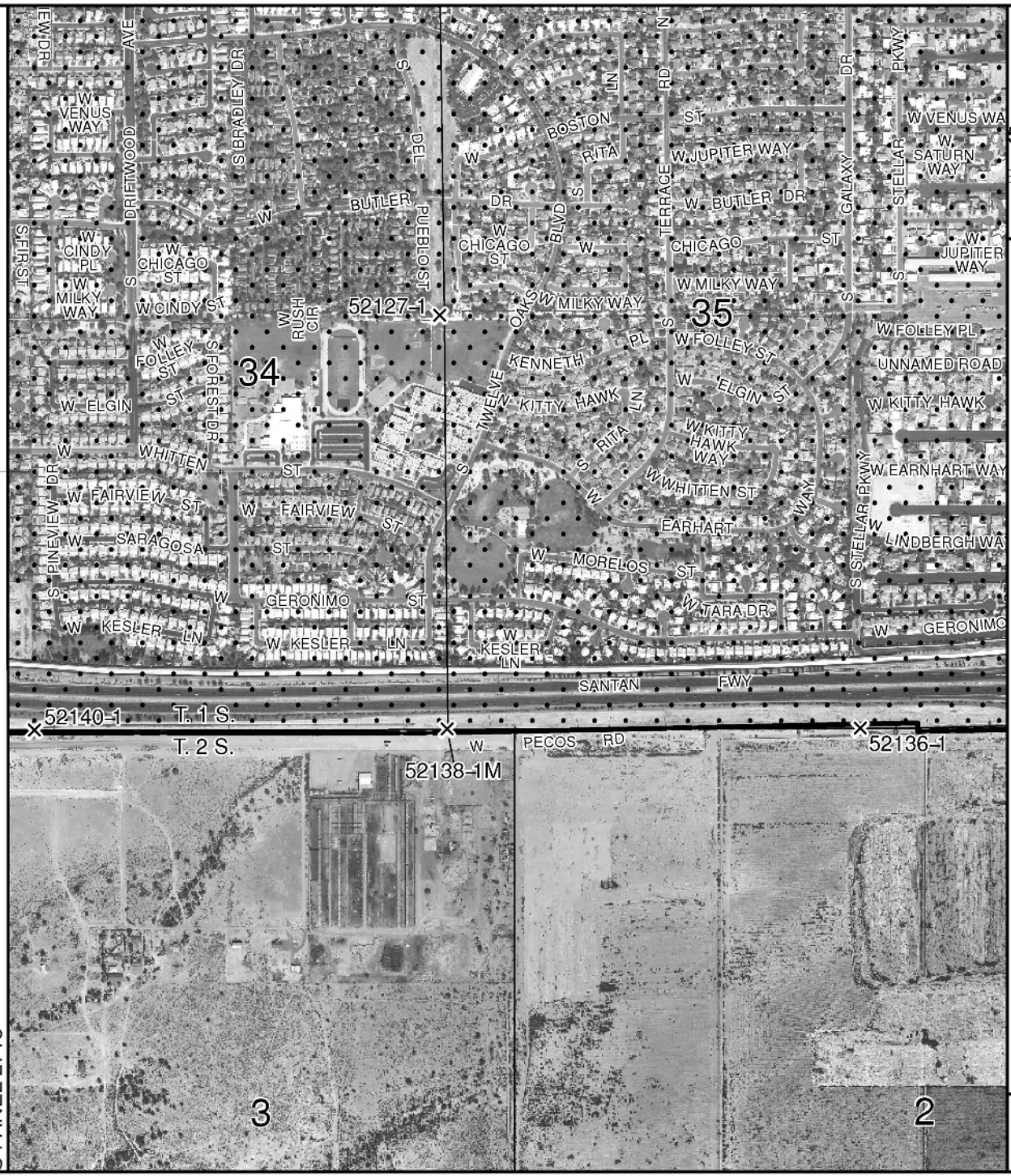
Notice to User: The **Map Number** shown below should be used when placing map orders; the **Community Number** shown above should be used on insurance applications for the subject community.

MAP NUMBER
04013C2715L

MAP REVISED
OCTOBER 16, 2013

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov



MAP SCALE 1" = 1000'

500 0 1000 2000 FEET

METE

NFIP

PANEL 2720L

NATIONAL FLOOD INSURANCE PROGRAM

FIRM

FLOOD INSURANCE RATE MAP

MARICOPA COUNTY, ARIZONA

AND INCORPORATED AREAS

PANEL 2720 OF 4425

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
MARICOPA COUNTY	040037	2720	L
CHANDLER, CITY OF	040040	2720	L

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OCTOBER 16, 2013

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LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, A99, V and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.

ZONE A	No Base Flood Elevations determined.
ZONE AE	Base Flood Elevations determined.
ZONE AH	Flood depths of 1 to 3 feet (usually areas of ponding); Base Flood Elevations determined.
ZONE AO	Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.
ZONE AR	Special Flood Hazard Area formerly protected from the 1% annual chance flood by a flood control system that was subsequently decertified. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.
ZONE A99	Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.
ZONE V	Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
ZONE VE	Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.

FLOODWAY AREAS IN ZONE AE

The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

OTHER FLOOD AREAS

ZONE X	Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

OTHER AREAS

ZONE X	Areas determined to be outside the 0.2% annual chance floodplain.
ZONE D	Areas in which flood hazards are undetermined, but possible.

COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

MAP SCALE 1" = 1000'

500 0 1000 2000 FEET

METE

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 2715L

FIRM

FLOOD INSURANCE RATE MAP

MARICOPA COUNTY, ARIZONA

AND INCORPORATED AREAS

PANEL 2715 OF 4425

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EXHIBIT 7

Excess Land Exhibit Sheet

EXHIBIT 8

Photographs of Subject

Looking southeast over subject parcel from near the middle of the north border.

Looking south over subject parcel from near the middle of the north border.

[redacted]

Looking west over subject parcel from near the middle of the north border.

Looking west over subject parcel from near the middle of the east border.

[redacted]

Looking west along south border from subject southeast corner.
The freeway sound wall shown at left forms the south border.

Looking north from subject southeast corner.

[redacted]

View of logical location over which to secure access, looking wet toward subject parcel which is behind the block wall at rear of photo.

Looking northeast over that same area where access could be developed east of subject.

[redacted]

EXHIBIT 9

Market Data Sheets for Land Sales

LAND SALE NO. 1

PROPERTY TYPE:	Vacant residential land
ADDRESS:	SW Corner of Warner Road and 130th Street Gilbert, AZ
LEGAL DESCRIPTION:	Lot 3 Cooper II BOM589 Pg 14 Sec 24 T1S R5E G & SR B&M
ASSESSOR NO.:	302-82-974 (now 302-82-974A & B)
GRANTOR:	Warner Developments Ltd
GRANTEE:	Ryland Homes of Arizona, Inc.
DOCUMENT NO.:	13-929138
DOCUMENT TYPE:	Special Warranty Deed
DATE OF SALE:	October 2013
RECORD DATE:	October 15, 2013
SALE PRICE:	$1,435,029
FINANCING:	Cash
UNIT PRICE:	$201,549 per gross acre
PROPERTY RIGHTS CONVEYED:	Fee Simple
CONDITIONS OF SALE:	Arm's Length Transaction
VERIFICATION:	Inspection, county records, affidavit of value, Bret Rinehart, Land Advisors Organization, listing broker, 480-483-8100
PRIOR SALES:	No prior sales within the last five years per Realquest
SITE DATA:	
Shape/Dimensions:	Irregular
Area:	7.12 gross acres
Topography/Cover:	Level, dirt
Zoning:	SF-7,SF-15, single family residential, 7,000 and 15,000 SF minimum by the Town of Gilbert
Frontage:	Warner Road, 130th Street. Stottler Place
Access:	Warner to north, 130th Street to east, Stottler Place to south
Utilities:	Power and phone, municipal water and sewer
Intended Use:	Single Family Development
COMMENTS:	This is a vacant tract of land that was purchased by Ryland Homes for development with a 27 lot subdivision. It was reportedly preliminary platted for that use. The buyer is now under construction on the site.

LAND SALE NO. 1

A. P. No. 302-82-974 (now 974A and 974B)

LAND SALE NO. 2

PROPERTY TYPE:	Vacant residential land
ADDRESS:	301 Val Vista Drive Mesa, AZ
LEGAL DESCRIPTION:	SW4 Section 21 T1N R6E Gila & Salt River Base & Meridian
ASSESSOR NO.:	140-29-002
GRANTOR:	Valencia Heights LLC
GRANTEE:	Lennar Arizona, Inc
DOCUMENT NO.:	14-0001532
DOCUMENT TYPE:	Special Warranty Deed
DATE OF SALE:	December 2013
RECORD DATE:	January 2, 2014
SALE PRICE:	$2,167,000
FINANCING:	Cash
UNIT PRICE:	$197,629 per gross acre
PROPERTY RIGHTS CONVEYED:	Fee Simple
CONDITIONS OF SALE:	Arm's Length Transaction
VERIFICATION:	Inspection, county records, affidavit of value
PRIOR SALES:	Prior sale on May 20, 2013 for $1,325,000 (Doc#13-0460582) Buyer did entitlement work, then resold it. No other sales are known within the last five years per Realquest

SITE DATA:

Shape/Dimensions:	Irregular
Area:	10.965 acres or 477,635 square feet
Topography/Cover:	Level, citrus orchard
Zoning:	R1-9, Mesa
Frontage:	Val Vista Drive
Access:	Val Vista Drive
Utilities:	Power and phone, municipal water and sewer
Intended Use:	Single Family Development

COMMENTS: Irregularly shaped tract located south of the southeast corner of Val Vista Drive and Main Street. The buyer is in process of developing a subdivision on the site.

LAND SALE NO. 2

A. P. No. 140-29-002M

LAND SALE NO. 3

PROPERTY TYPE:	Vacant residential land
ADDRESS:	East of SE Corner of Willis Road & Alma School Road Chandler, AZ
LEGAL DESCRIPTION:	E2 NW4 Sec 4 T2S R5E Gila and Salt River Base and Meridian
ASSESSOR NO.:	303-27-031N
GRANTOR:	Maple Court Holdings LLC
GRANTEE:	Taylor Morrison & Arizona Inc.
DOCUMENT NO.:	13-1027600
DOCUMENT TYPE:	Special Warranty Deed
DATE OF SALE:	November 2013
RECORD DATE:	December 2, 2013
SALE PRICE:	$1,488,487
FINANCING:	Cash
UNIT PRICE:	$219,541 per acre
PROPERTY RIGHTS CONVEYED:	Fee Simple
CONDITIONS OF SALE:	Arm's Length Transaction
VERIFICATION:	Inspection, county records, affidavit of value, Lynne Dugan, buyer's representative
PRIOR SALES:	No prior sales within the last five years per Realquest
SITE DATA:	
Shape/Dimensions:	Irregular
Area:	6.78 gross acres
Topography/Cover:	Level, dirt
Zoning:	AG-1, agricultural, Chandler
Frontage:	Willis Rd, Maplewood St. & Vine St., a dirt road along east side
Access:	Willis Road to north, Maplewood to south
Utilities:	Power and phone, municipal water and sewer
Intended Use:	Single Family Development
COMMENTS:	Taylor Morrison Homes purchased this vacant site and is now under construction with a subdivision on the site. It was zoned AG-1 at the time of sale.

LAND SALE NO. 3

A. P. No. 303-27-031N

LAND SALE NO. 4

PROPERTY TYPE:	Vacant residential land
ADDRESS:	Northeast of Brown Road and Val Vista Drive Mesa, AZ
LEGAL DESCRIPTION:	OASIS CITRUS GROVES INC N2 TR 1 LOT 14 OR BEG AT PT 33' E & 33' N OF SW COR SEC 9 E 651.3' N 641.65' W 651.3' S 640.9' TO POB EX S 7' RD
ASSESSOR NO.:	141-31-015B and 141-31-015E
GRANTOR:	The Living Word Bible Church
GRANTEE:	Barbpup LLC
DOCUMENT NO.:	13-469127
DOCUMENT TYPE:	Special Warranty Deed
DATE OF SALE:	April 2013
RECORD DATE:	May 22, 2013
SALE PRICE:	$1,500,000
FINANCING:	Cash
UNIT PRICE:	$163,043 per gross acre
PROPERTY RIGHTS CONVEYED:	Fee Simple
CONDITIONS OF SALE:	Arm's Length Transaction
VERIFICATION:	Inspection, county records, affidavit of value, Michael Haenel, Cassidy Turley, listing broker
PRIOR SALES:	No prior sales within the last five years per Realquest
SITE DATA:	
Shape/Dimensions:	Rectangular;
Area:	9.200 acres or 400,751 square feet
Topography/Cover:	Level, citrus grove
Zoning:	R1-35 PAD, Mesa
Frontage:	Brown Road and Val Vista Drive
Access:	Brown Road and Val Vista Drive
Utilities:	Power and phone, municipal water and sewer
Intended Use:	Hold for Investment
COMMENTS:	This tract is improved with a mature citrus orchard that was purchased for investment. The site is zoned R1-35. Mostly improved lot.

LAND SALE NO. 4

A. P. No. 141-31-015B and 141-31-015E