



AGENDA

BOARD OF DIRECTORS MEETING

Wednesday, July 28, 2021 - 2pm

West Center Auditorium & Zoom

Directors: Mike Zelenak (President), Nina Campfield (Vice President), Ted Boyett (Secretary), Donna Coon (Treasurer), Mark McIntosh (Assistant Secretary), Randy Howard (Assistant Treasurer), Kathi Bachelor, Carol Crothers, Christine Gallegos, Bart Hillyer, Bev Lawless, Don Weaver, Scott Somers (non-voting)

<u>AGENDA TOPIC</u>	<u>PRESENTER</u>	<u>EXHIBIT</u>	<u>ACTION</u>
1. Call to Order / Roll Call – Establish Quorum	Zelenak		
2. Adopt Agenda	Zelenak	Y	Y
3. CEO Report	Somers		
4. Consent Agenda	Zelenak	Y	Y
A. Minutes: June 23, 2021			
B. Financial Statements: June 2021			
5. New Business			
A. Approve 5-year Strategic Plan, including Mission/Vision Statements & Goals	Somers	Y	Y
B. Tentative Approval: Purchase or Lease of Canoa Hills Parking Lot	Somers	Y	Y
C. Amend CPM: Update GVR Reserve Policy	Campfield	Y	Y
D. Amend CPM: Director Protocols	Campfield	Y	Y
E. Waive Attorney-Client Privilege: Interpretation of GVR Bylaws Article VI, Section 2	Campfield	Y	Y
6. Committee Reports			
A. Audit	Weaver		
B. Board Affairs	Campfield		
C. Fiscal Affairs	Coon		
D. Investments	Lawless		
E. Nominations & Elections	McIntosh		
F. Planning & Evaluation	Boyett / Campfield		
7. Member Comments			
8. Adjournment			



A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS was held Wednesday, June 23, 2021 in the West Center Auditorium. The President being in the chair and the Secretary being present.

Directors Present: Mike Zelenak (President), Nina Campfield (Vice President), Ted Boyett (Secretary), Donna Coon (Treasurer), Mark McIntosh (Assistant Secretary), Randy Howard (Assistant Treasurer), Kathi Bachelor, Carol Crothers, Christine Gallegos, Bart Hillyer, Bev Lawless, Don Weaver, Scott Somers (CEO, non-voting)

Staff Present: Cheryl Moose (CFO), David Webster (Director of Accounting), David Jund (Facilities Director), Randy Cheatham (IT Director), Natalie Whitman (Communications Manager), Karen Miars (AO Administrative Assistant), Marie Seixas (Meeting Scribe)

Guests: 12 (includes additional staff)

1. Call to Order/Roll Call – Establish Quorum

President Zelenak called the meeting to order at 2:20pm MST. Secretary Boyett called the role and a quorum was established.

2. Adopt Agenda

MOTION: Boyett/2nd. Approve the agenda as presented.
Passed: unanimously

President Zelenak reminded the Board to please yield the floor when they are finished speaking.

3. CEO Report

CEO Somers reported:

- The Strategic Plan is progressing. The Board has developed a draft of the vision and mission statements for the organization which will be posted on the website under the Governance tab. Also listed will be five anticipated goals. A work session will be held on July 21st to tweak the plan with anticipation of bringing the final draft for approval to the Board at its next regular meeting on July 28th.
- Work on the East Center Pool construction is progressing. Late summer of 2022 is anticipated for completion of the project.
- Canoa Hills Clubhouse renovation plans are also progressing. Involved clubs have approved plans with March/April 2022 anticipated for completion of the project.
- The movies being shown at the Desert Hills pool have been very successful. Plan being considered to bring these events back in September/October.

President Zelenak announced the resignation of Director of Administrative Services, Jen Morningstar. A Certificate of Appreciation has been developed to present to Jen. Her dedication and hard work for GVR is very appreciated.

4. Consent Agenda

A. Minutes – May 26, 2021

B. Financial Statements – May 2021

MOTION: Boyett/2nd. Approve the Consent Agenda as presented.

Passed: unanimously

5. New Business

A. **East Center African Daisies** – David Jund presented, with staff requesting direction to decrease the African Daisy coverage at the East Center and substitute with xeriscape landscaping. Discussion followed.

MOTION: Campfield/2nd. Move to direct staff to pursue reducing the African Daisies coverage area at East Center and plant water conservative vegetation and ground cover.

Passed: Yes – 11; No – 1 (Gallegos)

B. **Amended and Restated Bylaws** – Director Campfield spoke to this item, requesting that the Board approve the Amended and Restated Bylaws Version 3 be included on the 2022 ballot. Discussion followed.

Director Weaver called the question.

MOTION: Campfield/2nd. Move to approve placing the Amended and Restated Bylaws on the 2022 ballot.

Passed: Yes – 9; No – 3 (Bachelor, Crothers, Hillyer)

C. **GVR Clubs: EIN Numbers Update to CPM** – Director Campfield presented that the Board Affairs Committee voted to authorize staff to rewrite the GVR Club EIN Number Policy based on updated IRS regulations, and for the staff recommendation to be presented to the Board of Directors. Legal counsel reviewed the recommended changes. Discussion followed.

MOTION: Campfield/2nd. Move that the Board approve the following change to the CPM verbiage located in Section VIII – GVR Programs/Clubs, Subsection 2. GVR Clubs, A. Organization, #9. *If the Board approves the request for club status the Club Liaison will notify the Club President so they will file for a club Employers Identification Number (EIN). ~~File for an Employers Identification Number (EIN) on behalf of the club, if the club has not already filed for an EIN.~~*

Passed: unanimously

6. Committee Reports

A. **Audit** – Committee Chair Weaver reported the committee has not yet met.

B. **Board Affairs** – Committee Chair Campfield announced the formation of two subcommittees – Bylaws and Policy Governance. Bylaws will be looking at substantive changes.

C. **Fiscal Affairs** – Committee Chair Coon reported on the last meeting's activities and briefly reviewed the financials that were presented at the meeting.

D. Investments – Committee Chair Lawless reported that May reports were good, an overview of which may be found on the website. The next quarterly meeting with John Roberts of SBH will be held on July 21st.

E. Nominations & Elections – Committee Chair McIntosh announced their first meeting will be held on July 19th from 1:30-3:00pm via Zoom. Changes in procedures will be discussed at that time.

F. Planning & Evaluation – Committee Co-Chair Boyett announced that plans regarding a dog park were presented by David Jund and reviewed and the Criteria Subcommittee has requested input from staff for their work. Next meeting is July 8th at 1:00pm.

7. Member Comments – 1

8. Adjournment

MOTION: Boyett/2nd. Motion to adjourn at 3:20pm MST.

Passed: unanimously

DRAFT



Green Valley Recreation, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying pages are the Financial Reports for June 30, 2021. The four statements are:

Statement of Financial Position.

This is also known as a Balance Sheet or the Statement of Net Assets.

Statement of Activities

Also known as an Income and Expense statement. This report shows the types of Income, the categories of expense and the unrealized Investment Market changes for the year to date. The bottom line in this report is the net for all the reserve accounts maintained by GVR.

Statement of Changes in Net Assets

This report displays the financial activity of the four reserves that make up the Net Assets of Green Valley Recreation. These reserves are:

Unrestricted - These net assets include the Fixed Assets (land, buildings and equipment), undesignated current assets less the current liabilities and deferred revenue items.

Emergency - Designated by the Board of Directors, this reserve is held to provide liquidity when needed for operational emergencies.

Maint - Repair - Replacement - designated by the Board of Directors, this reserve is the accumulation of assets in support of the Reserve Study which is mandated for Common Interest Realty Associations like Green Valley Recreation. Annual amounts are budgeted and transferred into this reserve for the purposes of the name of this reserve.

Initiatives - This reserve is designated by the Board of Directors to help with the funding for new programs that evolve from member interests and demands. Innovation in programming enables GVR to respond to member expectations.

Investment Portfolios

This report displays the market values of investments at the beginning of the year, the dollar amounts of changes that occurred from January 1st to the date of the financial statements. The unrealized gain or loss on market value changes is shown on a separate line to result in the market value of investments as of the reporting month end. The investments related to each of the Reserves (Unrestricted and Designated) are included in separate columns.



Green Valley Recreation, Inc. Statement of Financial Position

As of Date: June 30, 2021 and Dec 31, 2020

	June 30, 2021	Dec 31, 2020
	Total	Total
ASSETS		
Current Assets		
Cash/Cash Equivalents	1,216,331	4,558,345
Accounts Receivable	385,607	244,976
Prepaid Expenses	130,152	267,187
Designated Investments (Charles S./SBH)		
Emergency - Fund	1,087,696 (1)	993,416 (16)
MRR - Fund	8,745,045 (2)	7,874,717 (16)
Initiatives - Fund	1,361,686 (3)	1,114,873 (17)
Total Designated Investments (CS/SBH)	11,194,426 (4)	9,983,006 (18)
Undesignated Invest. (JP Morgan)	5,316,659 (5)	2,309,471 (19)
Investments	16,511,085 (6)	12,292,477 (20)
Total Current Assets	18,243,174	17,362,985
Fixed Assets		
Contributed Fixed Assets	18,017,085	18,017,085
Purchased fixed Assets	23,914,566	23,455,093
Sub-Total	41,931,650	41,472,178
Less - Accumulated Depreciation	(24,403,731)	(23,587,197)
Net Fixed Assets	17,527,920 (7)	17,884,981 (21)
Total Assets	35,771,094	35,247,966
LIABILITIES		
Current Liabilities		
Accounts Payable	655,308	781,728
Deferred Dues & Fees	3,474,451	3,685,092
Deferred Programs	11,236	43,933
Compensation Liability	109,695	188,920
Total Current Liabilities	4,250,690	4,699,673
TOTAL NET ASSETS	31,520,403 (8)	30,548,293 (22)
NET ASSETS		
Temporarily Designated:		
Board Designated:		
Emergency	1,087,696 (9)	993,416 (23)
Maint - Repair - Replacement	8,745,045 (10)	7,874,717 (24)
Initiatives	1,361,686 (11)	1,114,873 (25)
Sub-Total	11,194,426 (12)	9,983,006
Unrestricted Net Assets	19,353,866	20,565,287
Net change Year-to-Date	972,110 (13)	-
Unrestricted Net Assets	20,325,977 (14)	20,565,287
TOTAL NET ASSETS	31,520,403	30,548,293



Green Valley Recreation, Inc. Summary Statement of Activities

YTD Period: 6 month period ending June 30, 2021

FY Budget Period: Jan 1, 2021 - Dec 31, 2021

	PRIOR YEAR COMPARISON				BUDGET COMPARISON				Fiscal Year Budget	Remaining FY Budget
	2020 YTD Actual	2021 YTD Actual	Year to Year Variance	%	YTD Actual	YTD Budget	YTD Variance	%		
Revenue										
Member Dues	3,375,676	3,468,140	92,464	3%	3,468,140	3,465,057	3,083	0.1%	6,930,115	3,461,975
LC, Trans., Crd Fees.	359,055	387,082	28,027	8%	387,082	491,003	(103,921)	(21%)	789,835	402,753
Capital Revenue	1,191,809	1,714,476	522,667	44%	1,714,476	1,648,306	66,170	4%	2,518,147	803,671
Programs	122,200	5,004	(117,196)	(96%)	5,004	155,714	(150,710)	(97%)	260,953	255,949
Instructional	208,578	72,654	(135,924)	(65%)	72,654	68,750	3,904	6%	206,133	133,479
Recreational Revenue	330,778	77,658	(253,120)	(77%)	77,658	224,464	(146,806)	(65%)	467,086	389,428
Investment Income	151,324	140,689	(10,636)	(7%)	140,689	116,440	24,248	21%	286,746	146,057
Advertising Income	69,030	23,335	(45,695)	(66%)	23,335	26,438	(3,103)	(12%)	71,257	47,922
Cell Tower Lease Inc.	20,419	20,684	265	1%	20,684	17,992	2,692	15%	38,378	17,694
Comm. Revenue	89,449	44,020	(45,430)	(51%)	44,020	44,430	(411)	(1%)	109,635	65,616
Other Income	47,404	32,196	(15,208)	(32%)	32,196	76,923	(44,726)	(58%)	91,433	59,237
Facility Rent	20,817	370	(20,447)	(98%)	370	7,000	(6,630)	(95%)	16,000	15,630
Marketing Events	-	-	-	0%	-	-	-	0%	-	-
In-Kind Contributions	63,913	-	(63,913)	(100%)	-	-	-	0%	-	-
Other Revenue	132,134	32,566	(99,567)	(75%)	32,566	83,923	(51,356)	(61%)	107,433	74,867
Total Revenue	5,630,225	5,864,630	234,405	4%	5,864,630	6,073,623	(208,993)	(3%)	11,208,997	5,344,367
Expenses										
Major Proj.-Rep. & Maint.	150,165	260,460	(110,295)	(73%)	260,460	383,276	122,815	32%	598,359	337,899
Facility Maintenance	236,528	103,001	133,527	56%	103,001	159,831	56,830	36%	254,620	151,619
Fees & Assessments	(1,550)	13,294	(14,843)	958%	13,294	11,881	(1,413)	(12%)	42,919	29,625
Utilities	410,648	378,710	31,939	8%	378,710	490,195	111,485	23%	865,734	487,024
Depreciation	829,388	831,468	(2,080)	(0%)	831,468	913,228	81,759	9%	1,810,173	978,705
Furniture & Equipment	88,815	92,397	(3,582)	(4%)	92,397	115,110	22,713	20%	189,667	97,270
Vehicles	24,914	35,199	(10,285)	(41%)	35,199	44,578	9,378	21%	70,112	34,913
Facilities & Equipment	1,738,909	1,714,530	24,379	1%	1,714,530	2,118,098	403,568	19%	3,831,584	2,117,054
Wages, Benfts., PR Exp.	2,207,824	2,725,544	(517,719)	(23%)	2,725,544	2,680,202	(45,341)	(2%)	5,372,651	2,647,108
Conferences & Training	9,075	5,169	3,906	43%	5,169	32,608	27,439	84%	45,563	40,394
Personnel	2,216,899	2,730,712	(513,813)	(23%)	2,730,712	2,712,810	(17,902)	(0.7%)	5,418,214	2,687,501
Food & Catering	14,324	9,301	5,023	35%	9,301	21,521	12,220	57%	50,621	41,320
Recreation Contracts	303,684	77,611	226,073	74%	77,611	199,774	122,163	61%	391,912	314,301
Bank & Credit Card Fees	65,347	41,008	24,339	37%	41,008	70,748	29,740	42%	94,119	53,111
Program	383,355	127,920	255,435	67%	127,920	292,044	164,124	56%	536,652	408,732
Communications	52,095	51,711	385	1%	51,711	54,905	3,194	6%	107,185	55,474
Printing	33,372	37,993	(4,621)	(14%)	37,993	40,257	2,264	6%	105,170	67,177
Advertising	630	-	630	100%	-	-	-	0%	-	-
Communications	86,097	89,704	(3,607)	(4%)	89,704	95,162	5,458	6%	212,355	122,651
Supplies	91,036	125,496	(34,460)	(38%)	125,496	133,101	7,604	6%	264,531	139,035
Postage	8,392	11,119	(2,727)	(32%)	11,119	10,106	(1,013)	(10%)	18,258	7,139
Dues & Subscriptions	5,158	3,844	1,315	25%	3,844	7,067	3,223	46%	15,558	11,714
Travel & Entertainment	4,768	-	4,768	100%	-	4,941	4,941	100%	14,912	14,912
Other Operating Expense	145,566	62,994	82,572	57%	62,994	95,450	32,456	34%	260,936	197,942
Operations	254,921	203,453	51,468	20%	203,453	250,664	47,212	19%	574,194	370,741
Information Technology	30,690	30,665	25	0%	30,665	59,700	29,035	49%	86,509	55,844
Professional Fees	109,943	109,317	625	1%	109,317	97,514	(11,804)	(12%)	229,577	120,260
Commercial Insurance	160,008	155,368	4,640	3%	155,368	146,829	(8,539)	(6%)	287,000	131,632
Taxes	25	10,157	(10,132)	(40,527%)	10,157	10,000	(157)	(2%)	20,367	10,210
Provision for Bad Debt	-	-	-	0%	-	-	-	0%	-	-
Corporate Expenses	300,665	305,507	(4,842)	(2%)	305,507	314,043	8,535	3%	623,454	317,947
Expenses	4,980,846	5,171,826	(190,979)	(4%)	5,171,826	5,782,821	610,995	11%	11,196,452	6,024,627
Gross surplus(Rev-Exp)	649,379	692,804	43,426	7%	692,804	290,802	402,003	138%	12,544	(680,260)
Net. Gain/Loss on Invest.	(74,529)	279,230	353,759		279,230	-	279,230		-	(279,230)
Net from Operations	574,850	972,035	397,185	69%	972,035	290,802	681,233	234%	12,544	(959,490)



Green Valley Recreation, Inc.
Statement of Changes in Net Assets
As of Date: June 30, 2021 and Dec 31, 2020

	Totals	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replacement Reserve Fund	Initiatives Reserve Fund
		Unrestricted	Fixed Assets			
Net change in net assets-GVR	972,110 (13)	972,110	-	-	-	-
Transfers between unrestricted and reserves:						
Reserve Study Allocation	-	-	-	-	-	-
Principal Transfers	-	(1,381,161)	-	-	1,048,192	332,969
Depreciation	-	831,468	(831,468)	-	-	-
Disposal of Fixed Assets	-	(14,935)	14,935	-	-	-
Purchase & Contributed Fixed Assets	-	(211,870)	459,473	-	(310,697)	63,095
Withdrawals	-	295,077	-	-	(134,076)	(161,001)
Allocations of Net Change components:						
Investment income	-	(116,341)	-	6,615	94,330	15,397
Investment Expenses	-	33,836	-	(2,705)	(27,473)	(3,658)
Net Gains (Losses) in Investments	-	(290,434)	-	90,371	200,052	11
Repairs and replacements	-	-	-	-	-	-
Net Change to June 30, 2021	972,110 (13)	117,751	(357,061)	94,280	870,327	246,813
Net Assets at, Dec 31, 2020	30,548,293 (22)	2,680,306	17,884,981 (21)	993,416 (23)	7,874,717 (24)	1,114,873 (25)
Net Assets as at, June 30, 2021	31,520,403 (8)	2,798,057	17,527,920 (7)	1,087,696 (9)	8,745,045 (10)	1,361,686 (11)
		20,325,977 (14)		11,194,426 (12)		

Footnotes refer to Statement of Financial Position and Statement of Activities



Green Valley Recreation, Inc.
Investment Portfolios
Changes and Market Values
Beginning of Year and Curent Month End

	Totals	Unrestricted	Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund
Balance Dec 31, 2020 (at Market)	12,292,477 ⁽²⁰⁾	2,309,471 ⁽¹⁹⁾	993,416 ⁽¹⁵⁾	7,874,717 ⁽¹⁶⁾	1,114,873 ⁽¹⁷⁾
Changes since Jan 1, 2020:					
Principal additions	4,381,161	3,000,000	-	1,048,192	332,969
Investment income	134,732	18,391	6,615	94,330	15,397
Withdrawals	(542,680)	-	-	(444,773)	(97,906)
Investment Expenses	(33,836)	-	(2,705)	(27,473)	(3,658)
Net Change for 6 Months	3,939,377	3,018,391	3,909	670,275	246,802
Balance before Market Change at June 30, 2021	16,231,855	5,327,862	997,325	8,544,993	1,361,675
6 Months Net Change in Investments Gain/(Loss)	279,230	(11,203)	90,371	200,052	11
Balance at June 30, 2021 (at Market)	\$ 16,511,085 ⁽⁶⁾	5,316,659 ⁽⁵⁾	1,087,695.90 ⁽¹⁾	8,745,045 ⁽²⁾	1,361,686 ⁽³⁾

11,194,426 ⁽¹²⁾

Footnotes refer to Statement of Financial Position and Statement of Activities



Green Valley Recreation, Inc.

Board of Directors Meeting

Prepared By: Scott Somers, CEO

Meeting Date: 7/28/21

Presented By: Scott Somers, CEO

Consent Agenda: No

Originating Committee / Department: CEO's Office

Action Requested: Approve the Five-Year Strategic Plan developed by Board and staff, facilitated and prepared by Zelos, LLC.

Strategic Plan Focus Area: 2021 Workplan Task 1 for CEO's Office

Background Justification:

After an RFP process and vetting of candidates, in April 2021 the Board selected Zelos, LLC to facilitate the development of a Five-Year Strategic Plan to replace GVR's long-expired plan. Zelos staff reviewed GVR's governing documents, past plans, and member comments received during a series of small "Meet the CEO" events conducted last winter. Zelos then conducted a survey completed by 2,814 members and hosted 64 people in focus groups. With the membership's feedback in hand, Zelos facilitated a Board retreat to identify high level goals. Then they worked with staff to draft operational objectives and strategies to pursue those goals, and in a work session on Wednesday, July 21, the Board reviewed the operational elements of the plan with staff, and completed unfinished items.

Pros of the program:

The Strategic Plan will provide guidance and shared focus to Boards and staff over the next five years. It will act as a promise to the members who will know what to expect from their leadership staff and governing bodies. Accountability and continuity will be improved.

Cons:

None expected

Fiscal Impact:

See plan

Board Options:

1. Approve the attached Five-Year Strategic Plan as presented
2. Direct staff to make changes

Staff Recommendation:

Option 1

Recommended Motion:

Move to approve and adopt the Five-Year Strategic Plan as prepared by Zelos, LLC.

Attachments:

Green Valley Recreation Five-Year Strategic Plan



2022 Five-Year Strategic Plan

Green Valley Recreation, Inc. (GVR) Strategic Plan

Drafting Process

Session	Date	Content
Full-day Board session	June 15, 2021	<ul style="list-style-type: none">• Reviewed focus group and survey report• Identified customers and broad service categories• Drafted Mission, Vision, Goals with Outcome Measures
Half Day Board session	June 21, 2021	<ul style="list-style-type: none">• Complete Goal 5
Strategic Planning Team	June 24, 2021	<ul style="list-style-type: none">• Review mission, vision, and high level goals
Strategic Planning Team	July 1, 2021	<ul style="list-style-type: none">• Completed objectives
Strategic Planning Team	July 8, 2021	<ul style="list-style-type: none">• Completed initiatives and draft plan
Half Day Board Session	July 21, 2021	<ul style="list-style-type: none">• Reviewed and revised draft plan to prepare for approval
Board Meeting	July 28, 2021	<ul style="list-style-type: none">•

Who Are Your Customers?

Our customers are everyone who owns a GVR residence.

(Our stakeholders are everyone who lives in Green Valley.)

What Are the Services You Offer/Want to Offer (Broad Categories)?

Services we currently offer fall into these categories:

- Facilities – fitness centers, room for classes and clubs, performing arts spaces, pools, courts
- Classes – sports and fitness, arts, and crafts, etc.
- Clubs – arts and crafts, special interests, cards
- Performing arts – shows, music, movies, dances
- Leisure education – lectures, discussion classes, trips/tours, etc.

Suggestions from survey respondents we want to consider:

- Outdoor spaces – places to gather
- Retail – coffee shops
- Technology driven activities (virtual offerings, tech in fitness)
- Transportation – not directly run by GVR, but explore a partnership/alliance with Friends In Deed or other volunteers



2022 Five-Year Strategic Plan

Mission

To provide excellent facilities and services that create opportunities for recreation, social activities, and leisure education to enhance the quality of our members' lives.

Vision

To be a friendly, vibrant community of choice for adults desiring lifelong opportunities for physical, mental, and social engagement.

Goals

GOAL 1 Provide excellent facilities for members to participate in a variety of active and social opportunities

(As measured by member survey questions – survey to be developed)

1.1 Ensure that GVR infrastructure is sound, currently and into the future

(Measure: Number of facility repairs that could have been prevented)

- 1.1.1 Identify accessibility improvement areas
- 1.1.2 Assess and improve fitness center functionality
- 1.1.3 Continue to identify and execute a process for regular upkeep and maintenance/predictive maintenance procedures
- 1.1.4 Develop and adopt a rolling 5 year Capital Projects Plan aligned with the strategic plan
- 1.1.5 Introduce newer technology to improve energy efficiency when there are opportunities

2022 Five-Year Strategic Plan

1.2 Align the design of GVR spaces with member needs and their intended purpose

(Measure: Member survey question – survey to be developed)

- 1.2.1 Create function-designated rooms with proper lighting, A/V, seating, furnishing, flooring, ventilation, etc. to compliment and support specific activities
- 1.2.2 Assess spaces for specific activities and equip those spaces properly, such as art class space with washable floors
- 1.2.3 Research and develop recommendations for providing food and beverage in certain centers
- 1.2.4 Evaluate and improve capital request processes
- 1.2.5 Employ newer technologies to benefit members' abilities to fully utilize facilities

1.3 Improve the aesthetics, atmosphere, and branding of GVR centers

(Measure: Member survey question – survey to be developed)

- 1.3.1 Develop, plan, and schedule to keep finishes and amenities up to date
- 1.3.2 Update interior and exterior furnishings, door hardware, landscaping, and amenities, campus-wide
- 1.3.3 Improve interior and exterior signage: complete, consistent, accessible, concise, attractive
- 1.3.4 Implement standard and electronic signage to heighten communication of activities and events

1.4 Expand/repurpose facilities to promote and encourage social gathering

(Measure: The number of social spaces created annually)

- 1.4.1 Explore opportunities to establish coffee shop, etc.
- 1.4.2 Design peripheral grounds to provide outdoor recreation opportunities: park-like settings, walking trails, outdoor games, and activities
- 1.4.3 Identify under-utilized areas that could be used for this purpose

DRAFT

GOAL 2 Provide quality services and programs that effectively meet the recreational, social, and leisure education needs of our membership, allocating resources to support those programs

(As measured by member survey questions – survey to be developed)

2.1 Provide quality programs and services to meet the needs of all income levels and abilities of current and future members

(Measure: Member survey question – survey to be developed)

- 2.1.1 Review current programming and make adjustments, if needed, to ensure variety and alignment with current and future member needs
- 2.1.2 Explore a varied activity/service structure that accommodates all income levels
- 2.1.3 Explore the possibility of virtual offerings for part-time residents and those homebound
- 2.1.4 Review and improve, if necessary, processes to assess quality of services and programs

2.2 Provide exceptional customer service

(Measure: Member survey question – survey to be developed)

- 2.2.1 Implement a quality assurance system to ensure that exceptional customer service is happening, such as secret shopper, a review schedule to see how systems and processes are operating
- 2.2.2 Implement standardized customer service training for all staff, based on clarified policies and expectations, to ensure consistency in service

- 2.2.3 Develop relationships with similar organizations to share trends, best practices, and steps to overcome customer service challenges
 - 2.2.4 Clarify communications procedures and distribute messaging to all staff so members receive consistent, trustworthy information from all GVR representatives
 - 2.2.5 Develop and implement a member experience review plan related to customer service by department
- 2.3 Ensure that instructors/program-related contractors for services are well qualified and aligned with GVR values/principles
- (Measure: Instructor surveys following each class or program)*
- 2.3.1 Explore changes in process of instructor hiring, actively recruiting instructors to meet member needs
 - 2.3.2 Explore guidelines with evaluation criteria for instructors and make improvements, if necessary

GOAL 3 Promote increased involvement of members in GVR

(As measured by rate of participation in surveys and elections, and by member participation in GVR activities and facilities)

3.1 Provide programming and events that appeal to members at all income and ability levels *(see also 2.1 and the associated initiatives)*

(Measure: Member survey question – survey to be developed)

- 3.1.1 Work with communications to promote and highlight activities and events that are accessible to members with mobility challenges and other age-related limitations
- 3.1.2 Explore the idea of allocating space for specialized fitness centers
- 3.1.3 Continue to identify programming and events that members want
- 3.1.4 Develop a prioritized 5 year plan for programming events

3.2 Increase member participation in volunteer opportunities that support GVR activities

(Measure: Number of volunteers annually)

- 3.2.1 Develop a sustainable volunteer program, including recruiting and training of volunteers, to support GVR activities

3.3 Ensure systems and processes are easy, simple, and customer/member-centric

(Measure: Member survey question – survey to be developed)

- 3.3.1 Conduct a policy and process review

- 3.3.2 Improve ease of access to GVR activity schedule and opportunities
- 3.4 Consistently communicate with members so that they will know what is happening, be able to provide timely input, and participate in the GVR electoral process

(Measure: Member survey question – survey to be developed)

- 3.4.1 Create a communications plan for election and committee selection processes to increase voter turnout and find qualified people willing to serve
- 3.4.2 Continue to seek member feedback on a wide variety of matters via polls, surveys, in-person forums and virtual forums
- 3.4.3 Publicize recreation program, GVR events and GVR club events via diverse communications channels
- 3.4.4 Assess and replace, as needed, current digital platforms with more accessible options

GOAL 4 Cultivate and maintain a sound financial base that generates good value for our members

(As measured by increases in net assets and fund balances; as measured by a member survey (related to good value) – survey to be developed)

4.1 Diversify revenue to help moderate potential future dues increases

(Measure: Amount of net revenue generated)

- 4.1.1 Identify options and tradeoffs for revenue diversification

4.2 Review planned expenditures to ensure good stewardship of funds

(Measure: Review process utilized consistently)

- 4.2.1 Evaluate maintenance repair and replacement (MR&R) to confirm need
- 4.2.2 Explore transitioning to hybrid/electric vehicles when existing vehicles are replaced

4.3 Ensure strong fiscal management

(Measure: Board survey question – survey to be developed)

- 4.3.1 Update and recommend financial policies
- 4.3.2 Develop a plan for economic downturns
- 4.3.3 Employ sound investment strategies to maximize passive income
- 4.3.4 Provide continuous education for Board, committees, and staff about GVR financial management and positions so that they can make decisions and monitor effectively

4.4 Plan adequately for the future, in a fiscally responsible manner

(Measure: Board survey question – survey to be developed)

- 4.4.1 Review the 3-year annual financial forecast with the Board
- 4.4.2 Update and adopt a rolling 5-year capital plan
- 4.4.3 Maintain and continue to utilize the reserve study (MR&R)

DRAFT

GOAL 5 Provide sound, effective governance and leadership for the corporation

(As measured by member, staff, and Board survey questions – surveys to be developed)

5.1 Provide varied and effective methods for the Board to proactively communicate and dialogue with members about organizational direction and decisions

(Measure: Member survey question – survey to be developed)

- 5.1.1 Provide staff support to the Board of Directors to enable proactive, complete communications about Board decisions
- 5.1.2 Improve virtual access to meetings, including committee meetings

5.2 Work together effectively as a Board

(Measure: 1.) Board survey question - survey to be developed;

2.) the number of items successfully accomplished in a year)

- 5.2.1 Review the strategic plan regularly to ensure progress on action items and continuity year-over-year with the plan
- 5.2.2 Develop and adopt operating commitments for the Board that demonstrate courtesy, consideration, mutual respect, and willingness listen to one another and to staff
- 5.2.3 Utilize staff liaisons and the strategic plan to support continuity of direction

5.3 Create a shared understanding of what it means to be effective leaders at GVR

(Measure: Staff survey question – survey to be developed)

2022 Five-Year Strategic Plan

- 5.3.1 Work with the CEO on developing the annual performance evaluation tool, ensuring that it aligns with job description, employment agreement, governing documents, and workplan
 - 5.3.2 Develop a list and description of GVR values/principles and articulate roles and responsibilities
 - 5.3.3 Provide training and team activities to help people demonstrate these GVR values
 - 5.3.4 Incorporate values into performance management
- 5.4 Ensure continuing education for Board and staff
- (Measure: Number of trainings or professional meetings attended by staff or Board)*
- 5.4.1 Encourage staff and Board to attend training conferences and participate in professional associations
- 5.5 Ensure there is continuity of operations
- (Measure: Plan developed)*
- 5.5.1 Develop a continuity of operations plan that includes evacuation locations, IT operations, personnel emergency succession, document preservation, etc.
- 5.6 Maintain good community relations with entities outside of GVR



Green Valley Recreation, Inc.

Board Meeting

Prepared By: Scott Somers, CEO

Meeting Date: July 28, 2021

Presented By: Scott Somers, CEO

Consent Agenda: No

Originating Committee/Department: CEO's Office

Action Requested:

Approve a purchase agreement between GVR and the GVR Foundation, conveying ownership of the Canoa Hills Clubhouse parking lot to GVR.

AND

Approve a lease agreement between GVR and the GVR Foundation that provides approximately 169 sq ft of office space in the Canoa Ranch Center to the GVR Foundation.

Strategic Plan Potential Goal #1: Provide first rate/exceptional/high quality/inviting/excellent facilities for members to participate in a variety of active and social opportunities.

Background / Justification:

GVR had been seeking additional space to accommodate club and member space needs and to allow for planning and flexibility in the future. In October 2019, the Facilities Expansion Subcommittee, under the Planning and Evaluation (P & E) Committee, identified the former Canoa Hills Golf Course Clubhouse as a potential opportunity. Borderlands Investment Inc. LLC owned and listed the Canoa Hills Clubhouse for \$450,000 and the adjacent parking lot for \$250,000 for a total of \$700,000. The GVR Board authorized a committee of Board members to negotiate a purchase of the clubhouse and the parking lot for up to \$700,000. An appraisal of the Canoa Hills Clubhouse and parking lot was ordered. The combined appraised value of the building and parking lot was \$542,160, rounded to \$540,000, with an effective date of February 3, 2020. After the appraisal was completed, it is my understanding that the owner of the building replaced the flat and clay tile roof, at an estimated cost of \$10,000, bringing the total value to approximately \$550,000.

I understand that GVR and the GVR Foundation approached Borderlands Investment Inc. LLC with a proposal that the parking lot be donated to the GVR Foundation in exchange for a tax credit equivalent to the appraised value of the parking lot only. The intent of the proposal was to increase funding for the

Member Assistance Program (MAP). MAP provides much-needed funds to GVR members who are in financial need.

Ultimately, GVR offered \$500,000 for the Clubhouse with the condition that the owner (Borderlands Investment Inc. LLC) gift the parking lot at no cost to GVR Foundation as a tax credit with the understanding that GVR would eventually lease or purchase the parking lot from the GVR Foundation to generate the funds from the lease or sale proceeds for MAP. Borderlands Investment Inc. LLC agreed to the proposal. An appraisal of the parking lot only was ordered. The appraised value was \$171,212, rounded to \$170,000, with an effective date of November 19, 2020.

It was anticipated that once GVR leased or owned the parking lot, GVR would not need all 100+ parking spaces. Since many County residents use the parking lot to access the adjacent County trail system, the County was approached to inquire about the County's interest in leasing parking spaces to accommodate the users of the County park. At the time, the County indicated they may be interested in leasing 30-50 parking spaces. This appeared to be a win-win for all parties since the County would benefit from additional parking spaces and GVR would benefit from the lease revenue which would be used to offset the lease or purchase of the parking lot from the GVR Foundation.

On October 16, 2020, in a closed Executive Session, the GVR Board approved the purchase of the Canoa Hills Clubhouse for a purchase price of \$500,000. Since then, GVR staff and the GVR Foundation have met on multiple occasions to discuss and negotiate a fair purchase or lease agreement for the parking lot. GVR staff have also met with Pima County representatives Suzanne Shields and Chris Cawein on several occasions at the site of the parking lot to discuss and identify the County's potential parking needs. The attached email thread between County staff and me, which began on March 3, 2021, provides a full picture, background, and context as to the County's interest in leasing parking spaces from GVR, to the County's sudden reversal of that interest on June 17, 2021. This was an unexpected turnaround which left a large \$120,000 delta between the appraised value of the parking lot alone (\$170,000) and the appraised value and roof replacement of the clubhouse and the parking lot, minus the club house purchase of \$500,000 ($\$550,000 - \$500,000 = \$50,000$).

Recommended and Tentatively agreed upon Solution:

In order to close this \$120,000 delta ($\$170,000 - \$50,000 = \$120,000$), the remaining parties, GVR staff and the GVR Foundation, have developed a

tentative agreement whereby each party would pay its equal share of the delta (\$120,000 / 2 = \$60,000).

Since GVR could have acquired both the clubhouse and the parking lot for an additional \$50,000, GVR would pay an additional \$60,000 for the parking lot, for a total of \$110,000 cash. In turn, the GVR Foundation would receive \$60,000 less in cash than the appraised value (\$170,000 - \$60,000 = \$110,000). To make the GVR Foundation whole and compliant with IRS requirements, the GVR Foundation would also receive an in-kind contribution from GVR in the form of approximately 169 sq ft of office space located at the Canoa Ranch Center, valued at \$60,000. Therefore, as a companion and exhibit to the recommended purchase agreement, a lease agreement has been drafted which provides the GVR Foundation with approximately 169 sq ft of office space for 15 years at a value of \$4,000 per year (\$4,000 x 15 = \$60,000).

Please keep in mind that, while GVR would be paying an additional \$60,000 for the parking lot, the total cash purchase of the clubhouse and the parking lot would be \$610,000 (\$500,000 + \$110,000), which is \$90,000 less than the \$700,000 the Board authorized for the purchase of the clubhouse and parking lot. Further, the GVR Foundation has indicated that the \$110,000 from GVR would be used to support the Member Assistance Program (MAP).

Fiscal Impact:

Funds for this project are available in the Initiatives Fund, which is funded by a portion of the capital fees that are included in the closing costs of deed-restricted home sales, not member annual dues.

Once and if acquired, the parking lot will require an overlay at an approximate cost of \$49,000 and a seal coat 12-18 months later at a cost of approximately \$5,700. It would be appropriate to include maintenance of this parking lot in the Maintenance, Repair, and Replacement (MRR) plan.

Board Options:

1. Approve a purchase agreement between GVR and the GVR Foundation conveying ownership of the Canoa Hills Club House parking lot to GVR as drafted.

AND

Approve a lease agreement between GVR and the GVR Foundation that provides approximately 169 sq ft of office space in the Canoa Ranch Center to the GVR Foundation as drafted.

2. Provide direction to staff on how to continue negotiating with the GVR Foundation.
3. Elect to not purchase the parking lot, with the understanding that clubhouse parking options and flexibility will be significantly limited.

Staff Recommendation:

Option #1

Recommended Motion:

I move to approve a purchase agreement between GVR and the GVR Foundation conveying ownership of the Canoa Hills Clubhouse parking lot to GVR and a lease agreement between GVR and the GVR Foundation that provides approximately 169 sq ft of office space in the Canoa Ranch Center to the GVR Foundation, both as drafted.

Attachments:

1. Draft Purchase Agreement
2. Draft Lease Agreement
3. Clubhouse and parking lot appraisal, dated February 3, 2020
4. Parking Lot appraisal, dated November 19, 2020
5. Email thread between County staff and GVR CEO, Scott Somers from March 3, 2021 to June 17, 2021.

REAL PROPERTY PURCHASE AGREEMENT

THIS REAL PROPERTY PURCHASE AGREEMENT (“Agreement”) is entered into this _____ day of _____ 2021, by and between GVR FOUNDATION, an Arizona nonprofit corporation (“Seller”) and GREEN VALLEY RECREATION, INC., an Arizona nonprofit corporation (“Buyer”).

RECITALS

A. Seller owns certain real property located at 1401 West Camino Urbano, Green Valley, Arizona 85622, in Pima County, Arizona, legally described on Exhibit A attached hereto (the “Property”).

B. Buyer desires to purchase and acquire all of Seller’s right, title and interest in the Property, and Seller desires to sell and convey all of its interest in the Property upon such terms and conditions set forth in this Agreement.

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Recitals. The Recitals above are material to the parties executing this Agreement and are incorporated herein as if fully restated.

2. Purchase Price. The purchase price shall be the sum of One Hundred Seventy Thousand and No/100 Dollars (\$170,000.00) (“Purchase Price”), payable as follows:

a. One Hundred Ten Thousand and No/100 Dollars (\$110,000.00) at Closing; and

b. Sixty Thousand and No/100 Dollars (\$60,000.00) as a credit from Buyer to Seller for rent pursuant to the Lease attached hereto as Exhibit C.

The parties acknowledge and agree that the purchase price set forth in the preceding sentence is based upon an appraisal of the Property dated February 3, 2020 completed by AM Valuation Services, PLLC.

3. Purchase of Property. Seller agrees to sell and Buyer agrees to buy the Property for the Purchase Price.

4. Closing Date. The closing date for this sale shall be on or before _____, 2021 (the “Closing”). The effective date of this transaction shall be the date first above written.

5. Escrow Agent. Title Security Agency (“Escrow Agent”), located at 190 W. Continental Rd, Suite 226, Tucson, Arizona 85622, shall serve as escrow agent for this

transaction. Buyer shall pay all expenses and closing costs charged by the Escrow Agent for the transaction contemplated herein.

6. Refundable Deposit. Upon execution of this Agreement, Buyer shall deposit with the Escrow Agent Five Thousand and No/100 Dollars (\$5,000.00) (“Deposit”). This Deposit is fully refundable to Buyer up until Closing, at which point the Deposit becomes non-refundable and is applied towards the Purchase Price.

7. Seller Warranties. Seller makes the following warranties and representations to Buyer:

- a. Seller owns the Property.
- b. Buyer shall receive possession and control of the Property free and clear of any liens or encumbrances.
- c. Seller has taken no actions while owning the Property, whether explicit and/or implicit, that would cause Buyer to incur any liability from those actions post-Closing.
- d. There are no actions, suits, proceedings or investigations pending or threatened with respect to or in any manner affecting Seller’s ownership of the Property or otherwise affecting any portion thereof, or which will become a cloud on the title to the Property or question the validity or enforceability of the transaction contemplated herein, or which may adversely affect Seller’s ability to perform hereunder.
- e. Seller has received no written notice from any governmental agency, entity, or official that the Property is in violation of any applicable laws or regulations including, but not limited to, zoning regulations, building and fire codes, and environmental laws and regulations, except as has been cured prior to Closing.
- f. Seller has received no notice or communication from any insurance carrier of the Property regarding dangerous, illegal or other conditions requiring corrective action.
- g. No assessments for public improvements have been made against the Property that remain unpaid, including without limitation, those for construction of sewer and water lines and mains, street lights, streets, sidewalks and curbs.
- h. Seller has not participated in or approved, and, to the actual knowledge of Seller, there has not occurred, any production, disposal or storage on the Property of any hazardous waste or any toxic substance in violation of applicable laws, nor, to the actual knowledge of Seller, does such waste or substance exist on the Property in violation of applicable laws.
- i. Seller possesses the necessary authority to bind itself to the terms of this Agreement and all exhibits thereto.

8. Buyer Warranties. Buyer warrants and represents that it possesses the necessary authority to bind itself to the terms of this Agreement and all exhibits thereto.

9. As-Is Purchase. Except as otherwise provided in this Agreement and/or the exhibits attached hereto, BUYER AGREES TO PURCHASE THE PROPERTY IN ITS AS-IS, WHERE-IS CONDITION AND WITH ALL FAULTS AS THEY EXIST ON THE CLOSING DATE, WITH NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, EITHER ORAL OR WRITTEN, WHETHER EXISTING BY OPERATION OF LAW OR MADE BY SELLER OR ANY AGENT OR REPRESENTATIVE OF SELLER. NEITHER SELLER NOR ANY AGENT OR REPRESENTATIVE OF SELLER ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THE CONDITION OR REPAIR OF THE PROPERTY EXCEPT AS PROVIDED IN THIS AGREEMENT. BUYER ACKNOWLEDGES THAT SELLER HAS REQUESTED THAT BUYER INSPECT, OR CAUSE TO BE INSPECTED, THE PROPERTY, AND INVESTIGATE ALL MATTERS RELEVANT THERETO, UP TO AND INCLUDING THE DATE SET FOR CLOSING. SELLER INTENDS THAT BUYER'S ACCESS TO THE PROPERTY AND ALL MATTERS RELEVANT THERETO GRANT BUYER FULL OPPORTUNITY TO CONSIDER THE INFORMATION ABOUT THE PROPERTY. TO THE EXTENT THAT BUYER INSPECTS THE PROPERTY AND ALL MATTERS RELEVANT THERETO, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OR METHODOLOGY OR PREPARATION OF, OR OTHERWISE CONCERNING, THE CONTENT OF SUCH INFORMATION. THIS SECTION 10 WILL SURVIVE THE CLOSING OR ANY TERMINATION OF THIS AGREEMENT AND WILL NOT MERGE WITH THE CONVEYANCE OF THE PROPERTY AT CLOSING.

10. Title Insurance. Escrow Agent or an affiliate of Escrow Agent ("Title Insurer") shall issue to Buyer an ALTA extended coverage owner's policy of title insurance (the "Owner's Title Policy") at the Closing or as soon thereafter as is reasonably possible. The Owner's Title Policy shall be issued by the Title Insurer in the full amount of the purchase price, be effective as of Closing, and shall insure Buyer that fee simple title to the Property is vested in Buyer, subject only to: (i) the usual printed exceptions and exclusions contained in such title insurance policies; (ii) the exceptions to title approved (or deemed approved) by Buyer; and (iii) any other matter approved in writing by Buyer or resulting from the acts of Buyer or Buyer's agents. In connection with obtaining the Owner's Title Policy, Buyer shall be responsible for obtaining and paying for any necessary survey or updated survey and paying for the cost of a standard coverage owner's policy and any cost for the extended coverage owners policy which exceeds the cost of a standard coverage policy, and Seller shall reasonably cooperate with Buyer's efforts to obtain such extended coverage policy.

11. Risk of Loss. Risk of loss, damage or destruction to the Property to be assigned to Buyer hereunder shall be upon Seller until Closing, and thereafter upon Buyer. In the event

of any damages, destruction or loss to the Property prior to the date of Closing, Seller shall reasonably repair or replace any damaged items to Buyer's satisfaction.

12. Seller's Conditions of Closing. The Closing contemplated by this Agreement on the part of the Seller is conditioned upon occurrence of the following inspections and approvals:

- a. Buyer shall execute this Agreement and all exhibits attached hereto.
- b. The representations, the warranties and covenants of Buyer contained in this Agreement shall be true on and as of the date of Closing.

13. Buyer's Conditions of Closing. The Closing contemplated by this Agreement on the part of the Buyer is conditioned upon the occurrence of each and every one of the following conditions:

- a. Seller shall execute this Agreement and all exhibits attached hereto, including but not limited to the Deed, attached hereto as Exhibit B.
- b. The representations, the warranties and covenants of Seller contained in this Agreement shall be true on and as of the date of Closing.
- c. Buyer is satisfied with the condition of the Property, subject to Buyer's sole and absolute discretion.
- d. Affidavit of Value, to be prepared and recorded by Escrow Agent, and such other affidavits in such form as may be required by Arizona law, or any governmental body or agency thereof in order to complete the purchase of the Property from Seller to Buyer.

14. Entire Agreement. No other representations, promises or agreements have been made between the parties other than as expressly herein set forth and neither the Buyer, nor the Seller, shall be, nor are they bound by, any alleged understandings, agreements, promises, representations, covenants or stipulations which are not set forth herein. This Agreement constitutes the entire agreement of the parties hereunder, and cannot be modified except in writing executed by each of the parties hereto.

15. Binding Effect. This Agreement shall bind and inure to the benefit of all representatives, heirs and legatees of the parties hereto and upon execution by all parties, this Agreement shall be absolutely binding and fully enforceable.

16. Enforceability. In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby and effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid.

17. Arizona Law. This Agreement shall be governed by and construed under the laws of the State of Arizona.

18. Venue and Jurisdiction. All actions or proceedings arising directly, indirectly or otherwise in connection with this Agreement shall be litigated exclusively in a state or federal court located in Pima County, Arizona. The parties hereto hereby consent and submit to the personal jurisdiction of any such state or federal court, and hereby waive any right to dismiss, transfer or change the venue of any action or proceeding because of the inconvenience of the forum. Nothing in this section shall prevent enforcement in another forum of any judgment obtained in a court identified in this section.

19. Implementation. Buyer and Seller shall execute and deliver all such other instruments and take all such other action as any party may reasonably request from time to time, before or after the Closing, in order to effectuate the transaction provided for herein. The parties shall cooperate with each other in connection with any steps to be taken as a part of their respective obligations under this Agreement.

20. Exhibits. All exhibits referred to herein are hereby incorporated by reference and made a part of this Agreement.

21. Notices. All notices as may be required by this Agreement shall be sent to the respective parties at the addresses set forth below. The place of notice may be modified by appropriate registered or certified mailing to the parties.

Seller:

GVR Foundation
Attn: _____

Buyer:

Green Valley Recreation, Inc.
Attn: Scott Somers, CEO
1070 S. Calle de las Casitas
Green Valley, Arizona 85614

With a copy to:

Bossé Rollman PC
Attn: Kevin J. Kristick
3507 N. Campbell Avenue, Suite 111
Tucson, Arizona 85719

22. Assignment. Neither Buyer nor Seller may assign this Agreement without the other party's prior written consent.

23. Commissions. Buyer and Seller declare that no real estate or business brokerage commissions are due any persons or entities by either party, and each party agrees to hold the other party harmless therefrom.

24. Legal Counsel; Advisors.

a. Seller has been advised and given the opportunity to seek advice from Seller's own legal counsel and other independent professional advisors with respect to this Agreement and the exhibits thereto. Seller further represents and warrants that Seller has relied solely upon Seller's own independent legal counsel and professional advisors and/or Seller's own independent investigation, review and analysis of the valuation of Seller's interest and the terms and conditions of this Agreement and the transactions contemplated hereby, and not on any representations and warranties or opinions of Buyer or Buyer's legal counsel, professional advisors or other representatives. Buyer is represented by Bossé Rollman PC ("BR") in this matter.

b. The parties further represent that BR's role in this transaction was solely to prepare this Agreement and nothing else. BR neither performed nor was asked to perform any due diligence with respect to the Property. The parties executing this Agreement acknowledge and agree that they conducted the necessary due diligence before executing this Agreement. The parties further release and indemnify BR and BR lawyers from liability, if any, that arises from the parties executing this Agreement.

25. Survival. It is the express intent of the parties hereto that every representation, warranty, obligation and undertaking of the parties hereto as set forth in this Agreement shall continue in full force and effect after the Closing and shall survive such Closing and shall not merge into any other instrument executed, delivered, accepted and/or recorded in connection with such Closing.

26. Time Is of Essence. Time is declared to be of the essence under this Agreement.

27. Breach. In the event of any breach by either party with respect to this Agreement, both shall be entitled to all remedies of enforcement at law and in equity, including (without limitation) the right of specific performance.

28. Attorney's Fees. Any party who commences or defends an action against the other to enforce any of the terms of this Agreement or because of a breach by either party of any of its terms, and is successful in such prosecution or defense shall recover from the losing or defaulting party reasonable attorney's fees, costs and expenses incurred in connection with the prosecution or defense of such action.

29. Indemnification. From and after the Closing Date and subject to the terms and conditions of this Agreement, Seller shall indemnify, defend, and hold harmless Buyer from, against, and in respect of any and all losses arising out of or relating to any: (a) breach of any representation or warranty made by Seller in this Agreement; (b) breach of any covenant to be performed or observed by Seller under this Agreement; and/or (c) any third party claim arising out of Seller's ownership, management or operation of the Property.

30. Jury Waiver. The parties hereby voluntarily, knowingly, irrevocably and unconditionally waive any right to have a jury participate in resolving any dispute (whether based upon contract, tort or otherwise) between or among the parties arising out of or in any way related to this Agreement or any relationship between the parties. This provision is a material inducement to each party to enter into this Agreement.

31. Counterparts. This Agreement may be executed in counterparts and shall be effective as of the date signed by the party last to sign.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

SELLER:

GVR FOUNDATION,
an Arizona nonprofit corporation

By: _____

Its: _____

BUYER:

GREEN VALLEY RECREATION, INC.,
an Arizona nonprofit corporation

By: _____

Its: _____

Exhibit A – Legal Description
[To be attached by Escrow Agent]

Exhibit B – Deed

[To be attached by Escrow Agent]

Exhibit C – Lease

[To be attached by Buyer]

LEASE OF REAL PROPERTY

THIS LEASE OF REAL PROPERTY (“Lease”) is entered into this ____ day of _____, 2021, by and between GREEN VALLEY RECREATION, INC., an Arizona nonprofit corporation (“Lessor”) and GVR FOUNDATION, an Arizona nonprofit corporation (“Lessee”).

1. Premises. Lessor leases to Lessee, and Lessee leases from Lessor, approximately one hundred sixty-nine (169) square feet of office space located at the Canoa Ranch Center, 5750 S. Turquoise Mountain Drive, Green Valley, Arizona 85622 (“Premises”).

2. Term. This Lease shall be for a term of fifteen (15) years from _____, 2021 and shall terminate on _____ 2036.

3. Rental Payments. The total rent for the Lease term shall be Sixty Thousand and No/100 Dollars (\$60,000.00), or Four Thousand and No/100 Dollars per year (\$4,000.00), and shall be credited pursuant to the Real Property Purchase Agreement executed on _____, 2021 (“Real Property Agreement”). In the event this Lease is terminated for any reason whatsoever before the expiration of the Lease term, Lessor shall have no obligation to return any of the \$60,000 credited as upfront rent per this Lease and the Real Property Agreement.

4. Repairs and Maintenance. The following provisions shall apply to repairs and maintenance:

(a) Interior and Exterior. Lessor shall be responsible for all repair and maintenance expenses of the exterior and roof of the Premises and the structural components of its exterior walls and floors.

(b) HVAC. Lessor shall be responsible for all repair and maintenance costs of all HVAC components, including but not limited to replacement of the HVAC unit(s) in the event it is no longer operational.

5. Utilities. Lessor shall be responsible for all monthly charges for all heat, air conditioning, electricity, water, gas and alarm security system consumed upon the Premises or utilized in the public areas of the Premises and the property surrounding the same. Lessee will supply and pay for all telephone and internet services to the Premises.

6. Taxes and Assessments. Lessor shall be responsible for all real property taxes and assessments on the Premises. Lessee shall pay any taxes or assessments on any property of Lessee in or upon the Premises. Lessee agrees to pay all sales/rental taxes.

7. Insurance. Lessor, at its expense, shall maintain comprehensive liability insurance for bodily injury and property damage insuring Lessee and Lessor with minimum

coverage in the amounts as currently carried by Lessor. A copy of the current insurance policy shall be provided to Lessee on or before _____, 2021.

Lessor shall provide Lessee with a Certificate of Insurance showing Lessee as an additional insured by _____, 2021 and each and every anniversary date thereafter. The Certificate shall provide for a ten-day written notice to Lessee in the event of cancellation or material change of coverage. To the maximum extent permitted by insurance policies which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation which might otherwise exist.

8. Purpose. Lessee shall use and occupy the Premises for the purpose of operating a not for profit business, and for no other business or purpose.

9. Compliance with Law. Lessee at its own expense shall promptly observe and comply with all present and future laws, orders, regulations, rules, ordinances and requirements of any governmental agency with respect to the use, care and control of the Premises; provided, however, that Lessee shall not be required to make any structural changes or additions to the Premises in order to comply therewith, unless such changes are caused by alterations to the Premises made by Lessee.

10. Assignment and Sublease. Lessee covenants that this Lease shall not be assigned and that no portion of the Premises will be sublet by Lessee without the prior written consent of Lessor. In the event that Lessee makes such an assignment or sublease without the written consent of Lessor, this Lease shall, at the election of Lessor, become null and void and Lessor shall have the option and right to terminate this Lease and reenter upon the Premises. The exercise of this option by Lessor shall not be a waiver by Lessor of any right to collect damages for Lessee's breach of this covenant.

11. Return of Premises. Upon the expiration of this Lease or upon its termination for any cause, Lessee shall surrender the Premises in as good order and condition as when received, reasonable wear, damage from the elements, fire and acts of God excepted.

12. Access by Lessor. Lessor, or its representatives and agents, upon one (1) day's written notice to Lessee, shall have free access to the Premises at reasonable times for the purposes of examining or exhibiting the same or to make any repairs or alterations on the Premises which Lessor deems convenient for the maintenance or preservation thereof. This paragraph shall not be construed to impose upon Lessor any obligations to repair in addition to those specifically set forth above.

13. Alterations and Modifications. Lessee has inspected the Premises, and agrees that the Premises are now in a lesseeable and good condition. Lessee is leasing the Premises "AS IS". Lessee shall take good care of the Premises and shall not alter or repair the Premises without the prior written consent of Lessor. All alterations and repairs that Lessee may desire shall be done either by or under the direction of Lessor, but at the expense of

Lessee, and shall become the property of Lessor and remain on the Premises. All damage or injury done to the Premises by Lessee or any person who may be in or on the Premises with the consent of Lessee, shall be paid for by Lessee.

14. Liens and Encumbrances. Lessee shall keep the leased Premises free and clear of any liens or encumbrances imposed or threatened to be imposed on the Premises by reason of any contract, act or omission of Lessee.

15. Default by Lessee. In case Lessee shall violate or fail to perform any covenant, condition or provision of this Lease, and such default continues without being fully remedied for a period of ten (10) days after Lessor has given prior written notice to Lessee of such default, Lessor may exercise the following options:

(b) Lessor may elect to terminate this Lease.

(b) Repossess the Premises and seek reimbursement for the costs incurred by Lessor in repossessing the Premises.

All rights and remedies of Lessor upon a default by Lessee stated herein or otherwise existing at law or in equity are cumulative and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other.

16. Destruction or Casualty. In the event that the Premises are injured, damaged or destroyed by act of God, by fire or other casualty, and Lessor in its sole discretion decides not to repair or restore the Premises or the building of which the leased Premises are a part, Lessor shall have an option to terminate this Lease as of the date of such injury, damage or destruction. This option shall be exercised upon the giving of written notice to Lessee within thirty (30) days following the destruction, injury or damage. In the event that Lessor determines to repair and restore the Premises or the building of which the Premises form a part, Lessor shall proceed with due diligence to effect repairs or reconstruction. During the period of repair or reconstruction, this Lease shall continue in full force and effect; provided, however, that Lessee shall be entitled to a reduction of rent from the date of such destruction, injury or damage until the repairs or reconstruction are completed in an amount proportionate to the extent to which such damage, injury or destruction and the making of repairs or reconstruction interferes with the occupancy by Lessee of the Premises.

17. Quiet Enjoyment. Lessee, on performing the covenants and observing the conditions of this Lease, at all times during the term shall have the peaceable enjoyment of the Premises without hindrance or disturbance by Lessor or any person claiming through or under him or any person having or claiming paramount title.

18. Conditions. This Lease is subject to the following conditions and shall be construed in the following manner: If Lessee files a petition in bankruptcy or is declared

bankrupt or insolvent according to law, or makes an assignment for the benefit of creditors, or if the leasehold estate is taken or sought to be taken on execution, then, at the option of Lessor, this Lease shall terminate and Lessor, without notice or demand, may re-enter the Premises and remove all persons and effects therefrom without prejudice to any remedies which might otherwise be used by Lessor for any breach of Lessee's covenants herein contained.

19. Parking and Other Public Areas. Lessee shall have the right to use, in conjunction with other users of the building, the parking areas and other common and public areas. Public areas shall be all those places in the building and on the real property surrounding the same not leased or intended to be leased to any specific Lessee. The allocation of parking spaces to Lessee, Lessee's employees or customers, shall be directed from time to time by Lessor. In making such allocations, Lessor shall take into consideration the needs and convenience of all lessees of the building, but any decisions with regard to allocation of parking spaces shall be in the absolute discretion of Lessor. Any failure by Lessee to comply with parking allocations as herein provided shall constitute a breach of this Lease.

20. Waiver of Subrogation Rights. In the event a loss occurs due to the negligence or fault of Lessee, Lessee's agents, servants, assigns or sublessees, and Lessor effects a recovery therefor from its insurance carrier, Lessor hereby waives and releases its rights against Lessee, Lessee's agents, servants, assigns or sublessees, arising from the negligence or fault which causes such loss.

21. Waiver. One or more waivers of any covenant or condition by Lessor shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition, and the consent or approval by Lessor to or of any act by Lessee requiring consent or approval of Lessor shall not be deemed a consent or approval by Lessor of any subsequent similar act by Lessee.

22. Construction. The terms and provisions of this Lease represent the result of negotiations between Lessor and Lessee, each of whom has been represented by counsel of its own choosing, and neither of whom has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Lease shall be interpreted and construed in accordance with their usual and customary meanings, and Lessor and Lessee hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of this Lease, including any rule of law to the effect that ambiguous or conflicting terms or provisions shall be interpreted or construed against the party whose attorney prepared the executed draft or any earlier draft.

23. Termination. The Lease may terminate pursuant to Sections 2 and 15, unless otherwise agreed to in a writing signed by all parties.

24. Notices. Any notice, demand, request, consent, approval, disapproval or certificate (“Notice”) required or desired to be given under this Lease shall be in writing and given by certified mail, return receipt requested, by personal delivery, by Federal Express or a similar nationwide overnight delivery service providing a receipt for delivery, by facsimile, or by electronic mail. The date of giving any Notice shall be deemed to be the date upon which delivery is actually made by one of the methods described in this paragraph (or attempted if said delivery is refused or rejected). The parties agree to receive Notice at the following address:

To Lessee:

GVR Foundation

Attn: _____

To Lessor:

Green Valley Recreation, Inc.

Attn: Scott Somers, CEO

1070 S. Calle de las Casitas

Green Valley, Arizona 85614

Either party may change its address by giving reasonable advance written Notice of its new address in accordance with the methods described in this paragraph; provided, however, no notice of either party’s change of address shall be effective until five (5) days after the addressee's actual receipt thereof.

25. Time of Essence. Time is of the essence of this Lease and each and all of its provisions.

26. Litigation Expense. In the event that it is necessary for an action at law or a suit in equity to be brought to establish, obtain or enforce any right by either party under this Lease, or in the event of any appeal to an appellate court for any purpose in connection with said suit or action, then the prevailing party in such action, suit, or appeal shall be entitled to a reasonable attorney’s fee allowance, as well as the costs and disbursements of the action, suit, or appeal.

27. Severability. In the event any provisions or any part of this Lease is deemed invalid, illegal or unenforceable, such invalidity, illegality or unenforceability will not affect the remaining provisions of this Lease, which will be deemed to be in full force and effect.

28. Gender and Number. Whenever used in this Lease, the singular shall include the plural and the plural shall include the singular, the male shall include the female gender and a trust, partnership, firm, company or corporation, all as the context and meaning of this Lease may require.

29. Entire Agreement. This instrument constitutes the entire agreement between the parties and contains all representations made by Lessor. Any additions or deletions or any subsequent modification shall not be valid unless made in writing and signed or

initialed by Lessor and Lessee.

30. Jury Waiver. The parties hereby voluntarily, knowingly, irrevocably and unconditionally waive any right to have a jury participate in resolving any dispute (whether based upon contract, tort or otherwise) between or among the parties arising out of or in any way related to this Lease or any relationship between the parties. This provision is a material inducement to each party to enter into this Lease.

31. Governing Law; Choice of Forum. This Lease shall be deemed to be made under, shall be construed in accordance with, and shall be governed by the internal, substantive laws of the State of Arizona. The parties hereto hereby consent and submit to the personal jurisdiction the state or federal courts located in Pima County, Arizona, and hereby waive any right to dismiss, transfer or change the venue of any action or proceeding because of the inconvenience of the forum. Nothing in this section shall prevent enforcement in another forum of any judgment obtained in a court identified in this section.

32. Counterparts. This Lease may be executed in any number of counterparts, all the counterparts shall be deemed to constitute one instrument, and each counterpart shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the day and year first above written.

LESSOR:

GREEN VALLEY RECREATION, INC.,
an Arizona nonprofit corporation

By: _____

Its: _____

LESSEE:

GVR FOUNDATION,
an Arizona nonprofit corporation

By: _____

Its: _____

AM Valuation Services, PLLC
Commercial Real Estate Appraisals

RESTRICTED APPRAISAL REPORT
OF
THE FORMER GOLF CLUBHOUSE AND PARKING LOT
LOCATED AT
3295 S. CAMINO DEL SOL,
GREEN VALLEY, PIMA COUNTY, ARIZONA 85622



EFFECTIVE DATE OF APPRAISAL: FEBRUARY 3, 2020

PREPARED FOR:
GREEN VALLEY RECREATION

PREPARED BY:
AJAY S. MADHVANI, MAI

AM FILE NO. 2020-0007

DATE OF REPORT: FEBRUARY 6, 2020

AM File No. 2020-0007
February 6, 2020

Mr. Kent Blumenthal
Chief Executive Officer
Green Valley Recreation Board of Directors
1070 S. Calle de Las Casitas,
Green Valley, AZ 85622

RE: The former golf clubhouse and parking lot located at 3295 S. Camino Del Sol, Green Valley, Pima County, Arizona 85622.

Dear Mr. Blumenthal:

In accordance with your request I have performed a restricted appraisal of the property described above. This document is written in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), Rule 2-2b, specifically pertaining to restricted appraisal reports. Excluded valuation approaches, if any, are explained, and supported. This report is considered to contain sufficient detail that the client and intended users of the report should understand it, and that they should deem the data, analysis, and conclusions contained herein to be credible. Any additional information, if necessary, is contained within the file and is available to the client.

Type of Report

Restricted Appraisal.

Client and Intended User(s)

Green Valley Recreation is the client and Sonoran Ventures, Inc. is an additional intended user.

Purpose of the Appraisal

The *purpose* of this Restricted Appraisal Report is to develop an opinion of the “as is” fee simple interest of the above referenced property.

Intended Use

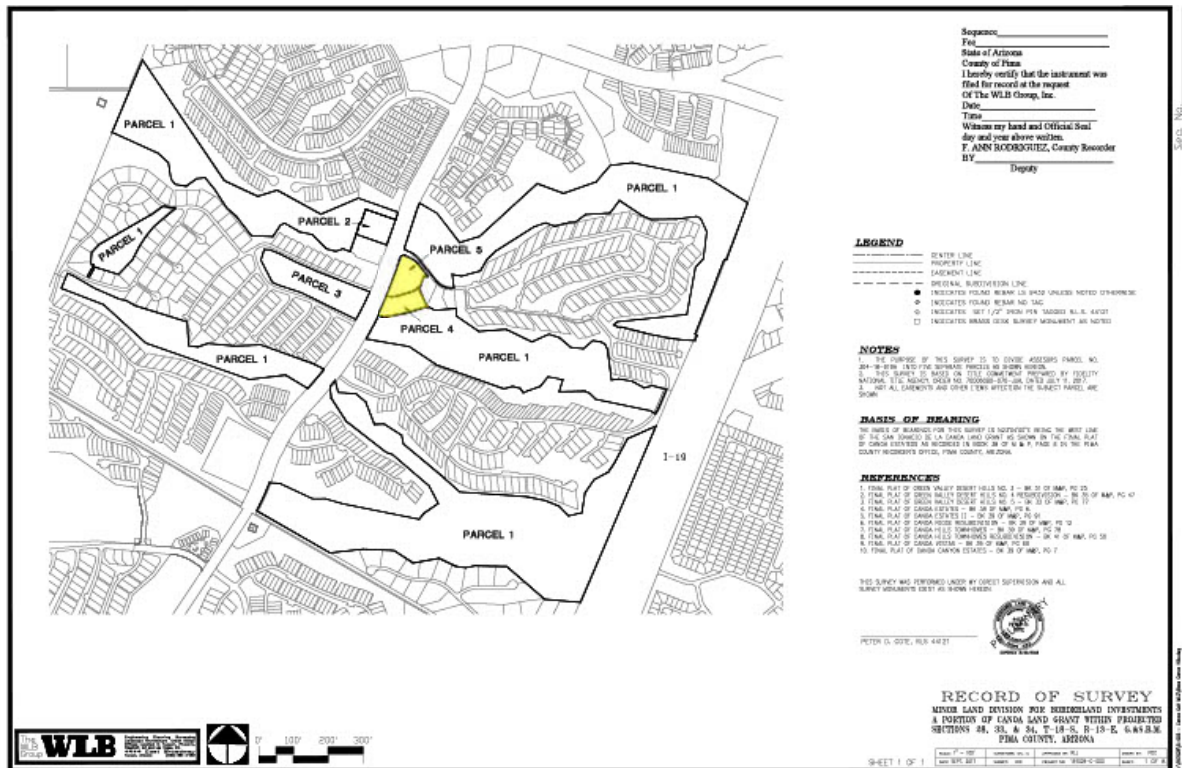
The intended use of this appraisal is for decision making purposes.

Property Identification

The subject is located on the southeast corner of Camino Urbano and Camino Del Sol. The subject property has a street address of 3295 S. Camino Del Sol, Green Valley, Pima County, Arizona 85622. The subject is also identified by tax parcel number 304-18-919A (Portions). According to a WLB Group survey, tax parcel 304-18-919A is planned to be split into five separate parcels with the subject designated as Parcel 4 and Parcel 5 as per the survey. The legal descriptions for these parcels involve lengthy metes and bounds, and a copy of the legal descriptions as per the survey is provided in the Addenda. Parcel 4 (per survey), a portion of tax parcel 304-18-919A, is comprised of 58,059 square feet (per survey) or approximately 1.3329 acres, and is developed with an 8,070 square foot commercial building, which was formerly used as a golf clubhouse (3,792 SF) and cart barn (4,278) for the Canoa Hills Golf Course. Parcel 5 (per survey), a portion of tax parcel 304-18-919A, is comprised of 69,508 square feet (per survey) or approximately 1.5957 acres, and is the former parking lot for the Canoa Hills Golf Course, which is improved with asphalt paving, concrete curbs and low care landscaping and provides 103 parking spaces. The abbreviated legal description for tax parcel 304-18-919A is as follows:

Legal Description

304-18-919A - CANOA LAND GRANT CONTINENTAL SECTION SWLY PTNS LYG W & ADJ 1-19 HWY135.24 AC T18S R13EW20', Pima County, AZ



Property History/Ownership

According to Pima County records, title to the subject is currently vested in the name Borderland Investments I, LLC. The property has remained under the same ownership for several years. The subject's improvements, comprised of a golf clubhouse and cart barn, and a parking lot, were built in 1984, according to the Pima County Assessor.

The subject has been listed for two years, and is currently listed at \$450,000 for Parcel 4 (per survey), which is improved with a golf clubhouse and cart barn, and \$250,000 for Parcel 5 (per survey), which is improved with a parking lot of 103 spaces. Discussion with the listing broker indicated that the owner is willing to accept pricing around the mid-\$500,000 range for both parcels combined. There has been interest by other parties including American Legion and a local investor, but a formal offer was not submitted from either party.

The subject is not currently under contract to the best of my knowledge.

Interest Appraised

The "as is" value of the *fee simple estate* is appraised herein.

Market Value Definition

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale¹

Effective Date of the Appraisal

The effective date of the appraisal is February 3, 2020, the date of inspection of the subject property. This appraisal assumes the subject was in the same condition on the effective date of appraisal.

¹ Federal Register, Vol. 55, No. 165, Friday, August 24, 1990, Rules and Regulations, 12 CFR Part 34.42(g).

Extraordinary Assumptions and/or Hypothetical Conditions

It is an extraordinary assumption that tax parcel 304-18-919A will be split into five separate parcels as per the WLB Group survey. The use of the extraordinary assumption may have affected assignment results.

Scope of the Work

Scope of Work is an integral part of the appraisal process and identifies the type and extent of research and analyses for an appraisal assignment. According to *USPAP*,

In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal.

The scope of the appraisal includes inspection of the subject and neighborhood, as well as review of available information specific to the subject. General market and regulatory information is accessed from government publications and websites as well as econometrics publications. Market information is also obtained through conversations with brokers, appraisers, property managers, purchasers and owners active locally, as well as commercial data providers.

The *scope of work* includes development of an opinion of the market value via the Sales Comparison Approach. An analysis of the *fee simple* interest in the property has been developed herein. The subject reflects an 8,070 square foot commercial building, which was formerly used as a golf clubhouse (3,792 SF) and cart barn (4,278 SF) for the Canoa Hills Golf Course, on a 58,059 square foot site, and the 69,508 square foot site formerly used as the parking lot for the Canoa Hills Golf Course.

As will be discussed later in this appraisal, the improved portion and adjacent parking lot component will be analyzed together as a single economic unit in accordance with the highest and best use.

The Income Approach was considered; however, the subject property was formerly owner occupied and buyers of similar properties are generally owner/users. The subject property is unlikely to be leased to a tenant. Therefore, the Income Approach is omitted.

The Cost Approach was considered however, the building has experienced physical and functional obsolescence, which is difficult to measure. Therefore, the Cost Approach is omitted.

DISTRICT AND IMMEDIATE SURROUNDINGS

District

The subject is located in Green Valley, Arizona, a retirement community south of Tucson, AZ. The subject is about 30 miles south of downtown Tucson and the central business district (CBD). General neighborhood boundaries are Camino Encanto to the north, Interstate 19 to the east, Desert Jewel Loop/Via Nuevo Leon to the south, and an unnamed dirt road to the west. The subject area is considered to be part of greater metropolitan Tucson known as the Green Valley-Sahuarita community.

The 2010 Census reported a total population for Sahuarita of 25,259 and 21,391 for Green Valley. The 2019 population estimates are 30,470 for Sahuarita and 22,249 for Green Valley. The population in Green Valley is predominantly retirement-aged. Fairfield Communities pioneered retirement communities in Green Valley in 1964 and continues to develop the area. Persons of retirement age are drawn to Green Valley by its climate, its seven golf courses (five championship caliber) and numerous other amenities that make Green Valley a popular retirement community.

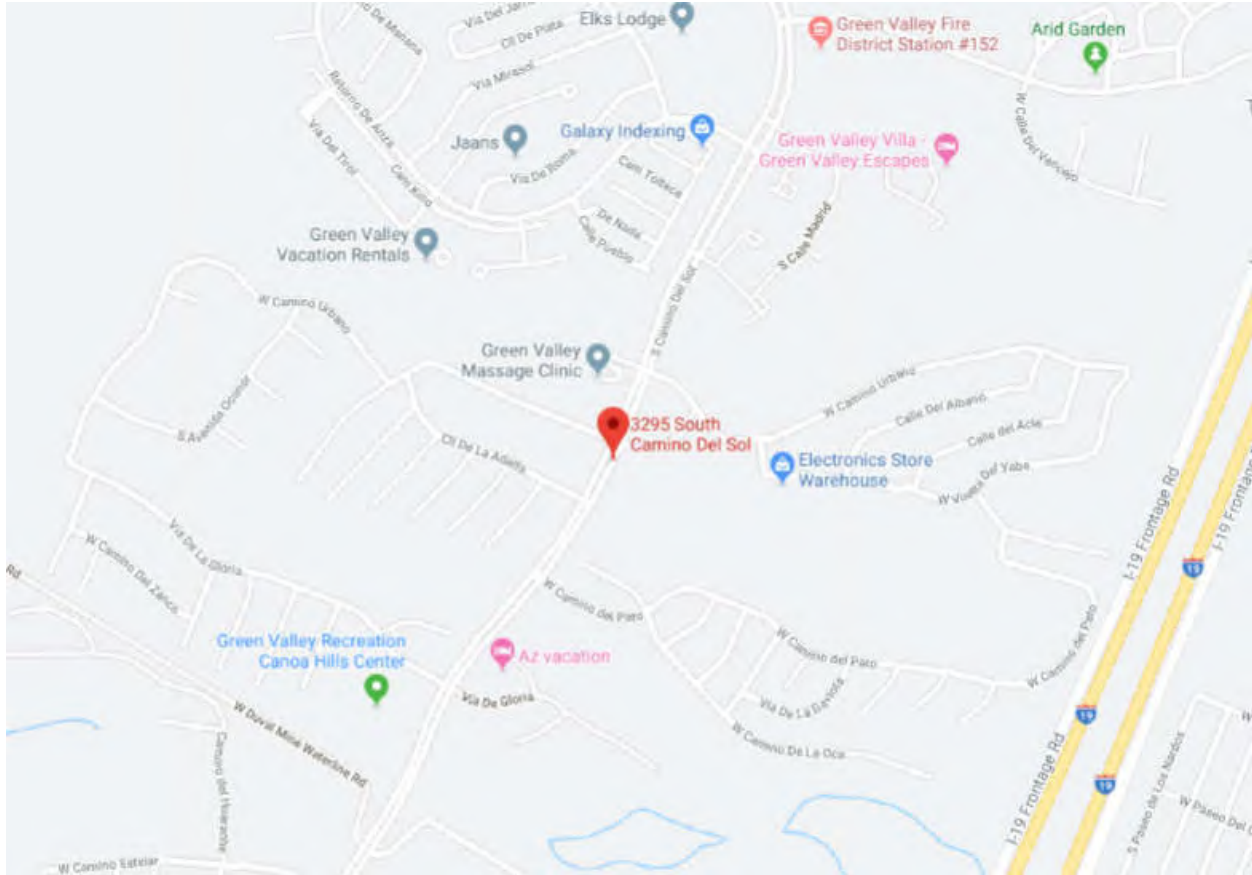
Sahuarita is primarily focused around Rancho Sahuarita, a large master-planned community. The master-planned community is focused around a family lifestyle and includes schools, parks, pools, a man-made lake, health care facilities and a shopping center. The community has entitlements for over 11,000 homes and includes over 3,000 acres. Residential uses within Rancho Sahuarita are single-family homes within subdivisions.

There are Four residential developments in the area, two in Sahuarita and two in Green Valley. The first project in Sahuarita is Entrada Del Rio by Richmond American Homes at 15669 S. Calle Tunal. The second project in Sahuarita, which is approximately 50% completed, is Santa Cruz Meadows by Richmond American Homes and by D.R. Horton at 1149 W. Peaceful Meadow Path and 17861 S. Silent Meadows Path, respectively. The two projects in Green Valley are Canoa Ranch by Meritage, and Solterra by Fairfield at 690 N. Observation Trail, which is approximately 50% completed. The subject primarily serves Sahuarita and Green Valley, which has long been established. The population of Green Valley was reported at 22,249, according to a 2019 estimate. The town has a total area of about 26 square miles.

The population for the Town of Sahuarita was reported at 30,470, according to a 2019 estimate, representative of the tremendous growth and annexed land. The town has a total area of about 30 square miles.

Given the physical amenities offered by the area, coupled with a large inventory of residential vacant land available for development and approvals for additional residential development, this trend is anticipated to continue into the foreseeable future.

Neighborhood Map



Immediate Surroundings

The subject property is in a low-density residential area. The area includes residential developments such as Canoa Estates, Encanto Estates, Canoa Ridge, Canoa Hills Townhomes, Cortina Villas, Canoa Vistas, Canoa Seca Estates, and nearby single-family residences. Other uses in the nearby area include churches, Green Valley Fire District Station #152, Green Valley Recreation Desert Hills Center, Elks Lodge, and a variety of commercial uses and restaurants closer to Continental Road and La Cañada Drive.

Surrounding uses in the subject's immediate vicinity include primarily single-family residences.

CONCLUSION

Economic conditions in Tucson are presently stable to slightly favorable and have been moderately improving for several years now. The subject as a common area parcel benefits the larger residential neighborhood. There is ongoing demand by both owners and investors for such properties. If properly priced the subject should meet with adequate investor demand.

Site Description

Site Size: Per a WLB Group survey, the subject's site area equals a total of 127,567 square feet (2.9285 Acres), which is 58,059 square feet for Parcel 4 (per survey) or 1.3329 acres, and 69,508 square feet for Parcel 5 (per survey) or 1.5957 acres. The site sizes per this survey will be used throughout this analysis.

Site Shape: The subject site is irregular in shape, but is conducive for development.

Topography: The subject site is generally level and at grade with the adjacent properties along Camino Del Sol, Camino Urbano, and along the unnamed paved road, which provides access to the subject. The subject site slopes to the south and the subject's clubhouse and cart barn improvements, comprised of two stories is built on a hill, with the first floor clubhouse level generally flat and at grade with the adjacent parking lot, and the cart barn understory level with the bottom of the hill and is not at grade with the adjacent parking lot and properties to the north, west, and east. The subject property is flat to gently rolling on the north portion with a hill that slopes to the south portion, with the south portion being below grade with the north portion of the subject property.





Access:

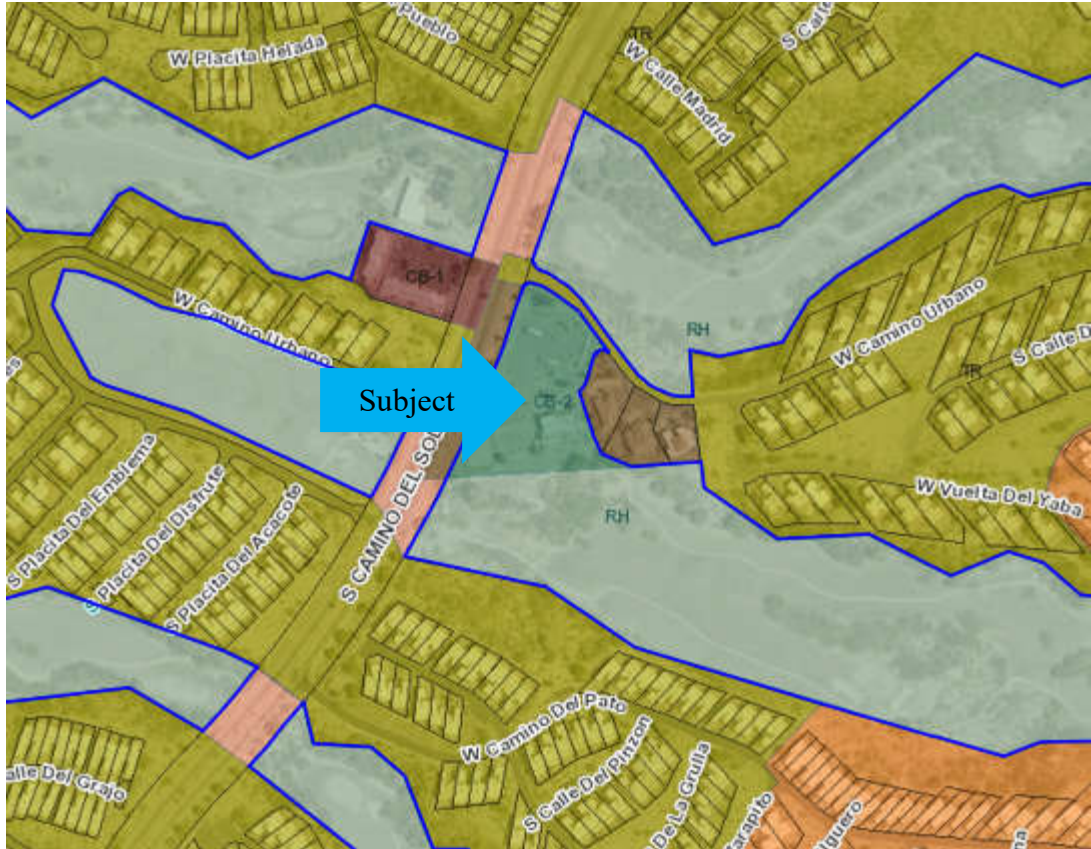
The subject has frontage and access to an unnamed paved road that intersects with Camino Del Sol to the west of the subject and intersects with Camino Urbano to the east of the subject. At the subject, the unnamed paved road is a two-lane, west-northeast road with a travel lane in each direction. Camino Del Sol is a north-south road with a travel lane in each direction, a center median, and turn lanes in both directions approaching Camino Urbano. Camino Urbano is a paved two-lane east-west road with a travel lane in each direction. Overall, the subject has average access and frontage.

Traffic Volume:

At the subject, Camino Del Sol receives 3,786 vehicles per day from Camino Encanto to Camino Estelar, according to a 2019 Pima Association of Governments traffic count survey, the latest data available. Traffic volume data was not available for Camino Urbano.

Zoning:

The subject property is zoned CB-2 (General Business Zone) per Pima County zoning. The CB-2 zone allows for indoor/outdoor retail, wholesale, and residential uses with a minimum lot area of 7,000 square feet. The current use of the subject as a commercial building formerly used as a golf clubhouse and cart barn, and parking lot, is legally permissible.



Easements:

I was not provided a title report on the subject. Based on my review of the plat map and on-site inspection of the subject property, there do not appear to be any adverse easements or encroachments and it is assumed that this is the case.

Flood Plain:

According to the Federal Emergency Management Agency, Flood Insurance Rate Map, Number 040073-04019C3935L dated June 16, 2011, the subject is situated in Zone X, an area determined to be outside the 100- and 500-year floodplains.

3200 S CAMINO DEL SOL, GREEN VALLEY, AZ 85622

Report Date: 01/09/2020

County: PIMA, AZ

Flood Zone Code	Flood Zone Panel	Panel Date
X	040073 - 04018C985SL	08/18/2011
Special Flood Hazard Area (SFHA) Within 250 ft. of multiple flood zones?		Community Name
Out	No	PIMA COUNTY

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.



Natural, Cultural, Recreational, Or Scientific Values:

The property does not have any known natural, recreational, cultural, or scientific value.

Seismic Zone:

The subject site is located in seismic zone 2A, an area of moderate to low seismic risk.

Environmental:

I have not been provided with an environmental assessment of the subject property. Based upon my physical inspection of the property, no items of environmental concern were noted. This report assumes that no environmental concerns are present that would prevent the site from being put to its highest and best use. If this remains an area of concern for the client, an environmental study by a qualified individual is recommended.

Airport Environs: The Airport Environs is an overlay zoning classification that limits certain types of uses and sets forth additional development standards above and beyond the zoning. The site is located outside any known airport environs area.

Utilities: The subject is served by all utilities.

Census Tract: 4305

Tax Parcel Number: 304-18-919A (Portions)

Real Estate Taxes: The 2019 taxes for tax parcel 304-18-919A are \$19,011.66 with half paid and half due. The full cash value for 2019 is set at \$1,074,317 with the limited value for 2019 set at \$934,396. As previously mentioned, tax parcel 304-18-919A is planned to be split into five separate parcels, as per a WLB Group survey, with the subject designated as Parcel 4 and Parcel 5 by the survey. Full cash and limited cash values will be reassessed once the parcels are split, which will subsequently adjust taxes moving forward.

Special Assessment: None

Summary: The subject is zoned for a commercial use and the site size and other physical and legal characteristics are conducive to this use. The parcels adequately support a commercial or public use that suits the surrounding neighborhood.

Description of Improvements:

The following description of improvements is based upon my inspection of the site on February 3, 2020.

The subject is primarily improved with a commercial building of block construction comprising of 3,792 square feet, which was formerly used as a golf clubhouse for Canoa Hills Golf Course. The Pima County Assessor reports a building size of 8,070 square feet. The size as reported by the Assessor includes the 4,278 square feet of the former golf cart barn, located underneath the clubhouse. Measurements were taken during onsite inspection and generally agree with the size as reported by the Assessor. The size as reported by the Assessor of 8,070 square feet, comprised of a 3,792 square foot commercial building formerly used as a golf clubhouse and a 4,278 square foot golf cart barn, is considered correct and will be used throughout this appraisal. The subject includes a restaurant with a bar and kitchenette, dishwashing area with a commercial sink, storage for the restaurant, pro-shop, office, changing rooms, two restrooms, and a cart barn. The subject's primary improvements, comprised of the commercial building formerly used as a golf clubhouse, have a floor area ratio of about 3% when including the adjacent lot. Other building and site improvements include an asphalt parking lot, an asphalt golf cart parking lot, covered walkways and patios, and landscaping.

Parking is sufficient for the subject property. It is noted that Parcel 5(as per survey) is comprised of a parking lot for the subject's former golf clubhouse. The parking lot has 103 spaces, according to the listing brochure. The subject's landscaping includes mature trees, bushes, and cacti, gravel, river rock, planters and drainage basins. There is also roadside signage.

Interior improvements for the commercial building, formerly used as a golf clubhouse, are of commercial grade carpet, tile flooring in the restrooms and restaurant dishwashing area, and unfinished concrete in the bar, kitchenette and restaurant storage. The kitchenette does not have hoods, a grease trap, and other finishes typical of a commercial kitchen. Walls are taped, textured and painted drywall. Ceilings are a combination of taped, textured and painted drywall and 2' x 2' acoustic panels. Lighting is provided by a combination of fluorescent and incandescent fixtures recessed into the ceiling, and incandescent fixtures which hang from the ceiling, and include chandeliers. There are also skylights in the pro-shop portion of the subject's clubhouse improvements. The main entry doors are comprised of glass set in metal frames. Interior doors are of hollow wood set in wood frames. Windows are on all elevations of the building and are comprised of double pane glass set in metal frames. The men's restroom has six fixtures, comprised of two sinks, two urinals and two water closets. The women's restroom has four fixtures comprised of two sinks and two water closets. The restrooms appear to be ADA compliant. The building is served by a roof-mounted HVAC system. There are also ceiling fans. The roof is built up flat over a wood truss system with the exception of portions over the covered front entrance and walkway, and over the south patio, which are pitched with tile shingles over a wood truss system.

Interior improvements for the former golf cart barn are of unfinished concrete flooring. Walls are masonry. Ceilings are taped, textured and painted drywall. Lighting is provided by fluorescent fixtures affixed to the ceiling. There is a ventilation system on the east side of the former cart barn. The entry doors are dual swinging metal doors set in metal frames. There are no interior doors, windows or restrooms in the former golf cart barn.

The subject's improvements, including the parking lot on Parcel 5 (as per survey), were constructed in 1984, and are in average condition. The improvements have deferred maintenance including service to HVAC units, bar/kitchenette/restaurant, outdated interior and exterior finishes, and resurfacing the roof and parking lots. In addition, an independent building inspector indicated concern about the exhaust plumbing, as leaking was noted, and recommended replacing all leaking pipes and the entire sewer line. Safety concerns were also expressed about the subject property including railings for external stairs, rear railings, trip hazards, fire protection, improper piping and wiring, and cracked or broken windows. We were provided with a copy of the Inspection Report, which is extensive and therefore not included herein, but a copy has been maintained in our workfile.

The building is average quality Class C masonry construction. The actual building age is 36 years old. The effective age is about 20 years. The economic life of average quality Class C clubhouse (commercial) buildings is 40 years, which results in a remaining economic life of 20 years. The economic life of average quality Class C golf cart storage (commercial) buildings is 30 years, which results in a remaining economic life of 10 years.

Conclusion

The subject is functional as a commercial building and parking lot, which was formerly a golf clubhouse and cart barn, and adjacent parking lot.

Personal Property

This report does not consider any FF&E (personal property/equipment) for the subject property and no items of personal property are included in the value opinion.

I have not critically inspected mechanical components within the improvements and no representations are made herein as to these matters unless specifically stated and considered in the report. All mechanical components are assumed to be in operable condition and status, standard for properties of the subject type. The condition of the heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to adequacy of insulation, type of insulation, or energy efficiency of the improvements or equipment. The value opinion assumes that there are no such conditions that would cause a loss of value.

BUILDING SKETCH

304-18-919A
SAN IGNACIO NORTH
(FORMERLY KNOWN AS CANOA HILLS)
page 1 of 2



MAIN LEVEL = 3792 SF
PRO SHOP, OFFICE, RESTAURANT
LOWER LEVEL = 4278 SF
CART STORAGE, ETC.



Sketch by Apex Sketch

SUBJECT PHOTOGRAPHS

Top: View of the subject's front/north elevation, looking southwest.

Middle: View of the subject's west elevation, looking south.

Bottom: View of the subject's south elevation, looking north.



SUBJECT PHOTOGRAPHS

Top: View of the subject's east elevation, looking south.

Middle: View of the subject's parking lot, looking west.

Bottom: View of the subject's signage.



SUBJECT PHOTOGRAPHS

Top: View of Camino Del Sol, looking south, subject to the left.

Middle: View of Camino Del Sol, looking north, subject to the right.

Bottom: View of one of the subject's main entrances.



SUBJECT PHOTOGRAPHS

Top: View of the subject's restaurant seating area.

Middle: View of the subject's bar/kitchen.

Bottom: View of the subject's restaurant storage.



SUBJECT PHOTOGRAPHS

Top: View of the subject's former pro shop.

Middle: View of the subject's office.

Bottom: View of the subject's interior improvements.



SUBJECT PHOTOGRAPHS

Top: View of one of the subject's restrooms.

Middle: View of the subject's covered south patio.

Bottom: View of the subject's former golf cart parking area.



SUBJECT PHOTOGRAPHS

Top: View of the subject's interior improvements.

Middle: View of two of the subject's changing rooms.

Bottom: View of the subject's former cart barn.



Highest and Best Use/Market Analysis

Highest and best use is the basic premise of value and, as such, reflects an appraiser's opinion based upon an analysis of prevailing market occurrences. The subject is comprised of both the site and improvements. As the use of land can be limited by the presence of improvements, highest and best use is typically analyzed individually, for the land as though vacant and the property as improved. As previously mentioned, the subject is improved with a market and is being analyzed for the market component, as well as the excess land component in its condition "as vacant".

According to *The Appraisal of Real Estate*; Fourteenth Edition, published by the Appraisal Institute, highest and best use is defined as:

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

Highest and Best Use, As Though Vacant

LEGALLY PERMISSIBLE: The subject site is zoned CB-2 (General Business Zone) as per Pima County zoning. The CB-2 zone allows for indoor/outdoor retail, wholesale, and residential uses with a minimum lot area of 7,000 square feet. There are no known legal impediments to development.

PHYSICALLY POSSIBLE: The subject site has an adequate size and shape to support many forms of commercial development that are legally permissible, and there are no other known physical constraints on development.

FINANCIALLY FEASIBLE & MAXIMALLY PRODUCTIVE:

The subject is in a primarily residential area. The subject's location alongside Camino Del Sol is conducive for neighborhood business uses. At the subject, Camino Del Sol receives 3,786 vehicles per day from Camino Encanto to Camino Estelar, according to a 2019 Pima Association of Governments traffic count survey, the latest data available.

The subject is comprised of two parcels, designated as Parcel 4 (as per survey), a 58,059 square foot parcel, and as Parcel 5 (as per survey), a 69,508 square foot parcel. Parcel 5 has good frontage along Camino Del Sol and is generally level. Parcel 4 has less frontage and slopes from north to south. The parcels could be developed individually or together for a less intensive commercial use. The area does not support intensive commercial uses such as a drug store, bank, auto repair shop, convenience store and gas station, and other high-intensity commercial uses. The subject does support neighborhood business uses, possibly for medical, office, assisted

living facility, and other less intensive commercial uses. The subject parcels were marketed separately and combined, indicating that the subject could be in demand for commercial uses either combined or individually.

Given these factors, the maximally productive use is for future commercial development either combined or individually when demand warrants.

Highest and Best Use, As Currently Improved

LEGALLY PERMISSIBLE: The subject site is currently improved with a commercial building, comprised of a former golf clubhouse and cart barn, and a parking lot for the former Canoa Hills Golf Course. The existing subject use of the site is a legal use within the current zoning designation.

PHYSICALLY POSSIBLE: The existing improvements are a physically possible use of the site.

FINANCIALLY FEASIBLE & MAXIMALLY PRODUCTIVE:

The subject reflects a commercial building comprised of a golf clubhouse and cart barn, and a parking lot for the former Canoa Hills Golf Course. The improvements were constructed in 1984. The subject has been historically owner occupied and is a functional building of average quality construction. The inspection report and our own inspection indicated there is minor and major deferred maintenance to the building and the parking lot. The parking lot, which was formerly used as the parking lot for Canoa Hills Golf Course.

The subject has been listed for about two years and received interest by American Legion as a meeting/lodge facility, and by Green Valley Recreation to use as a community center and parking lot for the Canoa Hills Park, formerly the Canoa Hills Golf Course.

The listing for the subject has the building and parking lot listed separately and combined. Green Valley Recreation is interested in both properties, suggesting the subject's parcels combined are more appealing to a potential buyer. Green Valley Recreation intends to use the building as a community center and the parking lot as a parking lot for the park and possibly an addition of a restroom facility. Other potential uses of the property are for a meeting/lodge facility, and possibly conversion and expansion as an assisted living facility. Given the amount of renovations required, the building will be considered as a shell commercial building. Any potential buyer will have to invest in tenant and capital improvements.

Conclusion:

The subject is a legally and physically possible use of the site. The use as a commercial building with a parking lot is also maximally productive and adds to the underlying land value. The subject improvements will require capital improvements prior to occupancy. The most likely buyer would be an owner/user. As a result, the highest and best use of the subject is to an owner/user as a commercial building and parking lot.

SALES COMPARISON APPROACH

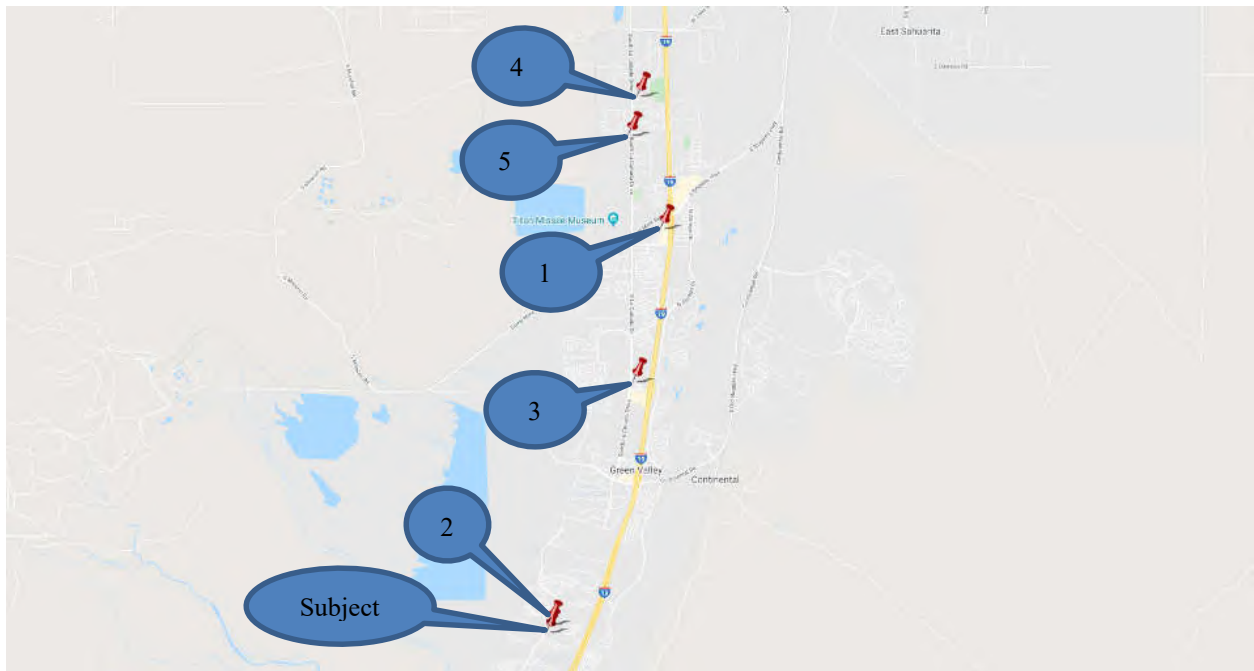
The Sales Comparison Approach to value considers market data of similar improved properties. This approach has been utilized to arrive at a market value opinion of the subject. This technique is an application of the principle of substitution, which affirms that when a property can be replaced, its value tends to be set by the cost of acquisition of an equally desirable substitute property that can be acquired without undue or costly delay.

A search in the subject's area was conducted in order to obtain market data of similarly improved properties either in design, quality and/or overall utility. The following sales of similar properties were identified as being most representative of the subject. The sales price per square foot of land area is considered appropriate and is the unit of comparison used in this analysis. In conformance with the highest and best use, the subject is analyzed herein as a single economic unit comprised of the commercial building formerly used as a golf clubhouse and cart barn designated as Parcel 4 (as per survey), and the adjacent lot, designated as Parcel 5 (as per survey), which is utilized for parking for the commercial component and is beneficial to the commercial operation of the subject. This factor will be accounted for in the site utility adjustment. In addition, the golf course clubhouse was considered the primary improvement, and the golf cart barn was considered with the site improvements.

Please refer to the accompanying tabulation and map that summarize the comparable sales utilized.

COMPARABLE IMPROVED SALES										
No.	Date	Location	Type	Sale Price	Bldg Area (SF)	Lot Area (SF)	Zoning	FAR	Sale Land/SF	Year Built
1	Jan-19	1100 W. Beta St, Green Valley	Retail	\$1,025,000	21,871	110,198	CB-2, Sahuarita	20%	\$9.30	1986
2	Jun-19	3200 S. Camino Del Sol, Green Valley	Water building	\$320,000	5,980	64,303	RH, Pima County	9%	\$4.98	1984
3	Jul-19	20 N. La Canada Dr, Green Valley	C-Store	\$350,000	3,652	22,198	CB-2, Pima County	16%	\$15.77	1971
4	UC	17675 S. La Canada Dr, Sahuarita	Church	\$500,000	4,009	181,645	SR, Sahuarita	2%	\$2.75	1979
5	Listing	18090 S. La Canada Dr, Sahuarita	Lodge/Meeting Hall	\$400,000	2,674	65,340	GR-1, Sahuarita	4%	\$6.12	1977
Subject	Listing	3295 S. Camino Del Sol, Green Valley	Former Golf Club House	\$700,000	3,792	127,567	CB-2, Pima County	3%	\$5.49	1984

IMPROVED COMPARABLES MAP



COMPARABLE SALES PHOTOGRAPHS



Comparable One – 1100 W. Beta Street, Green Valley



Comparable Two – 3200 S. Camino Del Sol, Green Valley

COMPARABLE SALES PHOTOGRAPHS



Comparable Three – 20 N. La Canada Drive, Green Valley



Comparable Four – 17675 S. La Canada Drive, Sahuarita



Comparable Five – 18090 S. La Canada Drive, Sahuarita

VALUATION

Adjustments

Adjustments to the comparables were applied for differences in the financial aspects of the sales (property rights transferred, terms of sale, date of sale, sale conditions, etc.) as well as physical aspects (location, building size, age/condition, quality, interior build-out, and site utility). As previously mentioned, the sales price per building square foot is considered appropriate and is the unit of comparison used in this analysis.

The comparables were all fee simple transactions and sold as cash transactions or with third-party financing that is cash equivalent, under similar market conditions. Therefore, no adjustments were necessary for these financial aspects of the comparable sales. Comparable Two sold to a motivated buyer, warranting a downward adjustment for this factor. Comparables Four and Five are listings, warranting downward adjustments for this factor.

Comparable One is located in Green Valley along the north side of Beta Street, and is considered to have a backage location as compared to the subject, but is within close proximity to Interstate 19. These factors balance each other, and overall, Comparable One is considered similar to the subject for location with no adjustment applied for this factor. Comparable One has a significantly larger building size at 21,871 square feet, warranting a downward adjustment for this factor. This comparable has minimal site improvements as compared to the subject, warranting an upward adjustment for this factor. Comparable One was built in 1986, and has superior functional utility, and overall is considered superior for age/quality/condition, warranting a downward adjustment. This comparable is considered similar for build-out, site size and zoning with no adjustments necessary for these three factors. Comparable One has a flat site and is considered superior for site utility, with a downward adjustment applied for this factor. Overall, Comparable One suggests pricing for the subject at \$3.72 per square foot of land area.

Comparable Two is located in Green Valley along the west side of Camino Del Sol, north of Camino Urbano, within close proximity to the subject, and overall is considered similar in location with no adjustment applied for this factor. Comparable Two has a building size of 5,980 square feet, which is larger than the subject, warranting a downward adjustment. Comparable Two reflects a freestanding shell maintenance building with minimal site improvements, warranting an upward adjustment for inferior site improvements. Comparable Two was built in 1984, and overall is considered similar to the subject for age/quality/condition, with no adjustment applied. As previously mentioned, this comparable is a freestanding shell maintenance building with inferior build-out as compared to the subject, warranting an upward adjustment for this factor. Comparable Two has a smaller site size as compared to the subject, with a downward adjustment applied. This comparable's zoning allows for less intensive uses, and overall Comparable Two is considered inferior for zoning, warranting an upward adjustment for this factor. This comparable has a flat site and is considered superior to the subject for site utility, with a downward adjustment applied. Overall, Comparable Two suggests pricing for the subject at \$4.25 per square foot of land area.

Comparable Three is located along the east side of N. La Canada Drive, north of Esperanza Boulevard, which are both arterial routes in Green Valley, in an area with higher traffic volume than the subject within close proximity to Interstate 19, and overall is superior in location, warranting a downward adjustment. Comparable Three has a similar building size with no adjustment necessary for this factor. Comparable Three reflects a freestanding convenience store with minimal site improvements, warranting an upward adjustment for this factor. This comparable was built in 1971, but has been well maintained and has no major deferred maintenance noted, and overall is considered superior to the subject for age/quality/condition, with a downward adjustment applied. As previously mentioned, this comparable is a freestanding convenience store, and is considered to have a similar overall build-out as the subject, with no adjustment applied. Comparable Three has a smaller site size than the subject, warranting a downward adjustment for this factor. This comparable has similar zoning as the subject, with no adjustment necessary. This comparable has a flat site and is considered superior to the subject for site utility, with a downward adjustment applied. Overall, Comparable Three suggest pricing for the subject at \$7.10 per square foot of land area.

Comparable Four is located on the northeast corner of S. La Canada Drive and Camino Antigua in Sahuarita, and is in an area with a higher traffic count than the subject's location, and overall this comparable is considered superior for location, warranting a downward adjustment. Comparable Four has a similar building size as the subject, with no adjustment necessary. This comparable reflects a church with a small office/guest house, and was originally a residence with a former stable building and is considered to have similar site improvements as compared to the subject, with no adjustment applied for this factor. Comparable Four was built in 1979, but has been well maintained over the years and confirmation of this sale indicated that it is in good condition, and overall is considered superior to the subject for age/quality/condition, warranting a downward adjustment for this factor. Comparable Four is considered to have a similar build-out as the subject, with no adjustment necessary. This comparable has a larger site size, with an upward adjustment applied. This comparable's zoning allows for less intensive uses, and overall Comparable Four is considered inferior for zoning, warranting an upward adjustment for this factor. This comparable has a flat site and is considered superior to the subject for site utility, with a downward adjustment applied. Overall, Comparable Four suggests pricing for the subject at \$2.23 per square foot of land area.

Comparable Five is located along the west side of S. La Canada Drive, south of Via De Chapals in Sahuarita, and is in an area with a higher traffic count than the subject's location, but is in a primarily residential area similar to the subject, and overall is considered similar to the subject for location, with no adjustment applied. This comparable has a smaller building size than the subject, warranting an upward adjustment for this factor. Comparable Five reflects a lodge/meeting hall for a fraternal organization and has minimal site improvements as compared to the subject, warranting an upward adjustment for this factor. This comparable was built in 1977, but has been well maintained, and confirmation of this sale indicated that the fraternal organization handles deferred maintenance as it arises. Overall, Comparable Five is considered superior to the subject for age/quality/condition with a downward adjustment applied. This comparable as a lodge/meeting hall is considered to have a similar build-out as the subject, with no adjustment necessary. This comparable has a smaller site size than the subject, warranting a downward adjustment for this factor. This comparable's zoning allows for less intensive uses, and overall

Comparable Five is considered inferior for zoning, warranting an upward adjustment for this factor. This comparable has a flat site and is considered superior to the subject for site utility, warranting a downward adjustment for this factor. Overall, Comparable Five suggests pricing for the subject at \$4.96 per square foot of land area.

The table on the following page highlights the adjustments considered appropriate for each of the comparables as compared to the subject:

Comparable Improved Sales Adjustment Grid					
Comparable Number:	1	2	3	4	5
Sale Date:	1/2/19	6/27/19	7/12/19	UC	Listing
Location	1100 W. Beta St, Green Valley	3200 S. Camino Del Sol, Green Valley	20 N. La Canada Dr, Green Valley	17675 S. La Canada Dr, Sahuarita	18090 S. La Canada Dr, Sahuarita
Grantee (Buyer)	Sahuarita House of Worship	The Green Valley Domestic Water Improvement District	March Enterprises, LLC	N/A	N/A
Grantor (Seller)	Ramesh Narasimhan	Borderland Investments I, LLC	Mark Sychowski	Grace Evangelical Lutheran Church	Green Valley Lodge No 71 F & A M TR
APN	303-33-3950	304-18-919A	304-21-0590	303-44-0120	303-49-001B
Time on Market	N/A	N/A	N/A	216 days (As of 2/4/2020)	55 days (As of 2/4/2020)
Traffic Count	Unavailable	3,786 (2019) on Camino Del Sol from Camino Encanto to Camino Estelar	10,729 (2019) on N. La Canada Dr from Camino Casa Verde/Paseo Del Chino to Esperanza Boulevard	6,608 (2019) on S. La Canada Dr from El Toro Rd to Duval Mine Rd	6,608 (2019) on S. La Canada Dr from El Toro Rd to Duval Mine Rd
Verification	CoStar & Public Records. Left voicemails for Ramesh Narasimhan, true seller, and for Sahuarita House of Worship, true buyer.	Derrick Sinclair, listing broker, CoStar & Public Records	CoStar & Public Records	John Hamner, listing broker, CoStar & Public Records	Stu Samovitz, listing broker, CoStar & Public Records
Verification Phone No.	(480) 218-0641; (520) 576-2122	(520) 577-7800	N/A	(520) 907-0030	(520) 247-5336
Notes	Freestanding Retail Building. Masonry building, flexible for multiple uses.	Freestanding shell maintenance building. Purchased by Green Valley Water District for continued use as a maintenance building. They also invested to improve the building.	Freestanding retail building of masonry construction. Originally, this was a convenience store building.	Currently a church but was originally a residence. There is also a former stable building and small office/guest house. The primary building was reported to be in good condition. Could feasibly be converted back to a residence.	Seller is a fraternal organization looking to sell because of declining membership. No real deferred maintenance. Maintenance issues have been taken care of as they arise.
Sales Price	\$1,025,000	\$320,000	\$350,000	\$500,000	\$400,000
Terms of Sale	Cash	Cash	New Loan	Cash Equivalent	Cash Equivalent
Gross Bldg Area (SF)	21,871	5,980	3,652	4,009	2,674
Sales Price Per Land Sq. Ft.	\$9.30	\$4.98	\$15.77	\$2.75	\$6.12
Transactional Adjustments:					
Property Rights	0.0%	0.0%	0.0%	0.0%	0.0%
	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted Price/Land SF	\$9.30	\$4.98	\$15.77	\$2.75	\$6.12
Terms of Sale	0.0%	0.0%	0.0%	0.0%	0.0%
	Cash	Cash	New Loan	Cash Equivalent	Cash Equivalent
Adjusted Price/Land SF	\$9.30	\$4.98	\$15.77	\$2.75	\$6.12
Sale Conditions	0.0%	-10.0%	0.0%	-10.0%	-10.0%
	Arm's Length	Motivated Buyer	Arm's Length	Listing	Listing
Adjusted Price/Land SF	\$9.30	\$4.48	\$15.77	\$2.48	\$5.51
Market Conditions	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar
Adjusted Price Per Sq. Ft.	\$9.30	\$4.48	\$15.77	\$2.48	\$5.51
Physical Adjustments:					
Location	0.0%	0.0%	-20.0%	-5.0%	0.0%
	Similar	Similar	Superior	Superior	Similar
Building Size	-50.0%	-10.0%	0.0%	0.0%	5.0%
	Larger	Larger	Similar	Similar	Smaller
Site Improvements	5.0%	5.0%	5.0%	0.0%	5.0%
	Inferior	Inferior	Inferior	Similar	Inferior
Age/Quality/Condition	-5.0%	0.0%	-20.0%	-5.0%	-10.0%
	Superior	Similar	Superior	Superior	Superior
Build-Out	0.0%	10.0%	0.0%	0.0%	0.0%
	Similar	Inferior	Similar	Similar	Similar
Site Size	0.0%	-5.0%	-10.0%	5.0%	-5.0%
	Similar	Smaller	Smaller	Larger	Smaller
Zoning	0.0%	5.0%	0.0%	5.0%	5.0%
	Similar	Inferior	Similar	Inferior	Inferior
Site Utility	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
	Superior	Superior	Superior	Superior	Superior
Gross Additional Adjustments	70.0%	45.0%	65.0%	30.0%	40.0%
Net Additional Adjustments	-60.0%	-5.0%	-55.0%	-10.0%	-10.0%
Adjusted Price Per Land Sq. Ft.	\$3.72	\$4.25	\$7.10	\$2.23	\$4.96

Adjustments

The Comparables above suggest a price per square foot of land area from about \$2.23/SF to about \$7.10/SF after adjustments. Comparables One and Four are at the lower end of the range, Comparables Two and Five are in the middle of the range, and Comparable Three is at the higher end of the range. Comparable Three is considered a high-end outlier. Comparables Two, Four and Five required the least amount of gross adjustments, and Comparable Two required the least amount of net adjustments. Overall, the comparables generally suggest pricing for the subject near the middle of the range. Taking into account these factors as well as the subject's physical attributes such as location, size, condition, etc., the comparables suggest pricing for the subject higher than around \$3.75 per square foot of land area and lower than around \$5.00 per square foot of land area, reconciled to \$4.25 per square foot of land area for the subject. This pricing is supported by the comparables and is reasonable for the subject.

Subject's Listing

As previously discussed, the subject has been listed for two years, and is currently listed at \$450,000 for Parcel 4 (as per survey), which is improved with a golf clubhouse and cart barn, and \$250,000 for Parcel 5 (as per survey), which is improved with a parking lot of 103 spaces. Discussion with the listing broker indicated that the owner is willing to accept around the mid-\$500,000 range for both parcels combined.

As previously mentioned, our analysis is for both parcels, which is to say Parcel 4 and Parcel 5 combined as one economic unit. This lends further support to our valuation. Furthermore, we also analyzed the subject's component parts as follows.

Value Breakdown

We analyzed the subject's component parts, identified here as land, clubhouse, cart barn and site improvements. Please refer to the following tabulation.

Value Breakdown			
Item	SF	Low	High
Land	127,567	\$255,134	\$350,809
Clubhouse	3,792	\$113,760	\$189,600
Cart Barn	4,278	\$42,780	\$85,560
Site Improvements	N/A	\$20,000	\$40,000
Total		\$431,674	\$665,969
\$/SF Land		\$3.38	\$5.22

Our analysis indicated a likely value for the subject's land component from around \$255,134 to around \$350,809, or about \$2 to \$2.75 per square foot of land area. Our analysis indicated a likely value for the subject's clubhouse improvements from around \$113,760 to around \$189,600, or about \$30 to \$50 per square foot of the clubhouse's 3,792 square feet. Our analysis indicated a likely value for the subject's cart barn improvements from around \$42,780 to around \$85,560, or about \$10 to \$20 per square foot of the cart barn's 4,278 square feet. Finally, our analysis indicated

a likely value for the subject's site improvements from around \$20,000 to \$40,000 as a bulk price value.

Overall, the subject's components indicated a likely value from the subject ranging from around \$431,674 to around \$665,969, or about \$3.38 to \$5.22 per square foot of land area. Our valuation at \$4.25 per square foot of land area is near the middle of the range provided by the value breakdown of the subject's components, which lends additional support to our conclusion of value.

Conclusions

In summary, the Sales Comparison Approach supported a value of about \$4.25 per square foot of land area for the subject, with additional support provided by the subject's listing and value breakdown. When multiplied by the subject's 127,567 square feet of land area, the indicated value conclusion for the subject is \$542,160, rounded to **\$540,000**. This value conclusion for the subject appears to be reasonable.

**OPINION OF THE MARKET VALUE
OF THE SUBJECT PROPERTY**

AS OF FEBRUARY 3, 2020\$540,000

It is an extraordinary assumption that tax parcel 304-18-919A will be split into five separate parcels as per the WLB Group survey. The use of the extraordinary assumption may have affected assignment results.

ESTIMATED MARKETING PERIOD AND EXPOSURE PERIOD

Exposure period precedes the effective date of value and reflects market conditions leading up-to the date of value. Marketing period follows the date of value and hence is a reflection of anticipated future market conditions. Since market conditions cannot be accurately forecast, a marketing period estimate may prove to be unreliable based on future market changes.

The subject as a commercial building with a parking lot parcel has upside demand in a future sale to an owner user. As a result, it is reasonable to estimate an exposure period of one year or less. The market period estimate is the same as the exposure period estimate, of one year or less.

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have not performed 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- Paul Cavanaugh, Registered Trainee Appraiser #T0250, provided significant real property appraisal assistance, to the person signing this certification, that included researching public record information on market conditions, the subject and comparable properties, inspection of the subject property, and composing the initial draft of the report. Further, no one other than Ajay S. Madhvani formed the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report, unless such participation by another party is indicated by the co-signing of this report by such other party.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

Respectfully submitted,



AJAY S. MADHVANI, MAI
State of Arizona Certified General
Real Estate Appraiser #31501

QUALIFICATIONS OF AJAY S. MADHVANI, MAI

State of Arizona Certified General Real Estate Appraiser, Certificate #31501
State of New Mexico Certified General Real Estate Appraiser, Certificate #02802-G
State of Utah Certified General Real Estate Appraiser, Certificate #6561803-CG00

PROFESSIONAL EXPERIENCE

2011 - Current AM Valuation Services, Owner

2004 - 2011 AXIA Real Estate Appraisers (formerly KB), as Commercial Staff
Appraiser

PROFESSIONAL AFFILIATIONS AND MEMBERSHIPS

Member of the Appraisal Institute (MAI)

Licensed Real Estate Agent, State of Arizona

FORMAL EDUCATION

Bachelor of Science in Business Administration with double major in Finance and Business Management, University of Arizona, Tucson, Arizona, 2003

RECENT PROFESSIONAL EDUCATION

- 2020 • Analyzing Operating Expenses by the Appraisal Institute
- 2019 • 7-hour National USPAP by the Appraisal Institute
• Online Appraising Convenience Stores by the Appraisal Institute
- 2018 • 7-hour National USPAP by the Appraisal Institute
• Managing Appraiser Liability by McKissock
- 2017 • Appraisal of Assisted Living Facilities by McKissock
• Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications by the Appraisal Institute
- 2016 • 7-hour National USPAP by the Appraisal Institute
• Business Practices and Ethics by the Appraisal Institute
• Supervisor-Trainee Course by McKissock
• Marshall & Swift Commercial Cost Approach Certification by CoreLogic
- 2015 • Small Hotel/Motel Valuation by the Appraisal Institute
• Rates and Ratios: Making Sense of GIMs, OARs, and DCF by the Appraisal Institute
• Subdivision Valuation by the Appraisal Institute

- 2014 • Introduction to Green Buildings: Principles & Concepts by the Appraisal Institute
- Comparative Analysis by the Appraisal Institute
- 7-hour National USPAP by the Appraisal Institute

- 2013 • Forecasting Revenue by the Appraisal Institute

- 2012 • Appraising the Appraisal: Appraisal Review-General by the Appraisal Institute
- 7-hour National USPAP Update by the Appraisal Institute

- 2011 • Appraisal Curriculum Overview by the Appraisal Institute
- Litigation Appraising: Specialized Topics and Applications by the Appraisal Institute
- Business Practices and Ethics by the Appraisal Institute

APPRAISAL EXPERIENCE/SCOPE OF PRACTICE

- Clientele includes private individuals, corporate organizations, financial institutions, and governmental agencies.

- Appraisal assignments include business site leases, vacant land, subdivisions, office buildings, retail buildings, service stations, industrial buildings, mobile home parks, as well as numerous special use properties.

- Experience in preparation of reports for conventional lending, SBA, litigation work, eminent domain work, consultations and appraisal reviews.

- Appraisal assignments have been completed in Apache, Cochise, Pima, Coconino, Maricopa, Navajo, Pinal, Santa Cruz, and Yavapai Counties within the state of Arizona, as well as McKinley, Cibola, San Juan, Sandoval and Socorro Counties in the state of New Mexico.

COMPLETED WORK AND APPRAISED FOR

Acquisition Sciences, Ltd.	PCV/Murcor Real Estate Services
Allstate Appraisal, L.P.	Pacific Premier Bank
Amphi Unified School District	Pima County
BDFC	Pima Federal Credit Union
Canyon Community Bank	Property Sciences Group, Inc.
City of Tucson	Rusing Lopez & Lizardi, PLLC
Colliers International	Salt River Pima-Maricopa Indian Community
Community Food Bank	Salt River Materials Group
Commerce Bank of Arizona	Snell & Wilmer L.L.P.
Consultant Engineering Inc.	Tucson Old Pueblo Credit Union
Cushman & Wakefield Global Services, Inc.	Vantage West Credit Union
Great Western Bank	US Dept of the Interior Off. of Special Trustee
LookingGlass Appraisal Management Systems	Washington Federal Savings
National Bank of Arizona	Wells Fargo Bank
Navajo Nation Shopping Centers, Inc.	Zions First National Bank
Navajo Nation, Division of Economic Dev.	
Northrim Bank	
Ocwen Financial Corporation	

ADDENDA

- 1) Engagement Letter
- 2) Subject's Listing Brochures
- 3) Legal Descriptions
- 4) Assumptions and Limitations
- 5) Appraiser's State Certificate

ENGAGEMENT LETTER

Valuation Services, PLLC

Commercial Real Estate Appraisals

January 27, 2020

Mr. Kent Blumenthal
Chief Executive Officer
Green Valley Recreation Board of Directors
1070 S. Calle de Las Casitas,
Green Valley, AZ 85622

VIA EMAIL: hotline@gvrec.org
VIA PHONE: (520) 625-3440 x 7204

RE: Appraisal of the golf club house and cart barn at 3295 S. Camino Del Sol, Green Valley, AZ 85622.

Dear Mr. Blumenthal:

In accordance with your request, I will be pleased to prepare an appraisal report of the above referenced property. You are advised that the appraisal report will be in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), Rule 2-2b. You are also advised that the Appraisal Institute has a legal right to review the report. The appraisal will be completed based on the following criteria:

CLIENT:	Green Valley Recreation
PURPOSE:	Develop an opinion of value of the fee simple value
INTENDED USE:	Decision Making
INTENDED USERS OF REPORT:	The client and Sonoran Ventures Inc.
INTEREST APPRAISED:	Fee Simple
FORMAT OF REPORT:	Appraisal Report – Restricted Format
SCOPE:	Sales Comparison Approach

Based on the above noted criteria, the fee for the appraisal is **\$1,900**. As is typical of this type of assignment, payment will be due prior to work commencing. **The appraisal report will be completed within 3 weeks upon receiving payment, signature of contract and receiving all necessary documents to complete the assignment.** Per USPAP, fees cannot be accepted contingent upon the closing of a loan or the outcome of an appraisal. Fees are due upon receipt of the invoice. Fees not paid within thirty (30) days of the invoice date will accrue interest at the rate of 1.5% per month on the unpaid balance.

The client agrees that the appraiser shall not be required to testify or be in attendance at any court, administrative proceeding or court oriented conferences relating to this assignment without additional compensation unless prior arrangement has been set forth by the Appraiser and Client. The fee for deposition, preparation, and court testimony is \$150 per hour plus any related travel expenses.

2030 E. Speedway Blvd., Suite 114 ♦ Tucson, Arizona 85719 ♦ Ph: 520-441-9030 ♦ ajaym1999@gmail.com

In the event that it should be necessary to employ an attorney or agency to collect any delinquent funds under this assignment, you will be responsible for the following; the initial amount of the invoice which will be doubled, all finance charges and all reasonable costs of collection, plus attorney's fees.

If these terms are acceptable, you may authorize AM Valuation Services, PLLC to begin this assignment by signing and returning the enclosed copy of this letter.

I look forward to being of service to you. If you have any questions or require additional information, please call.

Respectfully submitted,



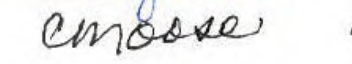


Ajay S. Madhvani, MAI
State of Arizona Certified
General Real Estate Appraiser
Certificate #31501

ACCEPTED AND APPROVED:

Client: 
Ken Blumenthal, Chief Executive Officer

Date: 1/27/20

 1/27/20
 1/27/20
 1/27/20

SUBJECT'S LISTING BROCHURES



AVAILABLE

3295 S CAMINO DEL SOL, GREEN VALLEY, AZ 85622



Building Area: 8,070 SF (GBA)

First Floor: 3,792 SF NRA (47%)

Sub-Floor: 4,278 SF Excess (53%)

Lot Size: 59,873 SF (per survey)

Site Cover: 13.5%

Zoning: CB-2, Pima County

Year Built: 1983

Parcel #: 304-18-919A (Portion)

Sale Price: \$450,000 (\$75.25/SF of NRA)

Power: 220V 200amp 3-phase

Comments: This building was formerly used as the golf club house and cart barn for the Canoa Hills Golf Course. The basic construction is concrete block. The roof is flat, built-up with parapet and wood truss system. There are covered patios at the front and rear with mission tile accent.

The interior of the first floor is split between former pro-shop and restaurant. The pro-shop has two partitioned offices, sales counter and open space. The restaurant is open with a bar on the north wall. The kitchen is to the rear of the bar.

There are two separate entrances, one to each area. The entrance to the restaurant has two large handicap accessible restrooms. The space is air-conditioned with 3 packaged roof mounted units.

The sub-floor area was formerly used to store golf carts and spans the entire length and depth of the first floor. This area has a concrete floor, taped and textured dry-wall ceiling and suspended lighting. The area has a ceiling clear of approximately 8'. The south elevation has two double door entrances at grade.

Contact

Derrick J Sinclair, MAI, CCIM
Terramar Properties, Inc.
 2200 East River Road
 Suite 105
 Tucson, AZ 85718
 Phone: (520) 577-7800
 Cell: (520) 360-1951
 Email: dsinclair@ccim.net

The information contained herein has been provided to us by sources deemed reliable. While we have no reason to question its accuracy, we do not guarantee it. Anyone interested in the subject property is advised to independently verify all information and seek legal and tax assistance in forming an opinion. All offerings are subject to prior sale, lease or withdrawal from the market without notice.



Neighborhood Aerial



Aerial Close

The information contained herein has been provided to us by sources deemed reliable. While we have no reason to question its accuracy, we do not guarantee it. Anyone interested in the subject property is advised to independently verify all information and seek legal and tax assistance in forming an opinion. All offerings are subject to prior sale, lease or withdrawal from the market without notice.

2



South Elevation



West Elevation



South Patio



Restaurant Interior



Pro-Shop Interior



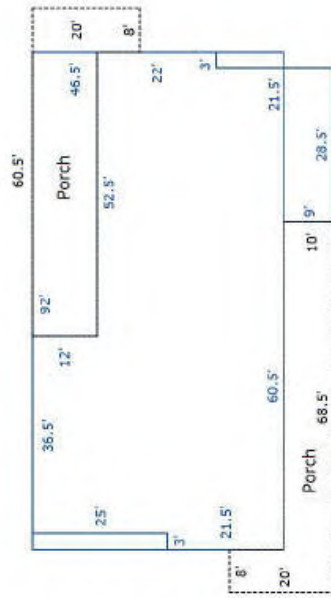
Cart Barn

The information contained herein has been provided to us by sources deemed reliable. While we have no reason to question its accuracy, we do not guarantee it. Anyone interested in the subject property is advised to independently verify all information and seek legal and tax assistance in forming an opinion. All offerings are subject to prior sale, lease or withdrawal from the market without notice. 3

304-18-919A
 SAN IGNACIO NORTH
 (FORMERLY KNOWN AS CANOA HILLS)



page 1 of 2



MAIN LEVEL = 3792 SF
 PRO SHOP, OFFICE, RESTAURANT
 LOWER LEVEL = 4278 SF
 CART STORAGE, ETC.

Drawn by Alex Sarda

The information contained herein has been provided to us by sources deemed reliable. While we have no reason to question its accuracy, we do not guarantee it. Anyone interested in the subject property is advised to independently verify all information and seek legal and tax assistance in forming an opinion. All offerings are subject to prior sale, lease or withdrawal from the market without notice.



AVAILABLE

3295 S CAMINO DEL SOL, GREEN VALLEY, AZ 85622

Lot Size: 70,421 SF/ 1.617 AC (per survey)

Zoning: CB-2, Pima County

Year Built: 1983

Parcel #: 304-18-919A (Portion)

Sale Price: \$250,000 (\$3.55/SF)

Comments: This is the former parking lot for the Canoa Hills Golf Course. The site is located at the southeast corner of Camino Urbano and Camino Del Sol.

The property is paved and provides 103 parking spaces. The property is improved with asphalt paving, concrete curbs and low care landscaping.



Contact

Derrick J Sinclair, MAI, CCIM
Terramar Properties, Inc.
2200 East River Road
Suite 105
Tucson, AZ 85718
Phone: (520) 577-7800
Cell: (520) 380-1951

The information contained herein has been provided to us by sources deemed reliable. While we have no reason to question its accuracy, we do not guarantee it. Anyone interested in the subject property is advised to independently verify all information and seek legal and tax assistance in forming an opinion. All offerings are subject to prior sale, lease or withdrawal from the market without notice. 1



Neighborhood Aerial



Aerial Close

The information contained herein has been provided to us by sources deemed reliable. While we have no reason to question its accuracy, we do not guarantee it. Anyone interested in the subject property is advised to independently verify all information and seek legal and tax assistance in forming an opinion. All offerings are subject to prior sale, lease or withdrawal from the market without notice.

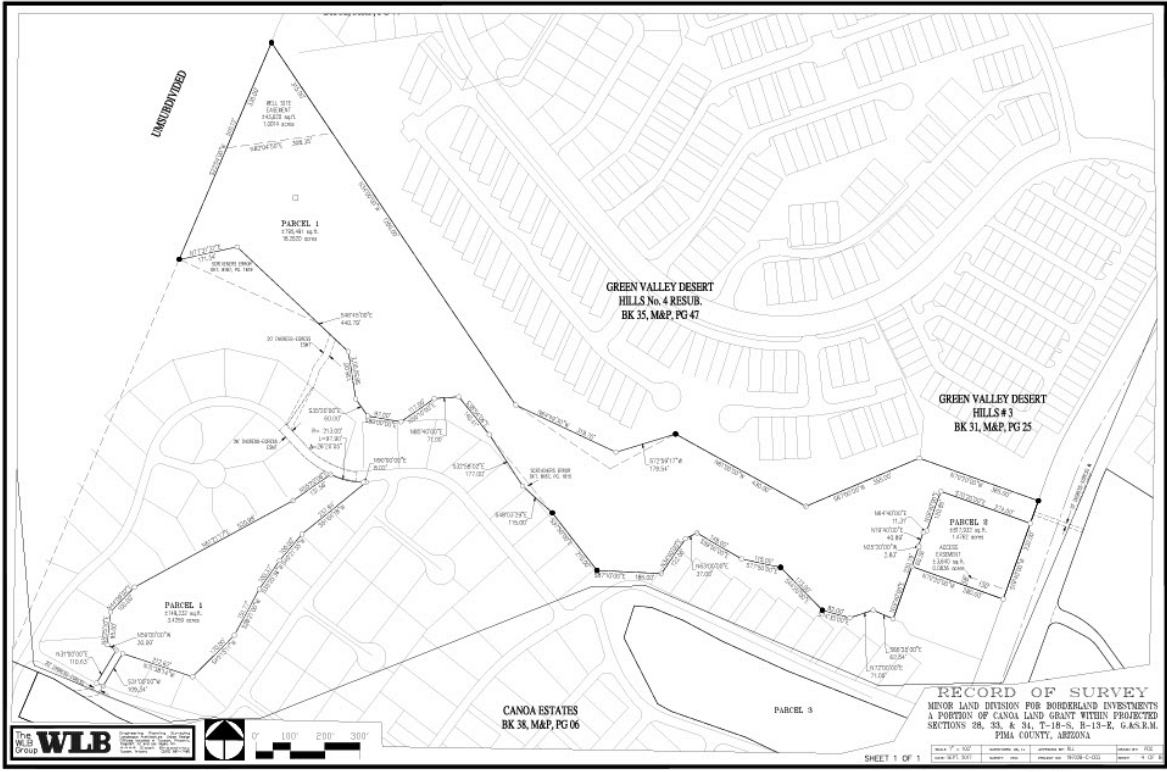
LEGAL DESCRIPTIONS

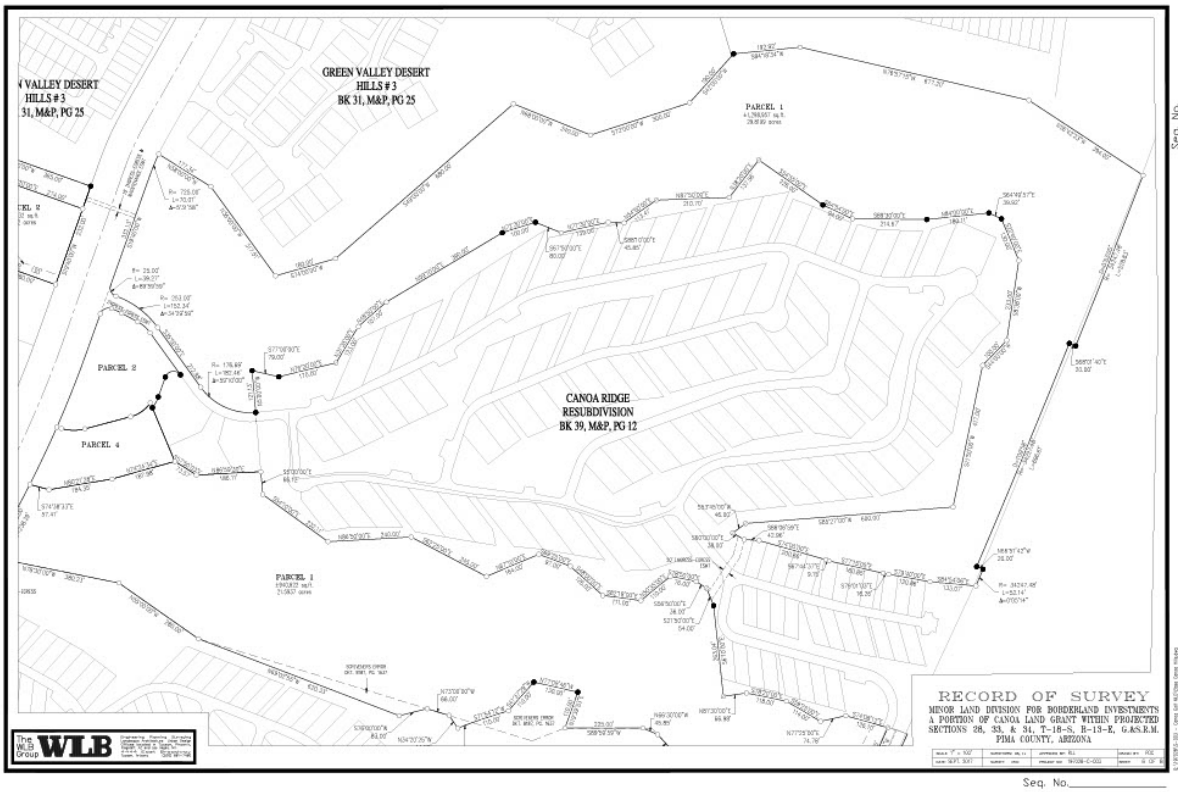
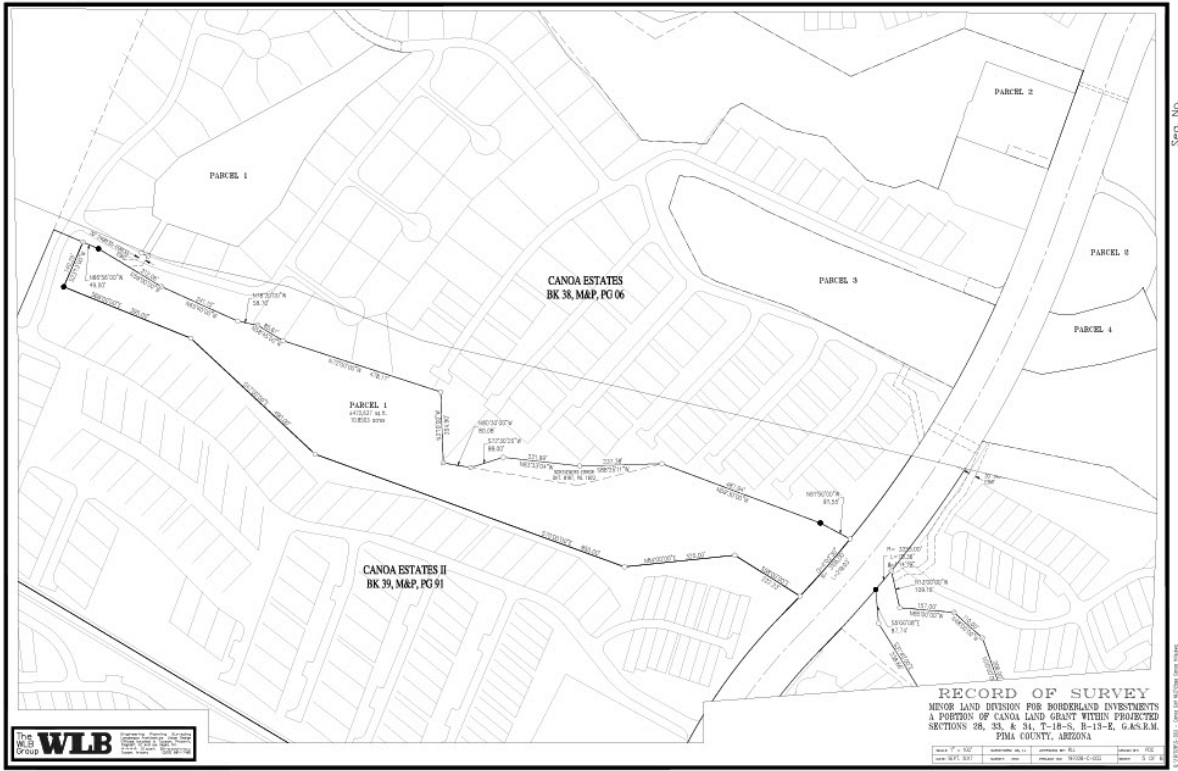
PARCEL 2 LEGAL DESCRIPTION	PARCEL 3 LEGAL DESCRIPTION	PARCEL 4 LEGAL DESCRIPTION	PARCEL 5 LEGAL DESCRIPTION
<p>THE EAST PORTION OF THE EAST PORTION OF LA CERRA LAND GRANT, PIMA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:</p> <p>COMMENCING AT THE NORTHWEST CORNER OF SAID GRANT AND TRAVELING SOUTHWESTWARD ALONG THE NORTH LINE OF SAID GRANT TO POINT 'A', AN IRREGULAR POLYGON BOUND BY SAID LINE, 100.00 FT. TO POINT 'A';</p> <p>THENCE S68°58'30"W 100.00 FT. TO POINT 'B';</p> <p>THENCE S45°45'00"W 100.00 FT. TO POINT 'C';</p> <p>THENCE S88°51'00"W 100.00 FT. TO POINT 'D';</p> <p>THENCE S30°00'00"W 100.00 FT. TO POINT 'E';</p> <p>THENCE S89°30'00"W 100.00 FT. TO POINT 'F';</p> <p>THENCE S45°45'00"W 100.00 FT. TO POINT 'G';</p> <p>THENCE S68°58'30"W 100.00 FT. TO POINT 'A';</p> <p>CONTAINING 143,471.00 SQUARE FEET OR 3.28 ACRES OF LAND, MORE OR LESS.</p>	<p>THE EAST PORTION OF THE EAST PORTION OF LA CERRA LAND GRANT, PIMA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:</p> <p>COMMENCING AT THE NORTHWEST CORNER OF SAID GRANT AND TRAVELING SOUTHWESTWARD ALONG THE NORTH LINE OF SAID GRANT TO POINT 'A', AN IRREGULAR POLYGON BOUND BY SAID LINE, 100.00 FT. TO POINT 'A';</p> <p>THENCE S68°58'30"W 100.00 FT. TO POINT 'B';</p> <p>THENCE S45°45'00"W 100.00 FT. TO POINT 'C';</p> <p>THENCE S88°51'00"W 100.00 FT. TO POINT 'D';</p> <p>THENCE S30°00'00"W 100.00 FT. TO POINT 'E';</p> <p>THENCE S89°30'00"W 100.00 FT. TO POINT 'F';</p> <p>THENCE S45°45'00"W 100.00 FT. TO POINT 'G';</p> <p>THENCE S68°58'30"W 100.00 FT. TO POINT 'A';</p> <p>CONTAINING 143,471.00 SQUARE FEET OR 3.28 ACRES OF LAND, MORE OR LESS.</p>	<p>THE EAST PORTION OF THE EAST PORTION OF LA CERRA LAND GRANT, PIMA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:</p> <p>COMMENCING AT THE NORTHWEST CORNER OF SAID GRANT AND TRAVELING SOUTHWESTWARD ALONG THE NORTH LINE OF SAID GRANT TO POINT 'A', AN IRREGULAR POLYGON BOUND BY SAID LINE, 100.00 FT. TO POINT 'A';</p> <p>THENCE S68°58'30"W 100.00 FT. TO POINT 'B';</p> <p>THENCE S45°45'00"W 100.00 FT. TO POINT 'C';</p> <p>THENCE S88°51'00"W 100.00 FT. TO POINT 'D';</p> <p>THENCE S30°00'00"W 100.00 FT. TO POINT 'E';</p> <p>THENCE S89°30'00"W 100.00 FT. TO POINT 'F';</p> <p>THENCE S45°45'00"W 100.00 FT. TO POINT 'G';</p> <p>THENCE S68°58'30"W 100.00 FT. TO POINT 'A';</p> <p>CONTAINING 143,471.00 SQUARE FEET OR 3.28 ACRES OF LAND, MORE OR LESS.</p>	<p>THE EAST PORTION OF THE EAST PORTION OF LA CERRA LAND GRANT, PIMA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:</p> <p>COMMENCING AT THE NORTHWEST CORNER OF SAID GRANT AND TRAVELING SOUTHWESTWARD ALONG THE NORTH LINE OF SAID GRANT TO POINT 'A', AN IRREGULAR POLYGON BOUND BY SAID LINE, 100.00 FT. TO POINT 'A';</p> <p>THENCE S68°58'30"W 100.00 FT. TO POINT 'B';</p> <p>THENCE S45°45'00"W 100.00 FT. TO POINT 'C';</p> <p>THENCE S88°51'00"W 100.00 FT. TO POINT 'D';</p> <p>THENCE S30°00'00"W 100.00 FT. TO POINT 'E';</p> <p>THENCE S89°30'00"W 100.00 FT. TO POINT 'F';</p> <p>THENCE S45°45'00"W 100.00 FT. TO POINT 'G';</p> <p>THENCE S68°58'30"W 100.00 FT. TO POINT 'A';</p> <p>CONTAINING 143,471.00 SQUARE FEET OR 3.28 ACRES OF LAND, MORE OR LESS.</p>

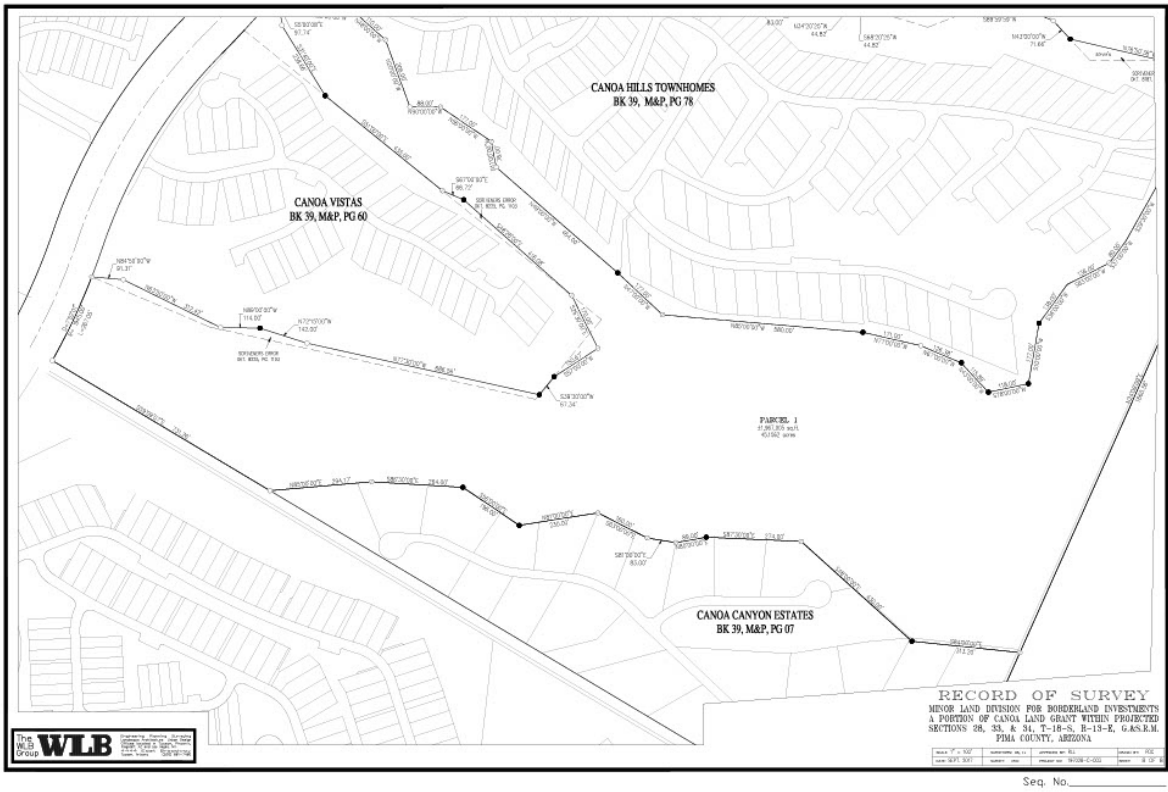
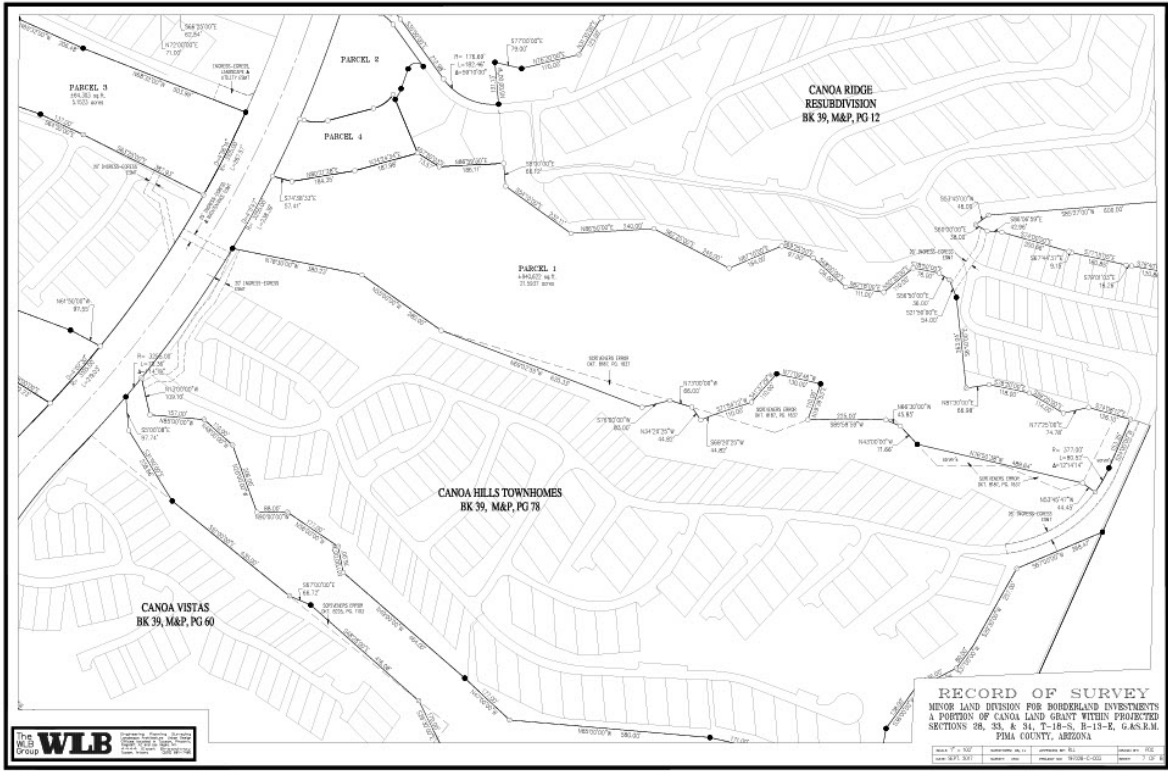


RECORD OF SURVEY
 NEVOR LAND DIVISION FOR BORDERLAND INVESTMENTS
 A PORTION OF CANAL LAND GRANT WITHIN PROTECTED
 SECTIONS 28, 33, & 31, T-18-S, R-13-E, G.A.S.R.M.
 PIMA COUNTY, ARIZONA

Sheet 1 of 1







ASSUMPTIONS AND LIMITATIONS

STANDARD ASSUMPTIONS AND LIMITATIONS OF THIS APPRAISAL

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

This appraisal is not a survey.

It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless otherwise noted.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern regarding boundaries, setbacks, encroachments or other survey matters.

This appraisal is not a legal opinion.

No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value opinion is given without regard to any questions of title, boundaries, encumbrances or encroachments. I am not usually provided an abstract of the property being appraised and, in any event, I neither made a detailed examination of it nor do I give any legal opinion concerning it.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed 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. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since I have not made a comprehensive examination of laws and regulations affecting the subject property.

This appraisal is not an engineering or property inspection report.

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

For properties in which the conditions of foundations, roofs, exterior walls, interior walls, floors, heating systems, plumbing, insulation, electrical service and all mechanical and construction items are described, these descriptions are based on a casual inspection only and no detailed inspection was made. For instance, I am not an expert on heating systems and no attempt was made to inspect the interior of a given property's furnace. Structures are not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report.

Some items, such as conditions behind walls, above ceilings, behind locked doors or under the ground, are not exposed to casual view and, therefore, are typically not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not normally exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

Unless stated otherwise in the report, wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use of the property.

I am not an environmental expert, and do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If I know of any problems of this nature that I believe would create a significant problem, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. An expert in the field should be consulted if any interested party has questions on environmental factors.

No chemical or scientific tests were performed by the appraiser on the subject property, and it is assumed that the air, water, ground and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the subject site does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. I am not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by observation. I therefore rely on circumstantial evidence that may come into my possession (such as dates on architectural plans) or conversations with those who might be somewhat familiar with the history of the property such as property owners, on-site personnel or others. Parties interested in knowing the exact age of improvements on the land should contact me to ascertain the source of my data and then make a decision as to whether they wish to pursue additional investigation.

Because no detailed construction, engineering, environmental or legal inspection was made and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of a given property's foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation or any other detailed construction matters. If any interested party is concerned about the existence, condition or adequacy of any particular item, I would strongly suggest that a construction expert be hired for a detailed investigation.

This appraisal is made under conditions of uncertainty with limited data.

As can be seen from limitations presented above, the appraisal is based on an analysis of many sources of data. Every attempt has been made to confirm the data as reliable and factual, however, there are a number of limitations with respect to data including: a lack of certain areas of expertise beyond real estate appraisal methodology and techniques; the inability of the appraiser to view certain portions of the property; and the inherent limitations of relying upon information provided by others such as: income and expense data; comparable sales data; and engineering analyses.

This appraisal is an opinion of value based on an analysis of information known to me at the time the appraisal was made. All values shown in the appraisal report are projections based on my analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. I take no responsibility for events, conditions or circumstances affecting the property's market value that take place subsequent to either the effective date of value contained in this report or the date of my field inspection, whichever occurs first.

Opinions and estimates expressed herein represent my best judgment but should not be construed as advice or recommendation to act. Before relying on any statement made in this appraisal report, interested parties should contact me for the exact extent of my data collection on any point that they believe to be important to their decision making. This will enable such interested parties to determine whether they believe the extent of my data gathering process was adequate for their needs.

Appraisal report limitations

Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of the information I have concerning the subject property or the real estate market. While no factors I believe to be significant but unknown to the client have been knowingly withheld, it is always possible that I have information of significance that may be important to others but which, with my limited acquaintance with the property and in light of the limitations of my expertise (as outlined in this document), does not seem to be important.

Appraisal reports are technical documents, with their reporting formats guided by both the Uniform Standards of Appraisal Practice and specific technical requirements of a given client. Casual readers are cautioned about their limitations and are warned against possible misinterpretation of the information contained in these reports.

AM Valuation Services is not accountable, obligated or liable to any third party. The appraiser(s) should be contacted with any questions before this report is relied on for decision making.

This appraisal was prepared at the request of and for the exclusive use of the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose.

There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless sufficient notice is given to allow adequate preparation and additional fees are paid by the client at my regular rates for such appearances and the preparation necessitated thereby.

This report is made for the information and/or guidance of the client and possession of this report or a copy thereof, does not carry with it a right of publication. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the appraiser. Nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.

It is suggested that those who possess this appraisal report should not give copies to others. Certainly, legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact my office.

Values and conclusions for various components of the subject property as contained within this report are valid only when making a summation; they are not to be used independently for any purpose and must be considered invalid if so used. The allocation of the total value in this report

between land and improvements applies only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

In the case of limited partnerships, syndication offerings or stock offerings in real estate, the Client agrees that in case of a lawsuit (brought by lender, partner or part owner in any form of ownership, tenant or any other party), the Client and all parties will completely hold harmless this firm, its employees and/or agents.

Americans with Disabilities Act (ADA)

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

Arizona-specific considerations

Special consideration must be given to properties located in Arizona with respect to seismicity/subsidence. Seismic activity in Central Arizona is rare but does occasionally occur. A more common geotechnical manifestation has been the development of subsidence cones caused by pumping of groundwater. A geologist should be consulted if there is any concern regarding these matters.

Due to the historic nature of the American Southwest, properties within Arizona may be impacted by the presence of archaeological features, such as Native American remains or artifacts (specifically the ancient Hohokam and Anasazi settlements). The presence of such features may require mitigation on the part of the property owner or developer and could involve significant costs or time delays. It is an assumption of this report that no such archeological issues impact the subject property, unless otherwise noted in the appraisal report. Should a competent archeologist specifically identify significant archeology and quantify the cost of data recovery, I reserve the right to alter the valuation opinion contained in this report.

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

It is an extraordinary assumption that tax parcel 304-18-919A will be split into five separate parcels as per the WLB Group survey. The use of the extraordinary assumption may have affected assignment results.

APPRAISER'S STATE CERTIFICATION

Department of Financial Institutions State of Arizona

CGA - 31501

This document is evidence that: **AJAY S. MADHVANI** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

AJAY S. MADHVANI

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

Signed in the Superintendent's office at 100 North 15th Avenue, Suite 261, in the City of Phoenix, State of Arizona, this 19th day of November, 2018.



Robert D. Charlton
Superintendent

Expiration Date : **January 31, 2021**

AM Valuation Services, PLLC
Commercial Real Estate Appraisals

RESTRICTED APPRAISAL REPORT

OF

THE PARKING LOT

LOCATED AT
3355 S. CAMINO DEL SOL,
GREEN VALLEY, PIMA COUNTY, ARIZONA 85622



EFFECTIVE DATE OF APPRAISAL: NOVEMBER 19, 2020

PREPARED FOR:
GREEN VALLEY RECREATION

PREPARED BY:
AJAY S. MADHVANI, MAI

AM FILE NO. 2020-0071

DATE OF REPORT: NOVEMBER 19, 2020

AM File No. 2020-0071
November 19, 2020

Ms. Jen Morningstar
Interim CEO
Administrative Services Director
Green Valley Recreation, Inc.
1070 S. Calle de Las Casitas,
Green Valley, AZ 85622

RE: The parking lot located at 3355 S. Camino Del Sol, Green Valley, Pima County, Arizona 85622.

Dear Ms. Morningstar:

In accordance with your request I have performed a restricted appraisal of the property described above. This document is written in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), Rule 2-2b, specifically pertaining to restricted appraisal reports. Excluded valuation approaches, if any, are explained, and supported. This report is considered to contain sufficient detail that the client and intended users of the report should understand it, and that they should deem the data, analysis, and conclusions contained herein to be credible. It is noted that I have appraised the subject of this analysis within the prior three years. Any additional information, if necessary, is contained within the file and is available to the client.

As of March of 2020, COVID-19 has been deemed a pandemic by the World Health Organization and the federal government. COVID-19 has resulted in uncertainties that has caused rapid changes in commercial real estate. This appraisal takes into account these rapid changes and we have relied on the PwC RE Survey, CoStar Market Analytics, Appraisal Institute, and local market participants.

Type of Report

Restricted Appraisal.

Client and Intended User(s)

Green Valley Recreation is the client and Sonoran Ventures, Inc. is an additional intended user.

Purpose of the Appraisal

The *purpose* of this Restricted Appraisal Report is to develop an opinion of the “as is” fee simple interest of the above referenced property.

Intended Use

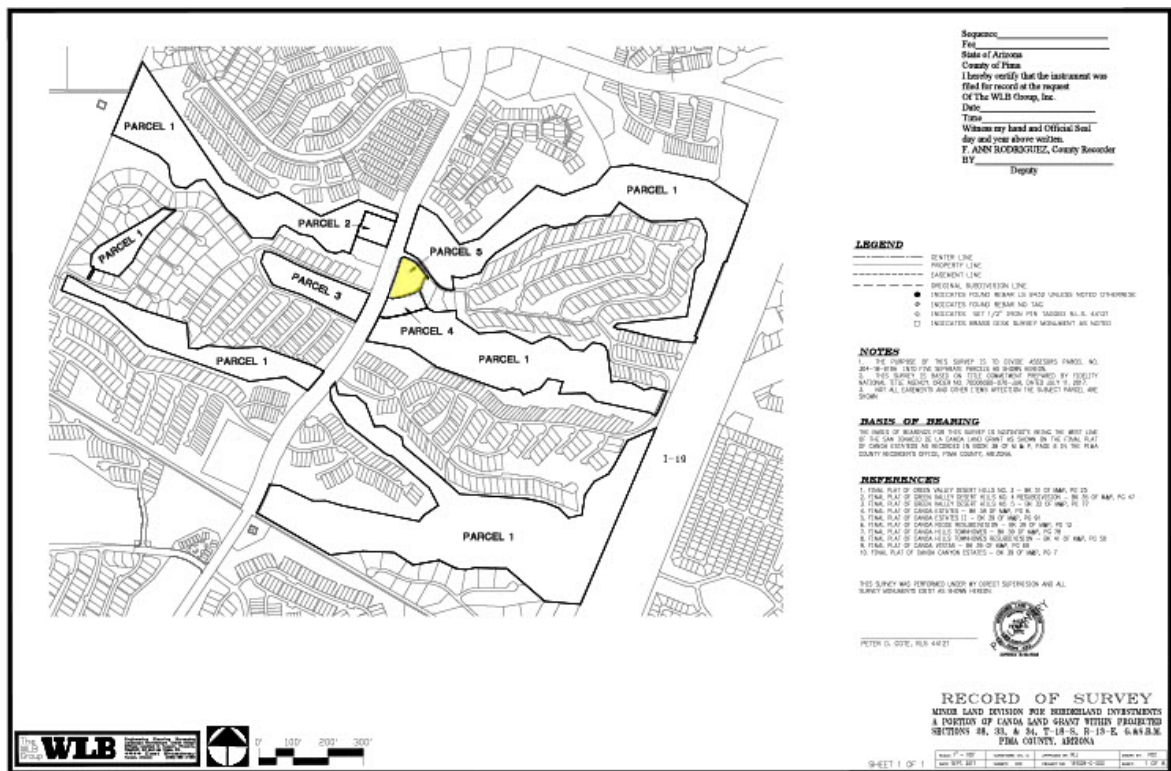
The intended use of this appraisal is for decision making purposes.

Property Identification

The subject is located on the southeast corner of Camino Urbano and Camino Del Sol. The subject property has a street address of 3355 S. Camino Del Sol, Green Valley, Pima County, Arizona 85622. The subject is also identified by tax parcel number 304-18-919C (Portion). According to a WLB Group survey, the subject designated as Parcel 5 as per the survey. The legal descriptions for these parcels involve lengthy metes and bounds, and a copy of the legal descriptions as per the survey is provided in the Addenda. Parcel 5 (per survey), a portion of tax parcel 304-18-919C, is comprised of 69,508 square feet (per survey) or approximately 1.5957 acres, and is the parking lot for the former Canoa Hills Golf Course. The parking lot is improved with asphalt paving, concrete curbs and low care landscaping and provides 103 parking spaces. The abbreviated legal description for tax parcel 304-18-919C is as follows:

Legal Description

304-18-919C - CANOA LAND GRANT CONTINENTAL SLY CTRL PTN LYG ADJ & E CAMINO DEL SOL 2.92 AC T18S R13E, Pima County, AZ



Property History/Ownership

According to Pima County records, title to the subject is currently vested in the name Borderland Investments I, LLC. The property has remained under the same ownership for several years. The subject's improvements, comprised of a parking lot, were built in 1984, according to public records.

The subject had been listed for two years, and was listed at \$250,000 for Parcel 5 (per survey), which is improved with a parking lot of 103 spaces.

The subject will be transferred by a tax-deductible donation to the GVR Foundation, a 501C3 entity, as per the commercial real estate purchase contract dated October 9, 2020. The transfer occurred on November 19, 2020, which is also the effective date of appraisal. Excerpts from the purchase contract will be included in the Addenda, and the full contract will be retained in our workfile.

Interest Appraised

The "as is" value of the *fee simple estate* is appraised herein.

Market Value Definition

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale¹

Effective Date of the Appraisal

The effective date of the appraisal is November 19, 2020, the date the subject was transferred via a deductible donation to the GVR Foundation, a 501C3 entity. This appraisal assumes the subject was in the same condition on the effective date of appraisal.

¹ Federal Register, Vol. 55, No. 165, Friday, August 24, 1990, Rules and Regulations, 12 CFR Part 34.42(g).

Extraordinary Assumptions and/or Hypothetical Conditions

N/A

Scope of the Work

Scope of Work is an integral part of the appraisal process and identifies the type and extent of research and analyses for an appraisal assignment. According to *USPAP*,

In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal.

The scope of the appraisal includes inspection of the subject and neighborhood, as well as review of available information specific to the subject. General market and regulatory information is accessed from government publications and websites as well as econometrics publications. Market information is also obtained through conversations with brokers, appraisers, property managers, purchasers and owners active locally, as well as commercial data providers.

The *scope of work* includes development of an opinion of the market value via the Sales Comparison Approach. An analysis of the *fee simple* interest in the property has been developed herein. The subject reflects a 69,508 square foot site formerly used as the parking lot for the Canoa Hills Golf Course. At the end of the Sales Comparison Approach we will add the value of the depreciated parking lot.

The Income Approach was considered; however, the subject property was formerly owner occupied and buyers of similar properties are generally owner/users. The subject property is unlikely to be leased to a tenant. Therefore, the Income Approach is omitted.

The Cost Approach was considered however, the depreciated value of the parking lot will be considered at the end of the Sales Comparison Approach, given the minimality of the improvements, and a full Cost Approach analysis is considered unnecessary. Therefore, the Cost Approach is omitted.

DISTRICT AND IMMEDIATE SURROUNDINGS

District

The subject is located in Green Valley, Arizona, a retirement community south of Tucson, AZ. The subject is about 30 miles south of downtown Tucson and the central business district (CBD). General neighborhood boundaries are Camino Encanto to the north, Interstate 19 to the east, Desert Jewel Loop/Via Nuevo Leon to the south, and an unnamed dirt road to the west. The subject area is considered to be part of greater metropolitan Tucson known as the Green Valley-Sahuarita community.

The 2010 Census reported a total population for Sahuarita of 25,259 and 21,391 for Green Valley. The 2019 population estimates are 30,470 for Sahuarita and 22,249 for Green Valley. The population in Green Valley is predominantly retirement-aged. Fairfield Communities pioneered retirement communities in Green Valley in 1964 and continues to develop the area. Persons of retirement age are drawn to Green Valley by its climate, its seven golf courses (five championship caliber) and numerous other amenities that make Green Valley a popular retirement community.

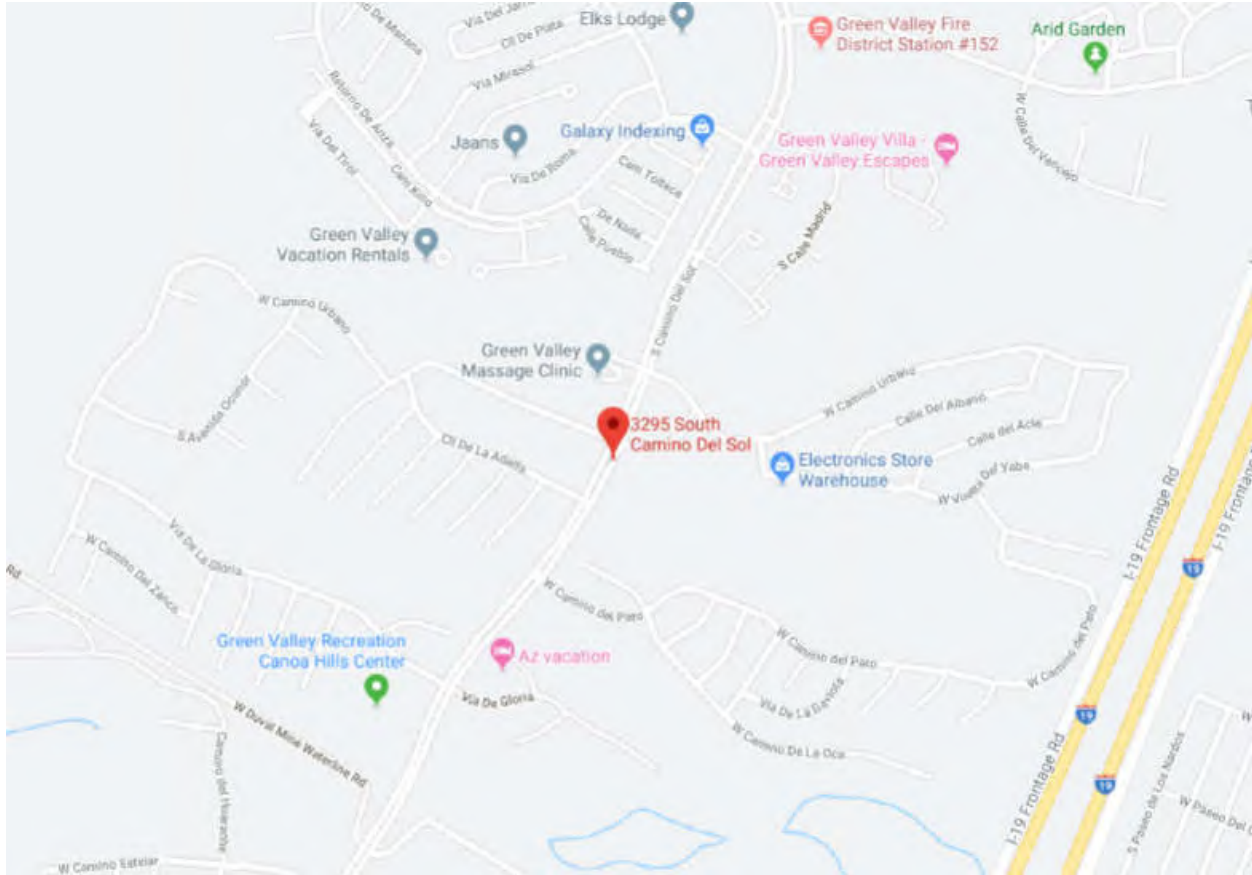
Sahuarita is primarily focused around Rancho Sahuarita, a large master-planned community. The master-planned community is focused around a family lifestyle and includes schools, parks, pools, a man-made lake, health care facilities and a shopping center. The community has entitlements for over 11,000 homes and includes over 3,000 acres. Residential uses within Rancho Sahuarita are single-family homes within subdivisions.

There are Four residential developments in the area, two in Sahuarita and two in Green Valley. The first project in Sahuarita is Entrada Del Rio by Richmond American Homes at 15669 S. Calle Tunal. The second project in Sahuarita, which is approximately 50% completed, is Santa Cruz Meadows by Richmond American Homes and by D.R. Horton at 1149 W. Peaceful Meadow Path and 17861 S. Silent Meadows Path, respectively. The two projects in Green Valley are Canoa Ranch by Meritage, and Solterra by Fairfield at 690 N. Observation Trail, which is approximately 50% completed. The subject primarily serves Sahuarita and Green Valley, which has long been established. The population of Green Valley was reported at 22,249, according to a 2019 estimate. The town has a total area of about 26 square miles.

The population for the Town of Sahuarita was reported at 30,470, according to a 2019 estimate, representative of the tremendous growth and annexed land. The town has a total area of about 30 square miles.

Given the physical amenities offered by the area, coupled with a large inventory of residential vacant land available for development and approvals for additional residential development, this trend is anticipated to continue into the foreseeable future.

Neighborhood Map



Immediate Surroundings

The subject property is in a low-density residential area. The area includes residential developments such as Canoa Estates, Encanto Estates, Canoa Ridge, Canoa Hills Townhomes, Cortina Villas, Canoa Vistas, Canoa Seca Estates, and nearby single-family residences. Other uses in the nearby area include churches, Green Valley Fire District Station #152, Green Valley Recreation Desert Hills Center, Elks Lodge, and a variety of commercial uses and restaurants closer to Continental Road and La Cañada Drive.

Surrounding uses in the subject's immediate vicinity include primarily single-family residences.

CONCLUSION

Economic conditions in Tucson are presently stable to slightly favorable and have been moderately improving for several years now. The subject as a common area parcel benefits the larger residential neighborhood. There is ongoing demand by both owners and investors for such properties. If properly priced the subject should meet with adequate investor demand.

Site Description

Site Size: Per a WLB Group survey, the subject's site area equals a total of 69,508 square feet or 1.5957 acres. The site sizes per this survey will be used throughout this analysis.

Site Shape: The subject site is irregular in shape, but is conducive for development.

Topography: The subject site is generally level and at grade with the adjacent properties along Camino Del Sol, Camino Urbano, and along the unnamed paved road, which provides access to the subject.

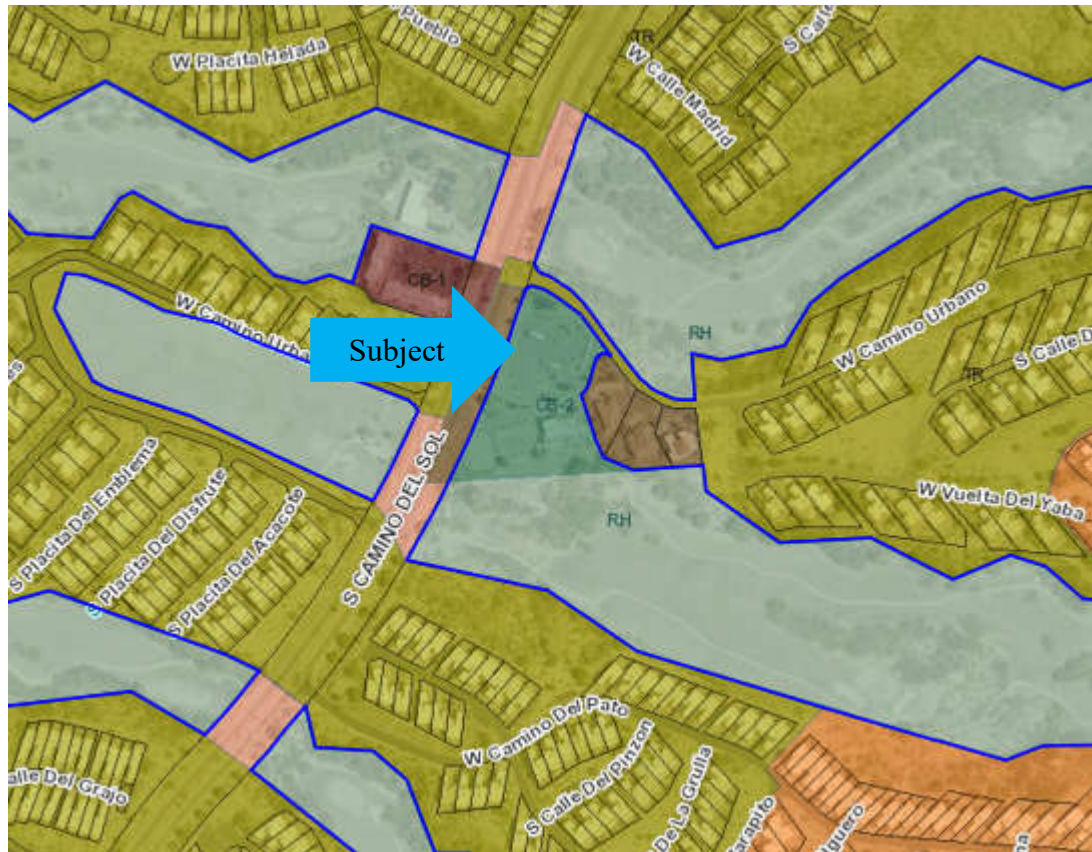


Access: The subject has frontage and access to an unnamed paved road that intersects with Camino Del Sol to the west of the subject and intersects with Camino Urbano to the east of the subject. At the subject, the unnamed paved road is a two-lane, west-northeast road with a travel lane in each direction. Camino Del Sol is a north-south road with a travel lane in each direction, a center median, and turn lanes in both directions approaching Camino Urbano. Camino Urbano is a paved two-lane east-west road with a travel lane in each direction. Overall, the subject has average access and frontage.

Traffic Volume: At the subject, Camino Del Sol receives 3,786 vehicles per day from Camino Encanto to Camino Estelar, according to a 2019 Pima Association of Governments traffic count survey, the latest data available. Traffic volume data was not available for Camino Urbano.

Zoning:

The subject property is zoned CB-2 (General Business Zone) per Pima County zoning. The CB-2 zone allows for indoor/outdoor retail, wholesale, and residential uses with a minimum lot area of 7,000 square feet. The current use of the subject as a parking lot, is legally permissible.



Easements:

I was not provided a title report on the subject. Based on my review of the plat map and on-site inspection of the subject property, there do not appear to be any adverse easements or encroachments and it is assumed that this is the case.

Flood Plain:

According to the Federal Emergency Management Agency, Flood Insurance Rate Map, Number 040073-04019C3935L dated June 16, 2011, the subject is situated in Zone X, an area determined to be outside the 100- and 500-year floodplains.

3200 S CAMINO DEL SOL, GREEN VALLEY, AZ 85622

Report Date: 01/09/2020

County: PIMA, AZ

Flood Zone Code	Flood Zone Panel	Panel Date
X	040073 - 04018C985SL	08/18/2011
Special Flood Hazard Area (SFHA) Within 250 ft. of multiple flood zones?		Community Name
Out	No	PIMA COUNTY

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.



Natural, Cultural, Recreational, Or Scientific Values:

The property does not have any known natural, recreational, cultural, or scientific value.

Seismic Zone:

The subject site is located in seismic zone 2A, an area of moderate to low seismic risk.

Environmental:

I have not been provided with an environmental assessment of the subject property. Based upon my physical inspection of the property, no items of environmental concern were noted. This report assumes that no environmental concerns are present that would prevent the site from being put to its highest and best use. If this remains an area of concern for the client, an environmental study by a qualified individual is recommended.

Airport Environs: The Airport Environs is an overlay zoning classification that limits certain types of uses and sets forth additional development standards above and beyond the zoning. The site is located outside any known airport environs area.

Utilities: The subject is served by all utilities.

Census Tract: 4305

Tax Parcel Number: 304-18-919C (Portion)

Real Estate Taxes: The 2020 taxes for tax parcel 304-18-919C are \$6,063.64 with half paid and half due. The subject parcel reflects a split from a previous parcel. It is noted that the current tax parcel includes the former clubhouse, cart barn and site area. The full cash value and limited value was not available for 2020. According to the Pima County Assessor, the 2021 full cash value is set at \$874,166 with the limited value for 2021 set at \$764,021.

Special Assessment: None

Summary: The subject is zoned for a commercial use and the site size and other physical and legal characteristics are conducive to this use. The parcels adequately support a commercial or public use that suits the surrounding neighborhood.

Description of Improvements:

The following description of improvements is based upon my inspection of the site on February 3, 2020.

The subject reflects a parking lot, which was formerly used for a golf clubhouse for Canoa Hills Golf Course. As previously mentioned, the subject is designated as Parcel 5 (as per survey). The parking lot has 103 spaces, according to the listing brochure. The subject's landscaping includes gravel, and mature trees and bushes.

The subject's parking lot, depicted on Parcel 5 (as per survey), was constructed in 1984, and is in average condition. The parking lot is due for resurfacing.

The parking lot is average quality asphalt paving. The economic life of average quality asphalt paving is eight years, the parking lot is considered to have an effective age of four years, which results in a remaining economic life of four years.

Conclusion

The subject is functional as a parking lot.

Personal Property

This report does not consider any FF&E (personal property/equipment) for the subject property and no items of personal property are included in the value opinion.

SUBJECT PHOTOGRAPHS

Top: View of the subject's parking lot, looking north.

Middle: View of the subject's parking lot, looking west.

Bottom: View of the driveway from Camino Del Sol, which provides access to the subject's parking lot, looking southwest, subject to the right.



SUBJECT PHOTOGRAPHS

Top: View of Camino Del Sol, looking south.

Middle: View of Camino Del Sol, looking north, subject to the right.

Bottom: View of the subject parking lot, looking north.



Highest and Best Use/Market Analysis

Highest and best use is the basic premise of value and, as such, reflects an appraiser's opinion based upon an analysis of prevailing market occurrences. The subject is comprised of both the site and improvements. As the use of land can be limited by the presence of improvements, highest and best use is typically analyzed individually, for the land as though vacant and the property as improved. As previously mentioned, the subject is improved with a market and is being analyzed for the market component, as well as the excess land component in its condition "as vacant".

According to *The Appraisal of Real Estate*; Fourteenth Edition, published by the Appraisal Institute, highest and best use is defined as:

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

Highest and Best Use, As Though Vacant

LEGALLY PERMISSIBLE: The subject site is zoned CB-2 (General Business Zone) as per Pima County zoning. The CB-2 zone allows for indoor/outdoor retail, wholesale, and residential uses with a minimum lot area of 7,000 square feet. There are no known legal impediments to development.

PHYSICALLY POSSIBLE: The subject site has an adequate size and shape to support many forms of commercial development that are legally permissible, and there are no other known physical constraints on development.

**FINANCIALLY FEASIBLE
& MAXIMALLY
PRODUCTIVE:**

The subject is in a primarily residential area. The subject's location alongside Camino Del Sol is conducive for neighborhood business uses. At the subject, Camino Del Sol receives 3,786 vehicles per day from Camino Encanto to Camino Estelar, according to a 2019 Pima Association of Governments traffic count survey, the latest data available.

The subject is designated as Parcel 5 (as per survey), a 69,508 square foot parcel. Parcel 5 has good frontage along Camino Del Sol and is generally level. The parcel could be developed for a less intensive commercial use. The area does not support intensive commercial uses such as a drug store, bank, auto repair shop, convenience store and gas station, and other high-intensity commercial uses. The subject does support neighborhood business uses, possibly for medical office, a small multi-family or assisted living facility, and other less intensive commercial uses.

Given these factors, the maximally productive use is for future commercial development, pending the resolution of the COVID-19 pandemic, as demand warrants.

Highest and Best Use, As Currently Improved

LEGALLY PERMISSIBLE: The subject site is currently improved with a parking lot, comprised of 103 spaces. The existing subject use of the site is a legal use within the current zoning designation.

PHYSICALLY POSSIBLE: The existing parking lot is a physically possible use of the site.

**FINANCIALLY FEASIBLE
& MAXIMALLY
PRODUCTIVE:**

The subject reflects a parking lot comprised of 103 spaces, which was for the former Canoa Hills Golf Course. The parking lot was constructed in 1984. The parking lot is due for resurfacing.

The subject has been listed for about two years and received interest by Green Valley Recreation. Green Valley Recreation intends to use the parking lot for the clubhouse and Canoa Hills Park, formerly the Canoa Hills Golf Course, and possibly an addition of a restroom facility.

Conclusion:

The subject is a legally and physically possible use of the site. The use as a parking lot is the maximally productive use of the site, and adds to the underlying land value. The subject improvements are due for resurfacing. The most likely buyer would be the adjacent property owner to continue use as a parking lot for the clubhouse and Canoa Hills Park. As a result, the highest and best use of the subject is to an owner/user as a parking lot.

SALES COMPARISON APPROACH – LAND VALUE

As noted in the Scope of the Appraisal section of this report, a great deal of research of land sales that may be considered similar as compared to the subject has been conducted in the course of this assignment. Of those sales, the sales data contained herein are considered to reflect the best available information with which to derive a reliable opinion of value for the subject land.

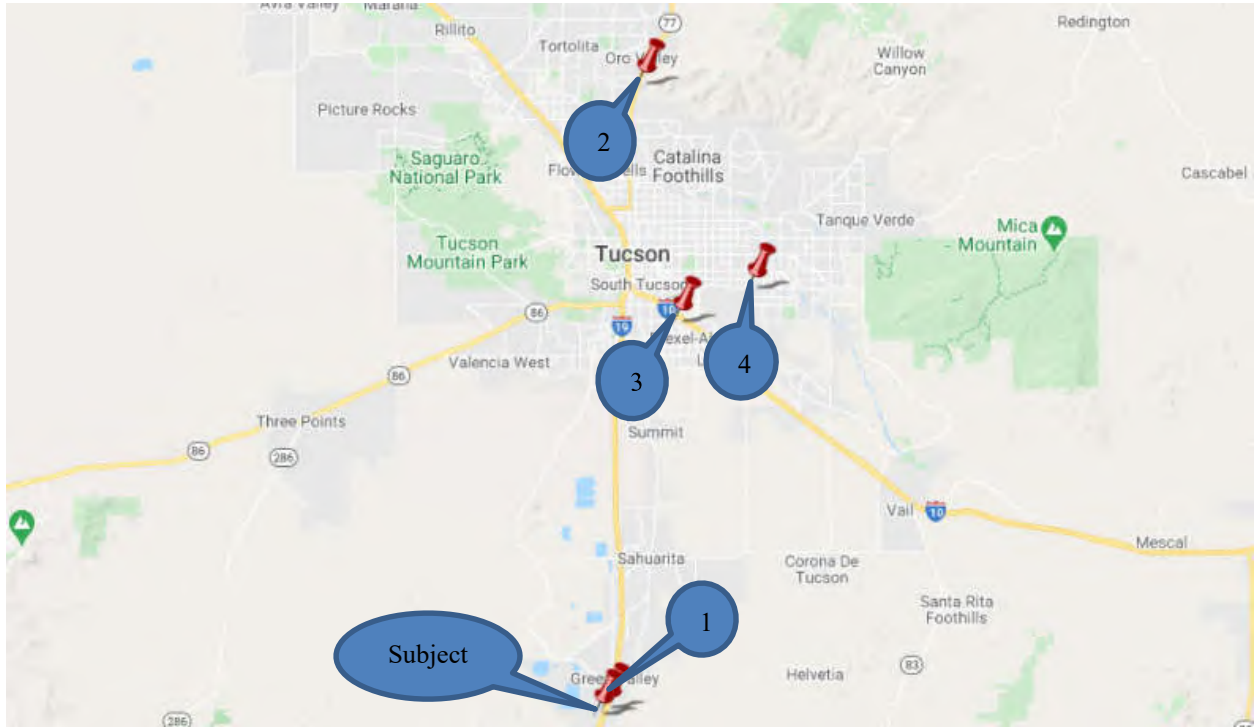
The following tabulation and map summarize the transactions analyzed.

Comparable Land Sales

Comparable Land Sales								
Comp No.	Sale Date	Location	City	Sales Price	Land Size (Acres)	Land Size (Sq. Ft.)	Price/SF	Zoning
1	Jan-19	SW Camino Encanto & W I-19 Frontage Rd	Green Valley	\$90,000	2.84	123,776	\$0.73	RH, County
2	Dec-19	8760-8770 N. Oracle Rd	Oro Valley	\$300,000	3.15	137,319	\$2.18	C-1, Tucson
3	Apr-20	2719 E. Benson Hwy	Tucson	\$110,000	1.53	66,668	\$1.65	C-2, Tucson
4	Aug-20	2785 S. Wilmot Rd	Tucson	\$150,000	2.84	123,710	\$1.21	C-2, Tucson
Subject		3355 S. Camino Del Sol	Green Valley		1.60	69,508		CB-2, County

A difference in one of the numerous factors that can influence pricing may deem comparable sales superior, inferior, or similar to the subject site. The abstraction of specific adjustments using "matched paired" sales was considered, yet the comparables typically do not provide enough data to accurately complete this type of analysis. Instead, the comparables have been subjectively adjusted for those factors that are considered relevant in the current market. The adjustments are reflected as percentages that provide the reader insight into the weight given each of the adjustments. The price per square foot will be the base unit of comparison in this analysis. This is simply the sales price for the total property divided by the number of square feet of the site.

LAND SALES MAP



Adjustments

All of the comparables sold as fee simple, cash to seller or equivalent, arm's length, transactions, with no adjustments applied for property rights, terms of sale or sale conditions.

The research prepared for this report, as well as ongoing market analysis for appraisals of land sales in Green Valley and the Tucson metropolitan area, suggest that market conditions were steadily improving from 2018 to 2020, but the COVID-19 pandemic has rapidly influenced financial markets. Currently, it is too soon to tell how this will impact the land market, so we have not applied upward or downward adjustments to the comparable sales for market conditions.

Comparable One is considered similar for location, with no adjustment applied. Comparable Two is considered superior for location, warranting a downward adjustment. Comparables Three and Four are considered inferior for location, warranting upward adjustments for this factor. Comparables One, Two and Four are larger, warranting upward adjustments. Comparable Three is similar in size, with no adjustment applied. Comparable One has inferior zoning with more limited allowable uses, with an upward adjustment applied. Comparables Two, Three and Four have similar zoning, with no adjustments applied. Comparable One has inferior utility availability, warranting an upward adjustment for this factor. Comparables Two, Three and Four have similar utility availability, with no adjustments applied. Comparable One has sloping portions and a portion in a wash, and Comparable Two has some drainage and topography issues, and these two comparables are considered inferior for shape/site utility, warranting upward adjustments for this factor. Comparables Three and Four are considered similar for shape/site utility, with no adjustments applied. Please refer to the tabulation on the following page for adjustments made to the sales comparables.

Comparable Land Sales Adjustment Grid

Comparable Land Sales Adjustment Grid				
Transactional Adjustments:	1	2	3	4
Property Rights	0.0%	0.0%	0.0%	0.0%
	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted Price/SF	\$0.73	\$2.18	\$1.65	\$1.21
Terms of Sale	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar
Adjusted Price/SF	\$0.73	\$2.18	\$1.65	\$1.21
Sale Conditions	0.0%	0.0%	0.0%	0.0%
	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjusted Price/SF	\$0.73	\$2.18	\$1.65	\$1.21
Market Conditions	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar
Adjusted Price/SF	\$0.73	\$2.18	\$1.65	\$1.21
Physical Adjustments:	1	2	3	4
Location	0.0%	-20.0%	10.0%	10.0%
	Similar	Superior	Inferior	Inferior
Size	5.0%	5.0%	0.0%	5.0%
	Larger	Larger	Similar	Larger
Zoning/Use	15.0%	0.0%	0.0%	0.0%
	Inferior	Similar	Similar	Similar
Utility Availability	5.0%	0.0%	0.0%	0.0%
	Inferior	Similar	Similar	Similar
Shape/Site Utility	20.0%	10.0%	0.0%	0.0%
	Inferior	Inferior	Similar	Similar
Gross Additional Adjustments	45.0%	35.0%	10.0%	15.0%
Net Additional Adjustments	45.0%	-5.0%	10.0%	15.0%
Adjusted Price Per Sq. Ft.	\$1.05	\$2.08	\$1.81	\$1.39

The Comparables above suggest a price per square foot of land area from about \$1.05/SF to about \$2.08/SF after adjustments. Comparable One is on the low-end of the range, and Comparable Two is at the upper end of the range. Comparable Three required the least amount of gross adjustments, and Comparable Two required the least amount of net adjustments. Overall, the comparables generally suggest pricing for the subject near the middle of the range. Taking into account these factors as well as the subject's physical attributes such as location, size, condition, etc., the comparables suggest pricing for the subject higher than around \$1.00 per square foot of land area and lower than around \$2.00 per square foot of land area, reconciled to \$1.50 per square foot of land area for the subject. This pricing is supported by the comparables and is reasonable for the subject. Multiplying \$1.50/SF by the subject's site size of 69,508 square feet, results in a price for the subject of \$104,262. Since we are adding in the depreciated value of the parking lot we will not round this figure here.

As previously discussed, we will now add the depreciated value of the parking lot. The subject has 103 spaces, with a unit cost of \$1,300 as per *Marshall and Swift Valuation Services*. The total cost is \$133,900. We estimated 50% depreciation, as previously discussed in the Description of Improvements section of this report. Applying the 50% depreciation results in a depreciated value of \$66,950. The concluded land value via the Sales Comparison Approach is \$104,262, and when

adding in the depreciated parking lot value, the total value is \$171,212, rounded to \$170,000, which is about \$2.45/SF of land. Please refer to the following tabulation.

Item	Figure
Spaces	103
Unit Cost	\$1,300
Total Cost	\$133,900
Depreciation	50%
Depreciated Cost	\$66,950
Land Value	\$104,262
Total Value	\$171,212
Rounded	\$170,000
Total Site SF	69,508
Value/SF	\$2.45

Subject’s Purchase Contract & Former Listing

As previously discussed, the subject will be transferred by a tax-deductible donation to the GVR Foundation, a 501C3 entity, as per the real estate purchase contract dated October 9, 2020. The subject was listed for two years, at \$250,000 for Parcel 5 (as per survey), which is improved with a parking lot of 103 spaces. Our concluded value is lower than the listed price, but overall is supported by the listed price.

Conclusions

In summary, the Sales Comparison Approach supported a value of about \$2.45 per square foot of land area for the subject, which includes the depreciated parking lot, with additional support provided by the subject’s former listing. The indicated value conclusion for the subject is \$170,000. This value conclusion for the subject appears to be reasonable.

OPINION OF THE MARKET VALUE OF THE SUBJECT PROPERTY

AS OF NOVEMBER 19, 2020.....\$170,000

ESTIMATED MARKETING PERIOD AND EXPOSURE PERIOD

Exposure period precedes the effective date of value and reflects market conditions leading up-to the date of value. Marketing period follows the date of value and hence is a reflection of anticipated future market conditions. Since market conditions cannot be accurately forecast, a marketing period estimate may prove to be unreliable based on future market changes.

The subject as a parking lot parcel has upside demand in a future sale to an owner user. The subject was listed for about two years but at a higher price than concluded within this appraisal. As a result, it is reasonable to estimate an exposure period of one year or less. The market period estimate is the same as the exposure period estimate, of one year or less.

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have appraised the subject of this analysis within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- Paul Cavanaugh, Registered Trainee Appraiser #T0250, provided significant real property appraisal assistance, to the person signing this certification, that included researching public record information on market conditions, the subject and comparable properties, inspection of the subject property, and composing the initial draft of the report. Further, no one other than Ajay S. Madhvani formed the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report, unless such participation by another party is indicated by the co-signing of this report by such other party.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

Respectfully submitted,



AJAY S. MADHVANI, MAI
State of Arizona Certified General
Real Estate Appraiser #31501



Ajay S. Madhvani, MAI

Experience

Ajay S. Madhvani, MAI is owner of AM Valuation Services, PLLC in Tucson, Arizona. Ajay has experience throughout the State of Arizona, with primary experience in Southern Arizona and also the Navajo Nation. Ajay is a designated member of the Appraisal Institute (MAI) and is licensed as a Certified General Real Estate Appraiser in the States of Arizona, New Mexico, and Utah. Ajay has experience in apartments, student housing, vacant land, subdivisions, office buildings, retail buildings, service stations, industrial buildings, mobile home parks, self-storage facilities, business site leases, and special use properties. Ajay's clients include private individuals, corporate organizations, banks, attorneys, and governmental agencies. Ajay has experience in preparation of reports for conventional lending, SBA, litigation work, eminent domain work, consultations and appraisal reviews.

State Licenses

State of Arizona Certified General Real Estate Appraiser, Certificate #31501
State of New Mexico Certified General Real Estate Appraiser, Certificate #02802-G
State of Utah Certified General Real Estate Appraiser, Certificate #6561803-CG00

Professional Affiliations and Memberships

Member of the Appraisal Institute (MAI)

Licensed Real Estate Agent, State of Arizona

Professional Experience

2011 - Current	AM Valuation Services, Owner
2004 - 2011	AXIA Real Estate Appraisers (formerly KB), as Commercial Staff Appraiser

Formal Education

Bachelor of Science in Business Administration with double major in Finance and Business Management, University of Arizona, Tucson, Arizona, 2003

Recent Professional Education

- 2020
 - Appraising Automobile Dealerships by the Appraisal Institute
 - Analyzing Operating Expenses by the Appraisal Institute
- 2019
 - 7-hour National USPAP by the Appraisal Institute
 - Online Appraising Convenience Stores by the Appraisal Institute
- 2018
 - 7-hour National USPAP by the Appraisal Institute
 - Managing Appraiser Liability by McKissock
- 2017
 - Appraisal of Assisted Living Facilities by McKissock
 - Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications by the Appraisal Institute

Significant Assignments

Antelope Point Marina, Page, AZ
Upscale Shopping Mall, Tucson, AZ – 83,809 SF
Class B Apartment, Tucson, AZ – 279 units
Student Housing Project, Tucson, AZ – 104 beds
Freestanding Flex Retail/Office, Tucson, AZ – 32,686 SF
Multi-tenant Industrial Buildings, Tucson, AZ – 35,460 SF
Cattle Ranch with Residences, Tombstone, AZ – 1,202 AC
Grocery Store Anchored Shopping Center, Pinetop, AZ – 110,354 SF

Clients Represented

Acquisition Sciences, Ltd
Amphi School District
Canyon Community Bank
Cherrywood Mortgage
Cobiz Financial
Commerce Bank
First Citizens Bank
Great Western Bank
Navajo Nation
Pima County
Pima Federal Credit Union
Resolution Copper Mining, LLC
Salt River Pima-Maricopa Indian Community
Tucson Old Pueblo Credit Union
Washington Federal
Vantage West Credit Union
Wells Fargo Bank, NA
Wildlife Corridors, LLC

ADDENDA

- 1) Engagement Letter
- 2) Former Listing Brochure
- 3) Legal Descriptions
- 4) Purchase Contract Excerpts
- 5) Assumptions and Limitations
- 6) Appraiser's State Certificate

ENGAGEMENT LETTER

AM Valuation Services, PLLC
Commercial Real Estate Appraisals

October 14, 2020

Ms. Jen Morningstar
Interim CEO
Administrative Services Director
Green Valley Recreation, Inc.
1070 S. Calle de Las Casitas,
Green Valley, AZ 85622

VIA EMAIL: jen@gvrec.org
VIA PHONE: (520) 625-3400 x 7204

RE: Appraisal of the parking lot at 3295 S. Camino Del Sol, Green Valley, AZ 85622.

Dear Ms. Morningstar:

In accordance with your request, I will be pleased to prepare an appraisal report of the above referenced property. You are advised that the appraisal report will be in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), Rule 2-2b. You are also advised that the Appraisal Institute has a legal right to review the report. The appraisal will be completed based on the following criteria:

CLIENT:	Green Valley Recreation, Inc.
PURPOSE:	Develop an opinion of value of the fee simple value
INTENDED USE:	Decision Making
INTENDED USERS OF REPORT:	The client and Sonoran Ventures Inc.
INTEREST APPRAISED:	Fee Simple
FORMAT OF REPORT:	Appraisal Report – Restricted Format
SCOPE:	Sales Comparison Approach

Based on the above noted criteria, the fee for the appraisal is **\$1,500**. As is typical of this type of assignment, payment will be due prior to work commencing. **The appraisal report will be completed within 2 weeks upon receiving payment, signature of contract and receiving all necessary documents to complete the assignment.** Per USPAP, fees cannot be accepted contingent upon the closing of a loan or the outcome of an appraisal. Fees are due upon receipt of the invoice. Fees not paid within thirty (30) days of the invoice date will accrue interest at the rate of 1.5% per month on the unpaid balance.

The client agrees that the appraiser shall not be required to testify or be in attendance at any court, administrative proceeding or court oriented conferences relating to this assignment without additional compensation unless prior arrangement has been set forth by the Appraiser and Client. The fee for deposition, preparation, and court testimony is \$150 per hour plus any related travel expenses.

2030 E. Speedway Blvd., Suite 114 • Tucson, Arizona 85719 • Ph: 520-441-9030 • ajaym1999@gmail.com

In the event that it should be necessary to employ an attorney or agency to collect any delinquent funds under this assignment, you will be responsible for the following; the initial amount of the invoice which will be doubled, all finance charges and all reasonable costs of collection, plus attorney's fees.

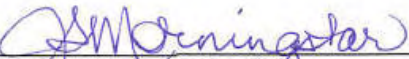
If these terms are acceptable, you may authorize AM Valuation Services, PLLC to begin this assignment by signing and returning the enclosed copy of this letter.

I look forward to being of service to you. If you have any questions or require additional information, please call.

Respectfully submitted,


Ajay S. Madhvani, MAI
State of Arizona Certified
General Real Estate Appraiser
Certificate #31501

ACCEPTED AND APPROVED:

Client: 
Jen Morningstar, Interim CEO

Date: 10/14/2020

FORMER LISTING BROCHURE



AVAILABLE

3295 S CAMINO DEL SOL, GREEN VALLEY, AZ 85622

Lot Size: 70,421 SF/ 1.617 AC (per survey)
Zoning: CB-2, Pima County
Year Built: 1983
Parcel #: 304-18-919A (Portion)
Sale Price: \$250,000 (\$3.55/SF)

Comments: This is the former parking lot for the Canoa Hills Golf Course. The site is located at the southeast corner of Camino Urbano and Camino Del Sol.

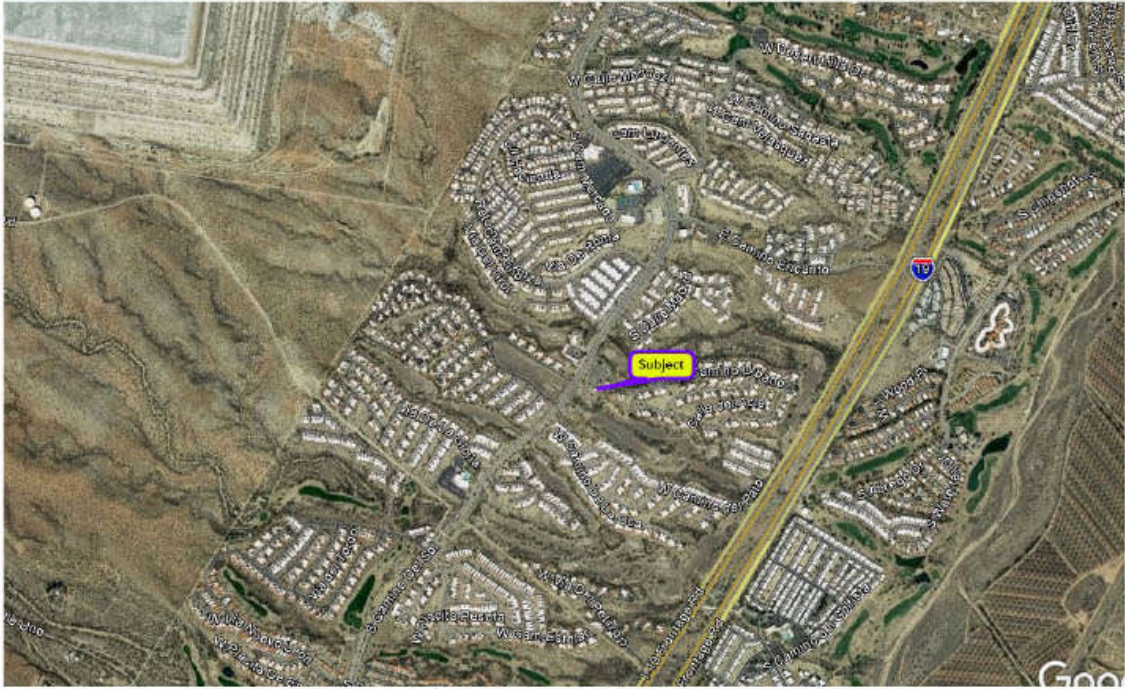
The property is paved and provides 103 parking spaces. The property is improved with asphalt paving, concrete curbs and low care landscaping.



Contact

Derrick J Sinclair, MAI, CCIM
Terramar Properties, Inc.
2200 East River Road
Suite 105
Tucson, AZ 85718
Phone: (520) 577-7800
Cell: (520) 380-1951

The information contained herein has been provided to us by sources deemed reliable. While we have no reason to question its accuracy, we do not guarantee it. Anyone interested in the subject property is advised to independently verify all information and seek legal and tax assistance in forming an opinion. All offerings are subject to prior sale, lease or withdrawal from the market without notice. 1



Neighborhood Aerial



Aerial Close

The information contained herein has been provided to us by sources deemed reliable. While we have no reason to question its accuracy, we do not guarantee it. Anyone interested in the subject property is advised to independently verify all information and seek legal and tax assistance in forming an opinion. All offerings are subject to prior sale, lease or withdrawal from the market without notice.

LEGAL DESCRIPTION

PURCHASE CONTRACT EXCERPTS

Sonoran Ventures

COMMERCIAL REAL ESTATE PURCHASE CONTRACT

Document updated:
February 2019



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof, if you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



1. PROPERTY

- 1a. 1. **BUYER:** Green Valley Recreation Inc.
BUYER'S NAME(S)
- 1b. 2. **SELLER:** Borderland Investments 1 LLC or as identified in Section 10c.
SELLER'S NAME(S)
- 3. **Property Description and Offer:** Buyer agrees to purchase and Seller agrees to sell the following real property:
- 4. Property Address: 3295 S Camino Del Sol
- 5. City: Green Valley County: Pima AZ, Zip Code: 85622
- 6. Assessor's Parcel #(s): portion of 304-18-919A
- 7. Legal Description: See attached To be provided by Escrow Company As follows: _____
- 8. Pursuant to Letter of Intent to Purchase executed between the parties dated October 9, 2020 to be
- 9. determined before close of escrow by survey
- 10. which includes at no additional cost to Buyer, all fixtures and improvements thereon, as well as the following items, if any, owned
- 11. by Seller and presently located on or in the real property: electrical distribution systems (power panels, ducting, conduits,
- 12. disconnects), lighting fixtures, computer wiring, telephone distribution systems (lines, jacks, and connections), heating, ventilation,
- 13. and air conditioning equipment, evaporative coolers, air lines, flooring, window coverings, wall coverings, security and fire
- 14. detection systems/alarms, and _____
- 15. _____
- 16. _____
- 17. _____
- 18. (collectively the "Property"). All fixtures and improvements shall be free of liens and encumbrances unless otherwise specified.
- 1c. 19. **Leased items shall NOT be included in this sale.** Seller shall deliver notice of all leased items within ten (10) or _____ days
- 20. after Contract acceptance. Buyer shall provide notice of any leased items disapproved within the Due Diligence Period or five (5)
- 21. days after receipt of the notice, whichever is later.
- 1d. 22. **Personal Property Included:** all furnishings and fixtures currently in the building. A list will be
- 23. provided to escrow and said items will transfer by Bill of Sale
- 24. _____
- 25. Personal property shall be transferred in AS-IS CONDITION, FREE AND CLEAR OF ANY LIENS AND ENCUMBRANCES
- 26. and SELLER MAKES NO WARRANTY of any kind, express or implied, (including, without limitation, ANY WARRANTY OF
- 27. MERCHANTABILITY).
- 28. \$ 500,000.00 Full Purchase Price, paid as outlined below.
- 29. \$ 10,000.00 Earnest Money _____
- 30. \$ _____ Additional Earnest Money _____
- 31. \$ 490,000.00 Cash at close of escrow
- 32. _____
- 33. _____
- 34. _____

>>

DS		Commercial Real Estate Purchase Contract - Updated: February 2019 Copyright © 2019 Arizona Association of REALTORS®. All rights reserved.		Page 1 of 12
AN	<Initials	Initials>	BUYER	BUYER
SELLER	SELLER			

Sonoran Ventures, 1636 N. Swan Rd. #201 Tucson AZ 85712 Phone: (520) 270-6602 Fax: _____
 Robert Baker Produced with zipForm® by zipLogic 19070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogic.com GVR Canea Hills

Commercial Real Estate Purchase Contract >>

9. ADDITIONAL TERMS

9a. 375. The Letter of Intent to Purchase executed between the parties dated October 9, 2020 is incorporated
 376. herein as if fully restated.
 377. _____
 378. Buyer shall have thirty days from the opening of Escrow to receive board approval to close on
 379. subject property. Closing shall occur 10 days after said 30 day period.
 380. _____
 381. The property shall be transferred as two different parcels.
 382. Parcel #1 will consist of the 8,070 sq. ft. Clubhouse building and all fixtures and furnishings
 383. currently inside it. This building per the listing brochure is on approximately 59,873 sq. ft. of
 384. land. The Purchase price for parcel #1 will be \$500,000.00 cash.
 385. Parcel #2 currently known as the parking lot and consisting of approximately 69,508 sq. ft. will
 386. be transferred by a tax-deductible donation to the GVR Foundation, a 501C3 entity.
 387. _____
 388. During the 30 day inspection period Buyer shall pay for a survey to create the two described
 389. parcels and provided legal descriptions for both parcels. Further Buyer shall pay for an appraisal
 390. of parcel #2 to facilitate the donation by Seller.
 391. _____
 392. _____
 393. _____
 394. _____
 395. _____
 396. _____
 397. _____
 398. _____

9b. 399. **Risk of Loss:** If there is any loss or damage to the Property between the date of Contract acceptance and COE or possession of
 400. the Property, whichever is earlier, by reason of fire, vandalism, flood, earthquake, or act of God, the risk of loss shall be borne by
 401. Seller, provided, however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the purchase price
 402. or \$ _____, either Seller or Buyer may elect to cancel the Contract by written notice pursuant to Section 8c.

9c. 403. **Permission:** Buyer and Seller grant Broker(s) permission to advise the public of the existence of this Contract.

9d. 404. **Arizona Law:** This Contract shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.

9e. 405. **Time is of the essence:** The parties acknowledge that time is of the essence in performance of the obligations described herein.

9f. 406. **Broker's Fee:** Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm,
 407. broker, or finder in connection with the negotiation of this Contract and/or the consummation of the purchase and sale
 408. contemplated herein, other than the Broker(s) named herein, and no Broker or other person, firm or entity, other than said
 409. Broker(s) is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts
 410. of either Buyer or Seller. Buyer and Seller do each hereby agree to indemnify, defend, protect, and hold the other harmless from
 411. and against any costs, expenses or liability for compensation, commission or charges that may be claimed by any broker, finder,
 412. or other similar party, other than said named Broker(s) by reason of any dealings or acts of the indemnifying party.

Commercial Real Estate Purchase Contract >>

9p. 456. Broker on behalf of Buyer:

457. Robert Baker _____
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

458. _____
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

459. Sonoran Ventures _____
 PRINT FIRM NAME FIRM MLS CODE

460. 1636 N. Swan Rd. #201 Tucson AZ 85712 _____
 FIRM ADDRESS CITY STATE ZIP CODE FIRM STATE LICENSE NO.

461. Bob@sonoranventures.com _____
 EMAIL (520) 270-6602 PREFERRED PHONE FAX

9q. 462. **Agency Confirmation:** Broker named in Section 9p is the agent of (check one) Buyer; or both Buyer and Seller

9r. 463. **The undersigned agree to purchase the Property on the terms and conditions herein stated and acknowledge receipt of a copy hereof.**

464. _____
 BUYER'S SIGNATURE MO/DAYR

465. Don Weaver _____
 BUYER'S NAME PRINTED

466. Green Valley Recreation Inc. _____
 BUYER'S NAME PRINTED

467. Don Weaver _____
 BY ITS

468. 1070 S Calle de las Casitas _____
 ADDRESS

469. Green Valley AZ 85614-1981 _____
 CITY STATE ZIP CODE CITY STATE ZIP CODE

10. SELLER ACCEPTANCE

10a. 470. Broker on behalf of Seller:

471. Derrick Sinclair _____
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

472. _____
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

473. _____
 PRINT FIRM NAME FIRM MLS CODE

474. Terramar Properties, Inc. _____
 FIRM ADDRESS CITY STATE ZIP CODE FIRM STATE LICENSE NO.

475. 2200 E River Road #105 _____
 EMAIL (520) 360-1951 PREFERRED PHONE FAX

10b. 476. **Agency Confirmation:** Broker named in Section 10a is the agent of (check one) Seller; or both Buyer and Seller

10c. 477. **The undersigned agree to sell the Property on the terms and conditions herein stated, acknowledge receipt of a copy hereof and grant permission to Broker named on Section 10a to deliver a copy to Buyer.**

479. Counter Offer is attached, and is incorporated herein by reference. Seller must sign and deliver both this offer and the Counter Offer. If there is a conflict between this offer and the Counter Offer, the provisions of the Counter Offer shall be controlling.

480. _____
 OFFER IS ACCEPTED MO/DAYR

481. Andy North _____
 SELLER'S SIGNATURE MO/DAYR

482. Borderland Investments 1 LLC _____
 SELLER'S NAME PRINTED

483. Andy North _____
 BY ITS

484. _____
 ADDRESS

485. _____
 CITY STATE ZIP CODE CITY STATE ZIP CODE

For Broker Use Only:

Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____
 MO/DAYR

October 6, 2020

Borderland Investments I LLC
c/o Derrick Sinclair
Terramar Properties, Inc.
2200 E River Road #105
Tucson, Arizona 85718

RE: Green Valley Recreation Inc. – Letter of Intent to Purchase

Dear Derrick:

On behalf of Green Valley Recreation ("Buyer"), I am submitting the following letter of intent to outline the general terms and conditions under which Buyer would be willing to enter into a purchase agreement for the Property described herein.

1. **BUYER:** Green Valley Recreation Inc.
2. **SELLER:** Borderland Investments I LLC
3. **PROPERTY:** The former Canoa Hills Golf Clubhouse and parking lot on approximately 2.93 acres of land located at 3295 S Camino Del Sol, Green Valley AZ 85622. A portion of Pima County tax code 304-18-919A.
4. **PURCHASE PRICE:** The property shall be transferred as two different parcels.

Parcel #1 will consist of the 8,070 sq. ft. Clubhouse building and all personal property and furnishings currently inside it. This building per the listing brochure is on approximately 59,873 sq. ft. of land. The Purchase price for parcel #1 will be ~~\$450,000.00~~ cash. *\$500,000 JD*

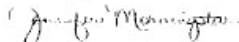
Parcel #2 currently known as the parking lot and consisting of approximately 69,508 sq. ft. will be transferred by a tax-deductible donation to the GVR Foundation, a 501C3 entity.

5. **ESCROW AGENT:** The escrow shall be handled by Lawyers Title Insurance Company, Green Valley AZ.
6. **TITLE:** At the Closing, Seller shall furnish Buyer with good and marketable title to the Property. Seller shall furnish Buyer with an owner's policy of title insurance with extended coverage, covering the property, in an amount not less than the Purchase Price, and subject to the exceptions to title approved by Buyer. If desired, Buyer shall pay the premium difference in cost between the standard coverage policy and the extended coverage policy, and for any desired policy endorsements.
7. **DEPOSIT:** Upon the mutual execution of a purchase agreement, Buyer shall deposit with Escrow the sum of Ten Thousand Dollars (\$10,000.00) (the "Escrow Deposit"). Upon Buyer approving all contingencies identified in Item #8 herein, said Deposit shall become non-refundable to Buyer except in the event of a default by Seller, but applicable to the Purchase Price.

8. **BOARD APPROVAL PERIOD:** Buyer shall have thirty days from the opening of Escrow to receive board approval to close on subject property.
9. **CONDITION OF THE PROPERTY:** The Seller shall deliver and the buyer shall accept the Property in **AS IS** condition.
10. **PRORATIONS:** All real property taxes and special assessments shall be prorated as of the Closing date.
11. **CLOSE OF ESCROW:** The Close of Escrow shall be 10 days after the expiration of the Board Approval Period.
12. **BROKERS:** Robert Baker of Sonoran Ventures represents the Buyer in this transaction. Derrick Sinclair of Terramar Properties represents the seller. Seller shall be responsible for the payment of a sales commission to Buyer's Broker per separate agreement. Said commissions shall be paid in full from proceeds at the Close of Escrow.
13. **CONDITIONS:** The proposed transaction shall be subject to execution of a mutually acceptable Purchase Agreement. Nothing in this letter is intended to be contractual in nature and neither party shall be bound by the terms and conditions above provided unless and until a purchase agreement and all other appropriate documentation has been signed and delivered by both parties. Further, Broker makes no warranties nor representations that mutual execution of this letter of intent will guarantee the execution of a purchase agreement between the parties. Buyer and Seller shall each bear their respective costs and expenses to negotiate this letter of intent and any purchase agreement.

A final purchase agreement shall incorporate the provisions contained in this proposal and any other provisions upon which Buyer and Seller may mutually agree.

Sincerely,



Jennifer Morningstar
Interim CEO
Green Valley Recreation Inc.

AGREED TO AND ACCEPTED:

Borderland Investments ILLC

Date

14. GVR will pay to have the land surveyed so accommodate the situation. JH

ASSUMPTIONS AND LIMITATIONS

STANDARD ASSUMPTIONS AND LIMITATIONS OF THIS APPRAISAL

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

This appraisal is not a survey.

It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless otherwise noted.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern regarding boundaries, setbacks, encroachments or other survey matters.

This appraisal is not a legal opinion.

No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value opinion is given without regard to any questions of title, boundaries, encumbrances or encroachments. I am not usually provided an abstract of the property being appraised and, in any event, I neither made a detailed examination of it nor do I give any legal opinion concerning it.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed 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. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since I have not made a comprehensive examination of laws and regulations affecting the subject property.

This appraisal is not an engineering or property inspection report.

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

For properties in which the conditions of foundations, roofs, exterior walls, interior walls, floors, heating systems, plumbing, insulation, electrical service and all mechanical and construction items are described, these descriptions are based on a casual inspection only and no detailed inspection was made. For instance, I am not an expert on heating systems and no attempt was made to inspect the interior of a given property's furnace. Structures are not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report.

Some items, such as conditions behind walls, above ceilings, behind locked doors or under the ground, are not exposed to casual view and, therefore, are typically not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not normally exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

Unless stated otherwise in the report, wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use of the property.

I am not an environmental expert, and do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If I know of any problems of this nature that I believe would create a significant problem, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. An expert in the field should be consulted if any interested party has questions on environmental factors.

No chemical or scientific tests were performed by the appraiser on the subject property, and it is assumed that the air, water, ground and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the subject site does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. I am not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by observation. I therefore rely on circumstantial evidence that may come into my possession (such as dates on architectural plans) or conversations with those who might be somewhat familiar with the history of the property such as property owners, on-site personnel or others. Parties interested in knowing the exact age of improvements on the land should contact me to ascertain the source of my data and then make a decision as to whether they wish to pursue additional investigation.

Because no detailed construction, engineering, environmental or legal inspection was made and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of a given property's foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation or any other detailed construction matters. If any interested party is concerned about the existence, condition or adequacy of any particular item, I would strongly suggest that a construction expert be hired for a detailed investigation.

This appraisal is made under conditions of uncertainty with limited data.

As can be seen from limitations presented above, the appraisal is based on an analysis of many sources of data. Every attempt has been made to confirm the data as reliable and factual, however, there are a number of limitations with respect to data including: a lack of certain areas of expertise beyond real estate appraisal methodology and techniques; the inability of the appraiser to view certain portions of the property; and the inherent limitations of relying upon information provided by others such as: income and expense data; comparable sales data; and engineering analyses.

This appraisal is an opinion of value based on an analysis of information known to me at the time the appraisal was made. All values shown in the appraisal report are projections based on my analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. I take no responsibility for events, conditions or circumstances affecting the property's market value that take place subsequent to either the effective date of value contained in this report or the date of my field inspection, whichever occurs first.

Opinions and estimates expressed herein represent my best judgment but should not be construed as advice or recommendation to act. Before relying on any statement made in this appraisal report, interested parties should contact me for the exact extent of my data collection on any point that they believe to be important to their decision making. This will enable such interested parties to determine whether they believe the extent of my data gathering process was adequate for their needs.

Appraisal report limitations

Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of the information I have concerning the subject property or the real estate market. While no factors I believe to be significant but unknown to the client have been knowingly withheld, it is always possible that I have information of significance that may be important to others but which, with my limited acquaintance with the property and in light of the limitations of my expertise (as outlined in this document), does not seem to be important.

Appraisal reports are technical documents, with their reporting formats guided by both the Uniform Standards of Appraisal Practice and specific technical requirements of a given client. Casual readers are cautioned about their limitations and are warned against possible misinterpretation of the information contained in these reports.

AM Valuation Services is not accountable, obligated or liable to any third party. The appraiser(s) should be contacted with any questions before this report is relied on for decision making.

This appraisal was prepared at the request of and for the exclusive use of the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose.

There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless sufficient notice is given to allow adequate preparation and additional fees are paid by the client at my regular rates for such appearances and the preparation necessitated thereby.

This report is made for the information and/or guidance of the client and possession of this report or a copy thereof, does not carry with it a right of publication. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the appraiser. Nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.

It is suggested that those who possess this appraisal report should not give copies to others. Certainly, legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact my office.

Values and conclusions for various components of the subject property as contained within this report are valid only when making a summation; they are not to be used independently for any purpose and must be considered invalid if so used. The allocation of the total value in this report

between land and improvements applies only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

In the case of limited partnerships, syndication offerings or stock offerings in real estate, the Client agrees that in case of a lawsuit (brought by lender, partner or part owner in any form of ownership, tenant or any other party), the Client and all parties will completely hold harmless this firm, its employees and/or agents.

Americans with Disabilities Act (ADA)

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

Arizona-specific considerations

Special consideration must be given to properties located in Arizona with respect to seismicity/subsidence. Seismic activity in Central Arizona is rare but does occasionally occur. A more common geotechnical manifestation has been the development of subsidence cones caused by pumping of groundwater. A geologist should be consulted if there is any concern regarding these matters.

Due to the historic nature of the American Southwest, properties within Arizona may be impacted by the presence of archaeological features, such as Native American remains or artifacts (specifically the ancient Hohokam and Anasazi settlements). The presence of such features may require mitigation on the part of the property owner or developer and could involve significant costs or time delays. It is an assumption of this report that no such archeological issues impact the subject property, unless otherwise noted in the appraisal report. Should a competent archeologist specifically identify significant archeology and quantify the cost of data recovery, I reserve the right to alter the valuation opinion contained in this report.

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

N/A

APPRAISER'S STATE CERTIFICATION

Department of Financial Institutions State of Arizona

CGA - 31501

This document is evidence that: **AJAY S. MADHVANI** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

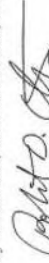
and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

AJAY S. MADHVANI

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

Signed in the Superintendent's office at 100 North 15th Avenue, Suite 261, in the City of Phoenix, State of Arizona, this 19th day of November, 2018.



Robert D. Charlton
Superintendent

Expiration Date : **January 31, 2021**

Scott Somers

From: Scott Somers
Sent: Thursday, June 17, 2021 1:41 PM
To: Suzanne Shields
Cc: Tammy Jorde; Chris Cawein; Eric Shepp
Subject: Re: GVR meeting request

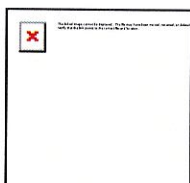
Suzanne,

Thank you for your efforts and assistance.

Best,

Scott

Scott Somers
Chief Executive Officer



Rated a 2018 Top Retirement Destination!
[Forbes](#) – [Niche Magazine](#) – [CNBC](#) – [TopRetirements.com](#)

[Click HERE to join our email list](#) – [gvrec.org](#) – 

Green Valley Recreation, Inc.
[1070 S Calle de las Casitas – Green Valley, Arizona 85614](#)
[520.625.3440 ext. 7203](#)

On Jun 17, 2021, at 1:21 PM, Suzanne Shields <Suzanne.Shields@pima.gov> wrote:

ALERT: This message and sender come from outside Green Valley Recreation, Inc. If you did not expect this message, proceed with caution. Verify the sender's identity before performing any action, such as clicking on a link or opening an attachment.

I spoke to Mr. Huckelberry and he reaffirmed that he doesn't want to lease parking from GVR

From: Scott Somers <SSomers@gvrec.org>
Sent: Thursday, June 10, 2021 2:54 PM
To: Suzanne Shields <Suzanne.Shields@pima.gov>; Tammy Jorde <Tammy.Jorde@pima.gov>

Cc: Chris Cawein <Chris.Cawein@pima.gov>; Eric Shepp <Eric.Shepp@pima.gov>; Tammy Jorde <Tammy.Jorde@pima.gov>

Subject: RE: GVR meeting request

CAUTION: This message and sender come from outside Pima County. If you did not expect this message, proceed with caution. Verify the sender's identity before performing any action, such as clicking on a link or opening an attachment.

Hi Suzanne,

Thanks for your response. This proposal is intended to be a first draft and to get the discussion going. I'm eager and open to hear the County's response.

Based on what you've provided, I don't see why we can't remove the provision that addresses "non-exclusive" use. If the County wants to identify exclusive spaces, we should be able to work that out logistically. The draft identified a portion of the "golf cart" lot and the open space to the west, but adjacent to Camino del Sol, as the lot area under consideration, since this was the area the County told me you were interested in.

Since the Clubhouse isn't opened for GVR member use yet, I think it's safe to assume that those County residents parking in the lot(s) previously and currently are doing so to access the County trail/park system.

The intent of keeping this negotiation confidential was to do so only until we have a tentative agreement. We completely understand that Supervisor approval of any agreement must be done in Open session and that the contract itself become a public document.

A larger concern that I took from your email was that the County may not actually need any or very few spaces in either parking lot. Is that the case? For whatever reason, certain GVR and GVR Foundation Board members were under the impression (and informed me early on) that the County was interested in a minimum of 30 spaces, but that 50 would be ideal. I'm now hearing that may not be the case. If what I'm hearing is correct, then how many if any does the County think it needs?

Thanks again and looking forward to hearing from you.

Scott

Scott Somers
Chief Executive Officer

<image001.png>

Rated a 2018 Top Retirement Destination!
[Forbes](#) - [Niche Magazine](#) - [CNBC](#) - [TopRetirements.com](#)

[Click HERE to join our email list](#) - [gvrec.org](#) -
<image002.jpg>

Green Valley Recreation, Inc.

1070 S Calle de las Casitas – Green Valley, Arizona 85614
520.625.3440 ext. 7203

From: Suzanne Shields <Suzanne.Shields@pima.gov>
Sent: Wednesday, June 9, 2021 1:04 PM
To: Scott Somers <SSomers@gvrec.org>; Tammy Jorde <Tammy.Jorde@pima.gov>
Cc: Chris Cawein <Chris.Cawein@pima.gov>; Eric Shepp <Eric.Shepp@pima.gov>; Tammy Jorde <Tammy.Jorde@pima.gov>
Subject: RE: GVR meeting request

ALERT: This message and sender come from outside Green Valley Recreation, Inc. If you did not expect this message, proceed with caution. Verify the sender's identity before performing any action, such as clicking on a link or opening an attachment.

Scott,

I have looked over the terms of the lease, but there really are no specifics because it just says nonexclusive, non-assignable, right to park which makes it difficult to place a value on the use. I am sure some of your members use the parking lot to access our park, but are they using it as GVR members or as park users? The one term that I can't commit to is confidentiality, as a government all correspondence is public information. I know you are eager to have some income to help fund the purchase of the parking lot, but you need to identify the parking requirement for your building. Most of the park users are residents of nearby subdivisions and our parking needs for a walking trail natural resource park is small.

From: Scott Somers <SSomers@gvrec.org>
Sent: Wednesday, June 9, 2021 8:30 AM
To: Tammy Jorde <Tammy.Jorde@pima.gov>
Cc: Suzanne Shields <Suzanne.Shields@pima.gov>; Chris Cawein <Chris.Cawein@pima.gov>
Subject: RE: GVR meeting request

CAUTION: This message and sender come from outside Pima County. If you did not expect this message, proceed with caution. Verify the sender's identity before performing any action, such as clicking on a link or opening an attachment.

Good morning,

I'm following up on this to see if you all have had a chance to review the draft lease proposal that I submitted. I'm hoping we have an opportunity in the very near future to discuss options.

Thank you and hope to hear from you soon.

Best,

Scott

Scott Somers
Chief Executive Officer

<image001.png>

Rated a 2018 Top Retirement Destination!

[Forbes](#) – [Niche Magazine](#) – [CNBC](#) – [TopRetirements.com](#)

[Click HERE to join our email list](#) – [gvrec.org](#) –

<image002.jpg>

Green Valley Recreation, Inc.

1070 S Calle de las Casitas – Green Valley, Arizona 85614

520.625.3440 ext. 7203

From: Scott Somers

Sent: Monday, May 24, 2021 12:26 PM

To: Tammy Jorde <Tammy.Jorde@pima.gov>

Cc: Suzanne Shields <Suzanne.Shields@pima.gov>; Chris Cawein <Chris.Cawein@pima.gov>

Subject: RE: GVR meeting request

Good Afternoon,

As promised, attached is an updated draft lease proposal concerning the parking lot at the Canoa Clubhouse.

Looking forward to hearing from you.

Scott

Scott Somers

Chief Executive Officer

<image001.png>

Rated a 2018 Top Retirement Destination!

[Forbes](#) – [Niche Magazine](#) – [CNBC](#) – [TopRetirements.com](#)

[Click HERE to join our email list](#) – [gvrec.org](#) –

<image002.jpg>

Green Valley Recreation, Inc.

1070 S Calle de las Casitas – Green Valley, Arizona 85614

520.625.3440 ext. 7203

From: Scott Somers

Sent: Monday, May 24, 2021 11:07 AM

To: Tammy Jorde <Tammy.Jorde@pima.gov>

Cc: Suzanne Shields <Suzanne.Shields@pima.gov>; Chris Cawein <Chris.Cawein@pima.gov>

Subject: RE: GVR meeting request

Hi Suzanne, Chris, and Tammy,

This is a follow up email I left for Tammy today. Several of my board have reconsidered the County's interest in expanding the parking lot to the west of the club house. This option seemed to be of most interest to the County. I'd like to explore this option further if it's still of interest to the County. We can set up another virtual meeting or meeting on site, whichever you prefer. I will send up update lease proposal today for your review.

Thanks and looking forward to hearing from you.

Scott

Scott Somers
Chief Executive Officer

<image001.png>

Rated a 2018 Top Retirement Destination!
[Forbes](#) - [Niche Magazine](#) - [CNBC](#) - [TopRetirements.com](#)

[Click HERE to join our email list](#) - [gvrec.org](#) -
<image002.jpg>

Green Valley Recreation, Inc.
1070 S Calle de las Casitas - Green Valley, Arizona 85614
520.625.3440 ext. 7203

From: Tammy Jorde <Tammy.Jorde@pima.gov>
Sent: Wednesday, March 3, 2021 2:55 PM
To: Scott Somers <SSomers@gvrec.org>
Cc: Suzanne Shields <Suzanne.Shields@pima.gov>; Chris Cawein <Chris.Cawein@pima.gov>
Subject: RE: GVR meeting request

ALERT: This message and sender come from outside Green Valley Recreation, Inc. If you did not expect this message, proceed with caution. Verify the sender's identity before performing any action, such as clicking on a link or opening an attachment.

As we discussed, Suzanne Shields and Chris Cawein will meet you at the Clubhouse (3295 S. Camino del Cerro) at 10:30 on Thursday, March 11, 2021.

If you need anything further, please contact me.

Tam

Tamara Jorde, Senior Special Staff Assistant
Office of the Director and Chief Engineer
Pima County Regional Flood Control District
201 N. Stone Avenue, 9th Floor
Tucson, Arizona 85701
(520) 724-4680

From: Scott Somers <SSomers@gvrec.org>
Sent: Wednesday, March 3, 2021 2:21 PM
To: Tammy Jorde <Tammy.Jorde@pima.gov>
Subject: GVR meeting request

CAUTION: This message and sender come from outside Pima County. If you did not expect this message, proceed with caution. Verify the sender's identity before performing any action, such as clicking on a link or opening an attachment.

Hi Tammy,

GVR President Don Weaver asked me to reach out to you to request a meeting with Suzanne Shields since the previous meeting had to be scheduled.

We're interested in discussing the possibility of an agreement with the County for use of the Canoa Hills parking and what ultimately what the County would be willing to pay for its use of the parking lot.

Would you please let me know when Suzanne has some availability, preferably next week? Does she come to Green Valley?

Thanks Tammy.

Scott

Scott Somers
Chief Executive Officer

<image001.png>

Rated a 2018 Top Retirement Destination!
[Forbes](#) – [Niche Magazine](#) – [CNBC](#) – [TopRetirements.com](#)

[Click HERE to join our email list](#) – gvrec.org –
<image002.jpg>

Green Valley Recreation, Inc.
1070 S Calle de las Casitas – Green Valley, Arizona 85614
520.625.3440 ext. 7203



Green Valley Recreation, Inc.

Amend CPM – Reserve Policy Board of Directors Meeting

Prepared By: Donna Coon

Meeting Date: 7/28/21

Presented By: Nina Campfield

Consent Agenda: No

Originating Committee: Board Affairs Committee

Action Requested: Amend the CPM to update sections of GVR’s Reserve Policy.

Strategic Plan Focus Area: Goal 4

Overview:

At the May 26th meeting, the BOD approved a change in the surplus calculation that is used to determine whether there is a surplus of operating revenue that is available to be transferred to the reserve funds.

At the June 14th Fiscal Affairs Committee meeting the FAC approved the following changes for the CPM and forwarded the changes to the Board Affairs Committee for their approval to update the Corporate Policy Manual.

The following changes have been approved by FAC and BAC :

Section V, Fiscal/Accounting:

Subsection 2 – Reserve Policy:

C. Maintenance of Financial Reserve system

2. Reserve Contributions and the Annual Budget – This section was updated to correctly state the policy for the annual contribution to the MRR reserve fund.

3. Calculation of Operating Surplus or Deficit – This new section includes and explains the new calculation. It also moves it out of the Emergency Reserve Funding policy since the board determines where any surplus is allocated each year.

D. Emergency Reserve Fund

4. Emergency Reserve ‘funding source’ was deleted (it is now in 2. C. 3. Above)

E. Maintenance, Repair & Replacement Reserve Fund

3. Funding Source:

b. Reimbursement Policy:

This paragraph was updated to reflect the new policy of paying for capital projects directly from the MRR fund.

Impact:

The CPM will correctly represent GVR policy.

Motion:

Approve the recommendation of the Fiscal Affairs Committee and the Board Affairs Committee for changes to be made to the Corporate Policy manual relative to Reserve Funding and the Annual Operating Surplus/Deficit Calculation.

Attachments:

1. Revisions to Section V, Subsection 2, Reserve Policy, Redline
2. Revisions to Section V, Subsection 2, Reserve Policy, Clean

SECTION V – FISCAL/ACCOUNTING

Section V was approved by the GVR Board of Directors on October 25, 2016.

SUBSECTION 2 - RESERVE POLICY – last updated 01/29/2020

CHANGES APPROVED by FAC and BAC:

C. Maintenance of GVR Financial Reserve System

1. Definitions:

Defined terms are capitalized in **Bold** typeface.

Annual Reserve Study is the Reserve Study referred to in Section B. – Reserve Study Policy

A **Reserve Account(s)** is a checking, savings, investment or any other type of account in which reserve monies are deposited.

Board Restricted means the Board of Directors controls the Reserve Accounts and authorizes expenditures from such accounts.

2. Reserve Contributions and the Annual Budget:

Reserve Contributions to the Reserve Accounts shall be an integral part of the annual budget.

~~The annual operating budget shall generate sufficient Excess Revenue-Over-Expenses to make the Reserve Contribution to the Maintenance, Repair and Replacement Reserve Fund called for in the **Annual Reserve Study** unless such Reserve Contribution generates a Percent Funded greater than 100% in which case the Reserve Contribution may be reduced to achieve a Percent Funded not less than 85%.~~

The annual operating budget shall generate sufficient Excess Revenue-Over-Expenses to make the Reserve Contribution to the Maintenance, Repair and Replacement Fund called for in the Annual Reserve Study.

Reserve Contributions to the Initiatives Reserve Fund shall be funded from a portion of the Property Acquisition Capital Fee and/or from the Initial Fee based on the applicable fee when a GVR member property is sold.

Contributions to the Emergency Reserve Fund shall be

recommended by the Chief Financial Officer (CFO) to the Board for consideration and approval.

3. Calculation of Operating Surplus or Deficit

Formatted: Not Highlight

At the end of the fiscal year, the Board of Directors shall determine the amount, if any, to contribute from operational surpluses. Operating surplus or deficit is calculated as follows:

- a. Begin with the Change in Net Assets from the Audited Financial Statements.
- b. Deduct gain/losses on operating accounts
- c. Deduct net investment income on reserve accounts/investments
- d. Add depreciation expense
- e. Deduct current year purchases of Capital Assets (cost basis, before accumulated depreciation)
- f. Add reserve cash amounts that were used to purchase Capital Assets
- g. Add expenses that were paid using reserve cash (i.e. repairs and maintenance expenses paid for using MMR funds)
- h. Deduct funding cash transfers to reserve funds during the year (i.e. required MRR funding)
- i. Add or deduct any other non-cash items (i.e. in-kind capital donations)

The intent of the calculation is to determine if there is a surplus of operating revenue over operating expenses each year that can be transferred to a reserve fund. The calculation is to remove non-cash items such as depreciation and unrealized gains/losses. Additionally, adjustments are to be made to take into consideration operating cash used for Capital Asset purchases. Reserve fund cash used to pay for Capital Asset purchases and operating expenses should not be included in the operating cash surplus.

4. Paying from reserve accounts or reimbursing operating cash account for reserve expenditures:

Within sixty (60) days after adoption of this policy by the Board of Directors, GVR shall establish a written accounting and internal control policy and procedure based on Generally Accepted Accounting Policies (GAAP) to track and document all withdrawals by check or electronic means and Board approved transfers,

electronic or otherwise, between Reserve Funds, pay Board authorized reserve expenditures or transfers to reimburse operating cash for such expenditures. Such policy and procedure shall require written instructions and supporting documentation signed by the Chief Financial officer (CFO) and approved by the Chief Executive officer (CEO) or, in the CEO's absence, the Chief Operating officer (COO).

5. Priority of making contributions to Reserve Accounts:

GVR shall make contributions to Reserve Accounts in this order of priority:

- a. Maintenance, Repair and Replacement Reserve Fund
- b. Initiatives Reserve Fund
- c. Emergency Reserve Fund.

6. Rebalancing Reserve Accounts:

A Reserve Account(s) may have a balance greater than the Board's target minimum balance due to a number of factors including returns on investments. The Board may consider rebalancing a Reserve Account(s) by: (1) transferring money between Reserve Accounts, (2) reducing Reserve Contributions or (3) transferring money from a Reserve Account(s) to operating cash.

All rebalancing actions shall be authorized by Board resolution(s).

D. Emergency Reserve Fund (previously the Operating Reserve Fund)

1. Definitions:

Major Event(s) is an event causing damage to a facility and/or infrastructure or an emergency safety event costing \$25,000 or more in repairs, renovations or replacements.

2. Purpose:

The Emergency Reserve Fund serves these purposes:

- a. An emergency fund to pay for major, unanticipated repairs to, renovation of or replacement of a GVR facility or facilities or infrastructure caused by a **Major Event** or **Events**.
- b. An emergency safety-net should a severe economic downturn or unanticipated event threaten GVR's financial well-being.

3. Target Balance:

This fund shall be of sufficient size as determined by the Board of

Directors to protect GVR from the following:

- a. Long-term or permanent loss of use of a GVR facility or facilities or infrastructure caused by a **Major Event** or **Events** due to GVR's inability to pay for repairs, renovations or replacement of damaged facility or facilities or infrastructure.
- b. Guarantee payment of the legal obligations of the Corporation for one year.

4. Funding Source:

~~At the close of each fiscal year, the Board of Directors shall determine the amount, if any, to contribute from operational surpluses.~~

~~Operational Surplus or Deficit is calculated as follows: using the Audit Report (GAAP) as Net Changes in Net Assets without donor restrictions less unrealized gains/losses, plus Depreciation expense, less Purchases of Capital Assets before accumulated Depreciation, plus transfers from Reserves to Operation, less realized investment income relating to Reserve Accounts, and less Reserve Accounts (MRR, IR, ER) Funding during the year.~~

~~Withdrawals from this reserve shall be repaid from operations as determined by the Board of Directors but not to exceed five (5) fiscal years.~~

4. Authorization:

The Chief Executive officer (CEO) is authorized to access this fund to address critical needs as they arise with written notification within ten (10) business days to the President of the Board of Directors with a copy to the Board. Email is an acceptable form of written communication to the President.

5. Withdrawals:

Withdrawals from this reserve shall be repaid from operations as determined by the Board of Directors but not to exceed five (5) fiscal years.

6. **Investment Parameters:** Monies contributed to this fund shall be invested in accordance with GVR's Investment Policy Statement. See Appendix I – Board Policies, Subsection 3 – GVR Investment Policy.

E. Maintenance, Repair & Replacement Reserve Fund (previously the Capital Reserve Fund) (updated 5/22/2019)

1. Purpose:

This fund shall be used only to maintain, repair or replace existing equipment and facilities as listed in the Component List of the Annual Reserve Study.

2. Target Balance:

This reserve shall maintain a sufficient balance based on Annual Reserve Contributions calculated within the Annual Reserve Study.

3. Funding Source:

- a. Annually, GVR shall transfer the full year's annual Reserve Contribution as determined by the Annual Reserve Study for the current fiscal year from operations to this reserve within 30 days of the end of the dues collection period (normally January 31, so the full MR&R funding should be transferred by the end of February).

~~b. Reimbursement Policy: Quarterly (or monthly if necessary), after review by the Fiscal Affairs Committee and approval of the board, the MR&R Reserve Fund will reimburse operating cash account the full project cost of completed MR&R projects. Evidence of required reimbursement will include a brief description of the project, timeframe of projected replacement, actual project completion date, forecasted cost and actual cost. If actual cost is substantially different from forecasted cost, a detailed justification will be provided.~~

b. Reimbursement Policy:

- Projects paid directly from MRR – no reimbursement necessary.

- Projects paid from the Operating Reserve – Quarterly (or monthly if necessary), after review by the Fiscal Affairs Committee and approval of the board, the MR&R Reserve Fund will reimburse operating cash account the full project cost of completed MR&R projects. Evidence of required reimbursement will include a brief description of the project, timeframe of projected replacement, actual project completed date, forecasted cost and actual cost. If actual cost is substantially different from forecasted cost, a detailed justification will be provided.

Formatted: List Paragraph, Numbered + Level: 3 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.92" + Indent at: 1.14"

SECTION V – FISCAL/ACCOUNTING

Section V was approved by the GVR Board of Directors on October 25, 2016.

SUBSECTION 2 - RESERVE POLICY – last updated 01/29/2020

C. Maintenance of GVR Financial Reserve System

1. Definitions:

Defined terms are capitalized in **Bold** typeface.

Annual Reserve Study is the Reserve Study referred to in Section B. – Reserve Study Policy

A **Reserve Account(s)** is a checking, savings, investment or any other type of account in which reserve monies are deposited.

Board Restricted means the Board of Directors controls the Reserve Accounts and authorizes expenditures from such accounts.

2. Reserve Contributions and the Annual Budget:

Reserve Contributions to the Reserve Accounts shall be an integral part of the annual budget.

The annual operating budget shall generate sufficient Excess Revenue-Over-Expenses to make the Reserve Contribution to the Maintenance, Repair and Replacement Fund called for in the Annual Reserve Study.

Reserve Contributions to the Initiatives Reserve Fund shall be funded from a portion of the Property Acquisition Capital Fee and/or from the Initial Fee based on the applicable fee when a GVR member property is sold.

Contributions to the Emergency Reserve Fund shall be recommended by the Chief Financial Officer (CFO) to the Board for consideration and approval.

3. Calculation of Operating Surplus or Deficit

At the end of the fiscal year, the Board of Directors shall determine the amount, if any, to contribute from operational surpluses. Operating surplus or deficit is calculated as follows:

- a. Begin with the Change in Net Assets from the Audited Financial Statements.
- b. Deduct gain/losses on operating accounts
- c. Deduct net investment income on reserve accounts/investments
- d. Add depreciation expense
- e. Deduct current year purchases of Capital Assets (cost basis, before accumulated depreciation)
- f. Add reserve cash amounts that were used to purchase Capital Assets
- g. Add expenses that were paid using reserve cash (i.e. repairs and maintenance expenses paid for using MMR funds)
- h. Deduct funding cash transfers to reserve funds during the year (i.e. required MRR funding)
- i. Add or deduct any other non-cash items (i.e. in-kind capital donations)

The intent of the calculation is to determine if there is a surplus of operating revenue over operating expenses each year that can be transferred to a reserve fund. The calculation is to remove non-cash items such as depreciation and unrealized gains/losses. Additionally, adjustments are to be made to take into consideration operating cash used for Capital Asset purchases. Reserve fund cash used to pay for Capital Asset purchases and operating expenses should not be included in the operating cash surplus.

4. Paying from reserve accounts or reimbursing operating cash account for reserve expenditures:

Within sixty (60) days after adoption of this policy by the Board of Directors, GVR shall establish a written accounting and internal control policy and procedure based on Generally Accepted Accounting Policies (GAAP) to track and document all withdrawals by check or electronic means and Board approved transfers, electronic or otherwise, between Reserve Funds, pay Board authorized reserve expenditures or transfers to reimburse operating cash for such expenditures. Such policy and procedure shall require written instructions and supporting documentation signed by the Chief Financial officer (CFO) and approved by the Chief Executive officer (CEO) or, in the CEO's absence, the Chief Operating officer (COO).

5. **Priority of making contributions to Reserve Accounts:**

GVR shall make contributions to Reserve Accounts in this order of priority:

- a. Maintenance, Repair and Replacement Reserve Fund
- b. Initiatives Reserve Fund
- c. Emergency Reserve Fund.

6. **Rebalancing Reserve Accounts:**

A Reserve Account(s) may have a balance greater than the Board's target minimum balance due to a number of factors including returns on investments. The Board may consider rebalancing a Reserve Account(s) by: (1) transferring money between Reserve Accounts, (2) reducing Reserve Contributions or (3) transferring money from a Reserve Account(s) to operating cash.

All rebalancing actions shall be authorized by Board resolution(s).

D. Emergency Reserve Fund (previously the Operating Reserve Fund)

1. **Definitions:**

Major Event(s) is an event causing damage to a facility and/or infrastructure or an emergency safety event costing \$25,000 or more in repairs, renovations or replacements.

2. **Purpose:**

The Emergency Reserve Fund serves these purposes:

- a. An emergency fund to pay for major, unanticipated repairs to, renovation of or replacement of a GVR facility or facilities or infrastructure caused by a **Major Event** or **Events**.
- b. An emergency safety-net should a severe economic downturn or unanticipated event threaten GVR's financial well-being.

3. **Target Balance:**

This fund shall be of sufficient size as determined by the Board of Directors to protect GVR from the following:

- a. Long-term or permanent loss of use of a GVR facility or facilities or infrastructure caused by a **Major Event** or **Events** due to GVR's inability to pay for repairs, renovations or replacement of damaged facility or facilities or infrastructure.
- b. Guarantee payment of the legal obligations of the

Corporation for one year.

4. Authorization:

The Chief Executive officer (CEO) is authorized to access this fund to address critical needs as they arise with written notification within ten (10) business days to the President of the Board of Directors with a copy to the Board. Email is an acceptable form of written communication to the President.

5. Withdrawals:

Withdrawals from this reserve shall be repaid from operations as determined by the Board of Directors but not to exceed five (5) fiscal years.

6. Investment Parameters: Monies contributed to this fund shall be invested in accordance with GVR's Investment Policy Statement. See Appendix I – Board Policies, Subsection 3 – GVR Investment Policy.

E. Maintenance, Repair & Replacement Reserve Fund (previously the Capital Reserve Fund) (updated 5/22/2019)

1. Purpose:

This fund shall be used only to maintain, repair or replace existing equipment and facilities as listed in the Component List of the Annual Reserve Study.

2. Target Balance:

This reserve shall maintain a sufficient balance based on Annual Reserve Contributions calculated within the Annual Reserve Study.

3. Funding Source:

- a. Annually, GVR shall transfer the full year's annual Reserve Contribution as determined by the Annual Reserve Study for the current fiscal year from operations to this reserve within 30 days of the end of the dues collection period (normally January 31, so the full MR&R funding should be transferred by the end of February).

b. Reimbursement Policy:

- Projects paid directly from MRR – no reimbursement necessary.

- Projects paid from the Operating Reserve –
Quarterly (or monthly if necessary), after review by the Fiscal Affairs Committee and approval of the board, the MR&R Reserve Fund will reimburse operating cash account the full project cost of completed MR&R projects. Evidence of required reimbursement will include a brief description of the project, timeframe of projected replacement, actual project completed date, forecasted cost and actual cost. If actual cost is substantially different from forecasted cost, a detailed justification will be provided.



Green Valley Recreation, Inc.

Amend CPM - Director Protocols

Board of Directors Meeting

Prepared By: Nina Campfield

Meeting Date: 7/28/21

Presented By: Nina Campfield

Consent Agenda: No

Originating Committee: Board Affairs Committee

Action Requested:

Approve change to the Corporate Policy Manual to provide a protocol for director requests for information, records and data.

Strategic Plan Focus Area: Goal 5

Background Justification:

Currently, there are no policies regarding how directors may request information and/or records. This lack of protocol has resulted in directors seeking information and/or records directly from the CEO or staff which violates the Board Code of Conduct (Board members may not interfere with the duties of GVR staff or give direction to employees). For this reason, the Board should adopt a protocol which allows a director to request certain information and/or records.

Likewise, while the CPM addresses member input at Board Meetings, there are no protocols for input from directors.

While members should be given wide latitude to raise any GVR-related matter at a Board meeting, there is no need for directors to have the same latitude. Directors already have a vehicle for addressing issues important to them: submitting a request that a matter be placed on a meeting agenda, or making a motion to amend an agenda to add a particular item. For this reason, the CPM should limit director input at meetings to matters on the agenda.

The attached change to the CPM is intended to address these two issues.

Impact: If this motion is approved, directors will have a clear understanding of what information can be requested and how to request it from staff.

Motion:

I move to amend the Corporate Policy Manual Section VI, Subsection 1 by adding Paragraph J as attached.

Attachments:

Director Protocol – Attorney Approved

Director Protocol

J. Director Requests for Records/Data/Information

1. Requests by directors for GVR records/data/information must be made in writing, detailing the reason for needing to review the records/data/information, and shall be directed to the CEO.

2. The CEO shall reply to a director's request as follows:

a. If the CEO determines that the time requirement to satisfy the request is nominal and that the information stated in the request relates to a matter under consideration by the Board or a committee, the CEO shall provide the information as soon as practical to all directors.

b. Should the CEO determine that the request requires more than a nominal amount of time and/or pertains to a matter not under consideration by the Board or a committee, the CEO will forward the request to the GVR Board or the appropriate committee to be placed on the agenda of the next meeting. If the request is approved by the Board or committee, the CEO shall provide the requested information as soon as practical to all directors.

Green Valley Recreation, Inc.



Waive Attorney-Client Privilege

Board of Directors Meeting

Prepared By: Nina Campfield

Meeting Date: 7-28-21

Presented By: Nina Campfield

Consent Agenda: No

Originating Committee: Board Affairs Committee
Action Requested: Waive attorney-client privilege as to Wendy Ehrlich’s opinion dated 1/11/19 regarding the interpretation of Article VI, Section 2 of the Bylaws.
Strategic Plan Focus Area: N/A
<p>Overview:</p> <p>This opinion is related to a change that was made in Article 6, Section 6.5(A) of the proposed amended and restated bylaws that the board approved to be on the 2022 ballot. It is important that members understand why the change was made and the effect, if any, of the amendment.</p>
<p>Impact:</p> <p>Members will have a clearer understanding of the Amended and Restated Bylaws on which they will be voting.</p>
Motion: Move to waive attorney-client privilege as to Wendy Ehrlich’s opinion dated 1/11/19 regarding the interpretation of Bylaws Article VI, Section 2.
<p>Attachments:</p> <p>Since the opinion is confidential, it is posted only on the Directors Website.</p>