

ARIZONA STATE LAND DEPARTMENT
1110W. Washington St.
PHOENIX, ARIZONA 85007

PUBLIC AUCTION NO. 04-122839

Pursuant to A.R.S. Title 37, notice is hereby given that the state of Arizona through its Arizona State Land Department (“ASLD”), will conduct a Public Auction to award to the highest and best bidder at 12:00 p.m. on Tuesday, August 1, 2023, at the front entrance of the Mohave County Courthouse, 401 East Spring Street, Kingman, Arizona, a lease to mine Sand and Gravel for a term of 10 years, with provisions to extend the term up to a maximum of twenty years with the written permission of the Commissioner (“Lease”), from the following described lands in Mohave County to wit:

TOWNSHIP 41N RANGE 12W, G&SRM, MOHAVE COUNTY, ARIZONA

PARCELS: M&B IN N2N2NE, SECTION 1 CONTAINING 52.17 ACRES, MORE OR LESS.

BENEFICIARY: PERMANENT COMMON SCHOOLS

TOWNSHIP 42N, RANGE 12W, G&SRM, MOHAVE COUNTY, ARIZONA

PARCELS: M&B IN LOTS 1 THRU 2 S2NE SE, SECTION 36, CONTAINING 220.51 ACRES, MORE OR LESS.

BENEFICIARY: PERMANENT COMMON SCHOOLS

PROPERTY INFORMATION:

(A) The complete legal description of the land subject to this auction (the “Parcel”) is available in its respective file at ASLD.

(B) The complete file is open to public inspection at the ASLD, 1110 West Washington Street, Suite 100 Phoenix, Arizona, from 8:00 a.m. to 4:30 p.m., exclusive of holidays and weekends. Please direct any questions regarding this Public Auction to the Minerals Section of the Natural Resources Division of ASLD at ms@azland.gov. This auction notice is available on the ASLD's web site at www.land.az.gov.

(C) The Parcel shall be leased and mined in an “AS-IS” condition “WITH ALL FAULTS”, with no representation or warranty being made by ASLD of any type or nature. ASLD makes no warranty as to the following: (a) the physical condition or any other aspect of the Parcel, including, but not limited to, the uses to which the Parcel may be put, the ability to construct additional improvements or modify existing improvements on any portion of the Parcel or the ability to obtain permits for any portion of the Parcel, the conformity of the Parcel to past, current or future zoning or building code requirements, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill, susceptibility to landslides, sufficiency of under-shoring, water retention characteristics of the Parcel, drainage onto or off of the Parcel, the location of the Parcel either wholly or partially in a flood plain or a flood hazard boundary

or similar area, or any other matter affecting the stability or integrity of the Parcel or any improvements constituting the Parcel; or (b) the sufficiency of the Parcel for the Successful Bidder's purposes or as to its continued operating conditions or usefulness. All implied warranties, including, without limitation, **WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE**, are hereby expressly disclaimed.

(D) The Parcel is leased subject to existing reservations, easements, and rights of way.

(E) ASLD does not represent or warrant that access exists over lands which may intervene respectively between the Parcel and the nearest public roadway.

(F) Prospective bidders are advised to contact the Mohave County Flood Control office for details and conditions relative to this operation.

SELECTED LEASE PROVISIONS:

(A) The commencement of the Lease shall be the date of this Auction.

(B) The annual rent is \$27,922.43

(C) The minimum unit royalty rate of the sand and gravel has been established at \$0.75/ton per royalty rate units with an annual minimum production guarantee of minimum production 130,000.00 tons for a total minimum annual royalty of \$97,500.00. If any other mineral material is sold besides sand and gravel, including without limitation borrow, the lessee pays ASLD 10% of the actual sale price.

(D) Before or on each anniversary of the commencement of the Lease, the annual royalty and associated selling and administrative fee shall be due and payable to ASLD. Mineral production reports are due monthly under the Lease. As material is mined and extracted, the production amount is debited from the annual minimum production guarantee amount for that lease year. When material is mined and extracted over and above the minimum annual production guarantee for that lease year, payment for the material extracted in excess of the annual minimum production guarantee along with the associated selling and administrative fee shall be paid to ASLD pursuant to the Lease. Annual royalty payments and associated selling and administrative fees are not refundable to the Lessee under any circumstances.

(E) The Lessee must adhere to the Mineral Development Report associated with this Lease.

(F) For additional terms and conditions of the Lease, prospective bidders are advised to examine the lease document, as well as all pertinent files of ASLD.

BIDDING INFORMATION:

(A) Prior to the date of auction, a prospective bidder shall perform his/her own due diligence including, without limitation, researching the records of local jurisdictions, all ASLD files pertinent to the auction and the Parcel, including, without limitation, ASLD File No. 08-122839, and files of all other public agencies regarding the Parcel.

(B) On the date of auction, a prospective bidder, or a representative of a prospective bidder, if any, shall attend and bid on behalf of a prospective bidder.

(C) Prior to the start of bidding, a prospective bidder shall sign an affidavit agreeing that: they have undertaken due diligence in preparation for the auction, including without limitation review of the Lease and Mineral Development Report; they are bidding on the Parcel and Lease solely upon the basis of their own due diligence and investigation of the Parcel and not on the basis of any representation, express or implied, written or oral, made by ASLD or its agents or employees, except as set forth in writing herein; their representative is authorized to bid and bind the bidder; and they are leasing the Parcel subject to the terms of the Lease and this auction notice.

(D) Prior to the start of bidding, a prospective bidder must show ASLD's representative a cashier's check made payable to the Arizona State Land Department in the amount specified under Terms of Sale Paragraph (B) below.

(E) A prospective bidder who has complied with Paragraphs (A) through (D) above shall be deemed a "Registered Bidder" and may bid at the auction. ASLD shall only consider bids by Registered Bidders.

(F) The bidding will be conducted orally and will be based on the price per ton for the material described in the Lease. The bidding shall start at the minimum annually royalty rate of \$0.75/ton per royalty rate units. Additional bidding above the minimum annual royalty rate must be made in minimum increments of \$0.05.

(G) The time of sale shall be deemed to be the time of declaration of the highest and best bid (the "Time of Sale"). A Registered Bidder whose bid is declared the highest and best bid shall be deemed the "Successful Bidder". The amount of the highest and best bid shall be deemed the "Annual Unit Royalty Rate".

(H) The Successful Bidder must be authorized to transact business in the State of Arizona no later than ten (10) business days after the date of the auction.

(I) If the Successful Bidder fails to make all payments under Terms of Sale Paragraphs (B) and (C), any and all amounts paid by the successful bidder will be forfeited.

(J) In the event of non-performance and forfeiture by the Successful Bidder, the ASLD Commissioner may declare that the bid placed before the final bid accepted is the highest bid, and that bidder has five (5) days after notification by ASLD to pay by cashier's check all amounts due under Terms of Sale Paragraph (B) and (C) below.

(K) Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting the ADA Coordinator, at (602) 542-2629. Requests should be made as early as possible to allow time to arrange the accommodation.

TERMS OF SALE:

(A) Immediately following the Time of Sale, the Successful Bidder must sign an affidavit which states without limitation that he/she is the Successful Bidder and the amount of the Annual Unit Royalty Rate.

(B) Immediately following the Time of Sale, the Successful Bidder shall pay the following to ASLD by a cashier's check:

- 1) The annual rent for the first lease year, which is \$27,922.43
- 2) The minimum annual royalty payment for the first lease year in the amount of \$97,500.00
- 3) A Selling and Administrative Fee of 2% of the minimum annual royalty, which is \$1,950.00
- 4) A one-time Native Plant Fee, which is \$11,913.60
- 5) Estimated reimbursable legal advertising costs of \$2,500.00 and
- 6) Estimated reimbursable due diligence costs and expenses not to exceed \$97,611.60

The total amount due at the Time of Sale is \$239,397.63 (less \$112,025.20 if the applicant is the Successful Bidder, for a total amount due of \$127,372.43).

(C) Within thirty (30) days after the date of auction, the Successful Bidder must pay:

- 1) The Annual Royalty for the first lease year, less the amount paid under Terms of Sale Paragraph (B)(2) above;
- 2) A Selling and Administrative Fee of 2% of the Annual Royalty, less the amount paid under Terms of Sale Paragraph (B)(3) above; and
- 3) The actual legal advertising costs, less the amount paid under Terms of Sale Paragraph (B)(5) above.

(D) Within thirty (30) days after receipt of the Lease, the Successful Bidder shall execute the Lease, submit proof of insurance, and post a reclamation and damage bond in the amount of \$249,600 which actions shall serve as pre-requisites for entrance upon and mineral extraction from the Parcel.

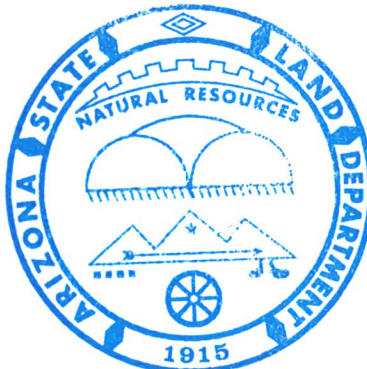
GENERAL INFORMATION:

(A) The ASLD may cancel this sale in whole or in part at any time prior to the acceptance of a final bid.

(B) A protest to this sale must be filed within 30 days after the first day of publication of this announcement and in accordance with Article 4.1 of A.R.S. § 37-301.



Simone Westbrook Hall
(for) Robyn Sahid
State Land Commissioner



5/3/23

Date