

**ARIZONA STATE LAND DEPARTMENT  
1110 WEST WASHINGTON STREET  
PHOENIX, ARIZONA 85007**

**PUBLIC AUCTION LEASE NO. 03-122284  
30-YEAR COMMERCIAL LEASE**

Pursuant to A.R.S. Title 37, notice is hereby given that the State of Arizona through its Arizona State Land Department (“ASLD”), will sell at Public Auction to the highest and best bidder at 11:30 a.m. on Wednesday, December 18, 2024 at the La Paz County Board of Supervisors, 1108 Joshua Avenue, Parker, Arizona, or another location to be announced no less than seven (7) days prior to the auction, a 30-year Ground Lease (the “Lease”) on trust lands situated in La Paz County to wit:

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**TOWNSHIP 3 NORTH, RANGE 12 WEST, G&SRM, LA PAZ COUNTY, ARIZONA**

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- PARCEL: ALL OF SECTION 10, CONTAINING 640.847 ACRES, MORE OR LESS;
- PARCEL: ALL OF SECTION 15, CONTAINING 640.903 ACRES, MORE OR LESS;
- PARCEL: ALL EX PATS 5687, 5994, SECTION 17, CONTAINING 591.957 ACRES, MORE OR LESS;
- PARCEL: M&B N OF 1-10, SECTION 18, CONTAINING 376.242 ACRES, MORE OR LESS;
- PARCEL: M&B IN N2NE, SECTION 19, CONTAINING 15.000 ACRES, MORE OR LESS;
- PARCEL: M&B IN N2NE, SECTION 20, CONTAINING 8.494 ACRES, MORE OR LESS;
- PARCEL: M&B N OF 1-10, SECTION 21, CONTAINING 109.397 ACRES, MORE OR LESS;
- PARCEL: M&B N OF 1-10, SECTION 22, CONTAINING 257.989 ACRES, MORE OR LESS.
- PARCEL: LOTS 2, 3, 4, SWNE S2NW SW W2SE, SECTION 3, CONTAINING 479.852 ACRES, MORE OR LESS;
- PARCEL: LOTS 1 THRU 4, S2N2 S2, SECTION 4, CONTAINING 640.114 ACRES, MORE OR LESS;
- PARCEL: LOTS 1 THRU 4, S2N2 S2, SECTION 5, CONTAINING 639.221 ACRES, MORE OR LESS;
- PARCEL: LOTS 1 THRU 7, S2NE SENW, E2SW SE, SECTION 6, CONTAINING 628.274 ACRES, MORE OR LESS;
- PARCEL: LOTS 1 THRU 4, E2 E2W2, SECTION 7, CONTAINING 629.920 ACRES, MORE OR LESS;

PARCEL: ALL OF SECTION 8, CONTAINING 640.525 ACRES, MORE OR LESS;

PARCEL: ALL OF SECTION 9, CONTAINING 640.463 ACRES, MORE OR LESS;

TOTAL ACRES CONTAINING 6,939.198 ACRES, MORE OR LESS.

LOCATION: NORTH OF THE I-10 AND SORE FINGER ROAD INTERCHANGE, 41 MILES  
EAST OF QUARTZSITE, ARIZONA

**BENEFICIARY: PERMANENT COMMON SCHOOLS (INDEMNITY SELECTIONS)**

**PROPERTY AND SELECT LEASE INFORMATION:**

(A) The complete legal description of the state trust land that will be subject to Ground Lease No. 03-122284 (the "Lease Parcel") is available in its respective file.

(B) The Lease Parcel has been appraised at \$45,104,800.00 ("Appraised Value").

(C) There are improvements on the parcel for which the owners are entitled to be compensated by the succeeding lessee in the amount of the appraised value pursuant to the terms of A.R.S. § 37-322.02. The appraised value of the improvements owned by K Lazy B Ranch, LLC is \$93,400.00. The appraised value of the improvements owned by Daniel Steven Bennett and Hannah Rose Bennett is \$56,600.00.

(D) The use(s) allowed under the Lease are: Solar Generating Facility, as defined in the Lease.

(E) The commencement date of the Lease shall be the date of the auction.

(F) The "Lessor" shall be the State of Arizona, by and through the Arizona State Land Department.

(G) The "Lessee" shall be the Successful Bidder, as that term is defined under Bidder Qualifications and Bidding Information Paragraph (I) below, that has fulfilled the obligations outlined in the Public Auction Notice and entered into a Lease Agreement with the Lessor for the Lease Parcel.

(H) The land will be developed in accordance with applicable zoning ordinances and stipulations.

(I) The Annual Rent for the Lease shall be computed as 4% of the Greater of \$45,104,800.00 or the Successful Bid at auction for each of Lease Years One through Five, then escalating by 5% over the previous lease year's Annual Rent amount in Lease Year Six and every Five years thereafter.

(J) Lessee shall pay an Additional Rent of \$2,000.00 per megawatt capacity which will be due annually and commence upon the earlier of: (i) the first day of the first Lease Year following the production and sale of power; or (ii) the first day of Lease Year Five. This fee will be introduced at 20% and will increase by 20% each year until the full capacity fee is reached.

(K) For additional terms and conditions regarding annual rent and other obligations of the Lessee under the Lease, prospective bidders are advised to examine the lease document and complete file associated with the above-described Lease Parcel, as well as all pertinent files of ASLD, which are

open to public inspection at the ASLD, 1110 West Washington Street, 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 Real Estate Division of ASLD at (602) 542-3000. This auction notice is available on the ASLD's website at <https://www.land.az.gov>.

**BIDDER QUALIFICATIONS AND BIDDING INFORMATION:**

(A) Prospective bidders should obtain and review the Bidder Information Packet as soon as possible. The Bidder Information Packet is available from the ASLD, Sales and Commercial Leasing Section, 1110 West Washington Street, Phoenix, Arizona, Monday through Friday, 8:00 a.m. to 4:30 p.m., exclusive of holidays and weekends, and is also available on the ASLD's website.

(B) A prospective bidder, in advance of the auction, must provide evidence satisfactory to ASLD that it is either: (1) a utility entity serving retail customers; or (2) a third-party developer of solar generating facilities (a "Merchant Provider") with either: (a) a Power Purchase Agreement; or (b) evidence that it can satisfy the conditions required to obtain an Interconnection Agreement. To establish status as a Merchant Provider, a prospective bidder must meet the qualifications established by the ASLD Commissioner (the "Commissioner") outlined in the Bidder Information Packet and submit the application included in the Bidder Information Packet to ASLD no later than **Wednesday, December 4, 2024**. If the application is incomplete or inadequate, ASLD may, but shall not be required to, advise the prospective bidder of the deficiencies and afford the prospective bidder an opportunity to submit additional information to correct such deficiencies. ASLD shall complete its review of all prospective bidder applications and notify each applicant whether or not it has been determined to be a Merchant Provider no later than **Wednesday, December 11, 2024**. The Commissioner, in her sole discretion, may elect to consider any application received after **Wednesday, December 4, 2024**.

(C) Prior to the date of auction, a prospective bidder shall perform their own due diligence including, without limitation, researching the records of local jurisdictions, all ASLD files pertinent to the auction and the Lease Parcel, including, without limitation, ASLD File No. 03-122284, and files of all other public agencies regarding the Lease Parcel.

(D) On the date of auction, a prospective bidder, or an authorized representative of a prospective bidder, shall attend and bid on behalf of the prospective bidder.

(E) 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; they are leasing the Lease Parcel solely upon the basis of their own due diligence and investigation of the Lease 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; they have carefully reviewed and are familiar with the terms of the Lease and have obtained the legal and other expert advice necessary to assess the value and suitability of the Lease Parcel; their representative is authorized to bid and bind the bidder; and they are leasing the Lease Parcel AS IS, and subject to the terms and provisions of the Lease.

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

(G) Prior to the start of bidding, a prospective bidder must show ASLD's representative a Cashier's Check made payable to "Arizona State Land Department" in the amount specified under Terms of Sale Paragraph (G) below. If the prospective bidder is not the applicant, the amount of Cashier's Check shall be \$3,671,836.00. If the prospective bidder is owner of improvements K Lazy B Ranch, LLC, the amount of Cashier's Check shall be \$3,578,436.00. If the prospective bidder is owner of improvements Daniel Steven Bennett and Hannah Rose Bennett, the amount of Cashier's Check shall be \$3,615,236.00. If the prospective bidder is the applicant, the amount of Cashier's Check shall be \$3,316,836.00.

(H) The bidding will begin at the Appraised Value of \$45,104,800.00. A bid for less than the Appraised Value of the Lease Parcel will not be considered. Additional bidding must be made in minimum increments of \$100,000.00. There is no existing lessee with a preferred right under A.R.S. § 37-335(C) to match the final bid received by the Commissioner. Bidding will be conducted orally.

(I) The time of declaration of the highest and best bid shall be deemed the "Time of Sale". A Qualified 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 "Sale Price".

(J) To comply with A.R.S. § 37-240(B), ASLD shall require that the Successful Bidder be authorized to transact business in the State of Arizona no later than ten (10) business days after the date of the auction.

(K) Pursuant to A.R.S. § 37-241(C), in the event of 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 (G) and (H) below.

(L) 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) The Lease Parcel shall be leased 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: (i) the physical condition or any other aspect of the Lease Parcel, including, but not limited to, the uses to which the Lease Parcel may be put, the ability to construct additional improvements or modify existing improvements on any portion of the Lease Parcel or the ability to obtain building permits for any portion of the Lease Parcel, the conformity of the Lease Parcel to past, current or future applicable landscaping, parking, zoning or building code requirements, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill, water retention characteristics of the Lease Parcel, drainage onto or off of the Lease Parcel, the location of the Lease 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 Lease Parcel or any improvements constituting the Lease Parcel; or (ii) the sufficiency of the Lease Parcel for Lessee'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.

**(B)** The Lease shall contain the following provision: "Lessor does not warrant, represent or guarantee the successful development of the Lease Parcel or other parcels of land in the vicinity, nor does Lessor warrant, represent or guarantee that government entities with jurisdiction over the Lease Parcel, or utilities which serve the Lease Parcel, will act in a manner that will result in the successful development of the Lease Parcel or other parcels of land in the vicinity. Lessee recognizes the inherent risks associated with the lease and development of real property, accepts full responsibility for all risks related to the development of the Lease Parcel, releases Lessor from liability for claims related to Lessee's problems with developing the Lease Parcel, and agrees to indemnify and hold Lessor harmless for, from and against any claims or liability relating to the development of the Lease Parcel. Lessee assumes full responsibility for investigating the suitability of the Lease Parcel for development in the manner intended by Lessee. If the development of the Lease Parcel will be contingent upon the cooperation, good faith, skill and/or financial status of third parties, such as government entities, other developers, etc., Lessee assumes all risk that those third parties will act in a manner satisfactory to Lessee. Lessee agrees that, regardless of any express or implied representations to the contrary by any person or entity, the subject property is being leased "As Is" as raw land, and subject to the doctrine of caveat emptor. Lessor makes no express or implied warranties as to the physical condition of the Lease Parcel. Furthermore, Lessee leases the Lease Parcel subject to all taxes and assessments; all covenants, conditions, restrictions, servitudes, reservations, easements, declarations or other matters of record or on file, whether with the State of Arizona, or the county and city in which the Lease Parcel is located; any and all matters which a survey or physical inspection of the Lease Parcel would reveal, zoning and other restrictions, prohibitions, regulations and requirements imposed by any governmental authorities, statutes, laws, rules and regulations."

**(C)** The Lease Parcel is leased subject to existing reservations, easements and rights of way. The state of Arizona, through its ASLD, retains ownership in trust lands.

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

**(E)** Pursuant to A.R.S. § 37-231, the State of Arizona or its predecessor in title, reserve and retain all rights and all forms of access to all oil, gas, minerals, hydrocarbon substances and gaseous substances or any other material which is essential to the production of fissionable materials as provided by the rules and regulations of ASLD and the laws of Arizona.

**(F)** 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 Sale Price.

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

- 1) The first year's Base Rent based on the Appraised Value of the Lease Parcel, which is \$1,804,192.00;
- 2) A Selling and Administrative Fee of 3% of the Appraised Value of the Lease Parcel, which is \$1,353,144.00;
- 3) The Appraised Value of the Improvements, which is \$150,000.00;
- 4) A Selling and Administrative Fee of 3% of the Appraised Value of the Improvements, which is \$4,500.00;
- 5) Estimated Reimbursable Legal Advertising Costs of \$5,000.00;
- 6) Reimbursable Appraisal Fee, which is \$5,000.00; and

7) Estimated Reimbursable Costs and Expenses not to exceed \$350,000.00, a portion of which amount may be refunded to the Successful Bidder if the Successful Bidder is not the applicant, and the Actual Reimbursable Costs and Expenses are lower.

The total amount due at the Time of Sale is \$3,671,836.00 (less \$355,000.00 if the Successful Bidder is the applicant, for a total amount due of \$3,316,836.00). If the Successful Bidder is the owner of improvements K Lazy B Ranch, LLC, the total amount due at the Time of Sale is \$3,578,436.00, and if the Successful Bidder is the owner of the improvements Daniel Steven Bennett and Hannah Rose Bennett, the total amount due at the Time of Sale is \$3,615,236.00.

**(H)** The Successful Bidder will have until 5:00 p.m. of the fifth business day following the date of the auction to deposit with ASLD a cashier's check for the following:

- 1) Any additional Base Rent for Lease Year One, which equals the amount, if any, by which 4% of the Sale Price exceeds the amount set forth in Terms of Sale Paragraph (G)(1) above; and
- 2) A Selling and Administrative Fee of 3% of the Sale Price, less the amount paid under Terms of Sale Paragraph (G)(2) above.

Failure to deposit the additional Base Rent for Lease Year One plus the additional Selling and Administration Fee by 5:00 p.m. the fifth business day following the date of the auction shall result in forfeiture of all amounts paid at the time of auction by the Successful Bidder.

**(I)** Within thirty (30) days after the date of auction, the Successful Bidder must pay the actual Legal Advertising Costs, less the amount paid under Terms of Sale Paragraph (G)(5) above.

**(J)** If the Successful Bidder fails to complete all payments as stated in this auction notice, the Successful Bidder shall forfeit all amounts paid, which amounts shall be deemed rent for the Lease Parcel pursuant to A.R.S. § 37-241(C)(1).

**(K)** No Selling and Administrative Fee shall be collected by ASLD if the successful bidder at auction is the beneficiary of the land trust.

#### **ADDITIONAL CONDITION(S):**

All bidders are hereby notified that there may be Register Eligible Site or Sites located within the Lease Parcel, which could include information significant in this state's history, architecture, archaeology, or culture and may meet eligibility criteria, which the Arizona State Parks Board has established for listing on the Arizona Register of Historic Places, or which meet eligibility criteria for listing on the National Register of Historic Places. If ground-disturbing activities will or may impact one or more Register Eligible Site or Sites, purchaser shall consult with the State Historic Preservation Office and otherwise take such actions as are necessary to avoid, preserve, protect, or mitigate impacts on the Register Eligible Site or Sites. In the event that avoidance, preservation and protection of the Register Eligible Site or Sites cannot be accomplished, purchaser shall ensure a Data Recovery Plan is developed in consultation with and acceptable to, the Arizona State Museum and the State Historic Preservation Office, or their successor agencies, and the Data Recovery is implemented and completed prior to the Register Eligible Site or Sites being affected. The artifacts and records recovered from the Lease Parcel shall be curated according to the Arizona State Museum (ASM) Conservation and Curation Standards as established in rules implementing the Arizona Antiquities Act.

Prior to any ground disturbance in areas not previously subject to a cultural resources survey, as documented in the report by Langan, Stillman, & Gonzalez, 2022, Grantee shall arrange for a permittee of the Arizona State Museum to inspect the area for cultural, historical, and paleontological remains and submit two copies and a PDF copy of the inspection report to the Arizona State Land Department Cultural Resources Section for review and approval.

If human remains are encountered during ground-disturbing activities, all work must immediately cease within 30.48 meters (100 feet) of the discovery and the area must be secured. The Arizona State Museum must be notified of the discovery. All discoveries will be treated in accordance with Arizona Revised Statutes (A.R.S. § 41-844 and A.R.S. § 41-865) and work must not resume in this area without authorization from the Arizona State Museum.

These conditions shall run with the land, and be binding on the Lessee's heirs, successors, and assigns.

**BROKER INFORMATION:**

In the event the Successful Bidder has retained the services of a real estate broker, the Successful Bidder shall be solely responsible for compensating that broker.

**GENERAL INFORMATION:**

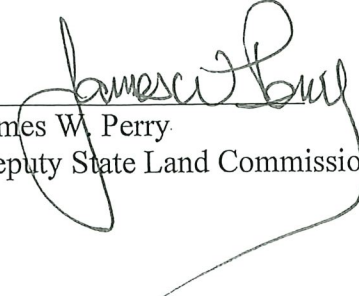
ASLD may cancel this auction in whole or in part at any time prior to the acceptance of a final bid.

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

**THE TERMS AND CONDITIONS CONTAINED WITHIN THIS AUCTION NOTICE SHALL SURVIVE THE EXECUTION AND DELIVERY OF THE LEASE FOR THE PARCEL.**

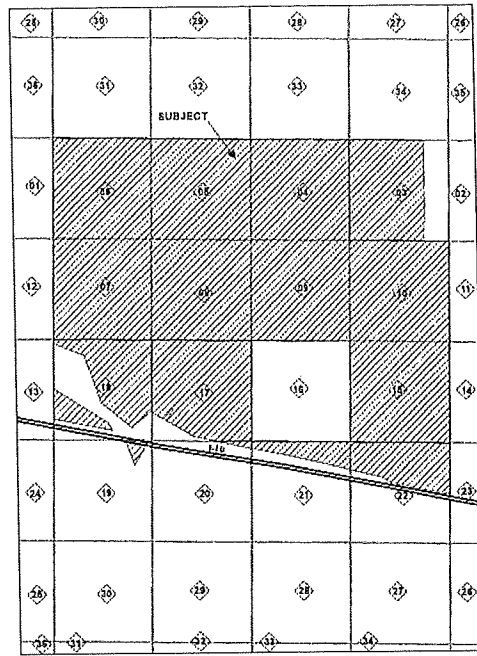
**FOR LEASE INFORMATION CONTACT:**

Ray Moore  
Sales & Commercial Leasing Administrator  
Real Estate Division  
1110 West Washington Street  
Phoenix, AZ 85007  
(602) 542-3000

  
James W. Perry  
Deputy State Land Commissioner



9/25/24  
Date



**Disclaimer:** This map is designed for general overview purposes only. Unless otherwise stated all depictions are approximate. Prospective bidders should review all information in ASLD's records relating to the property and seek technical or legal advice as needed to assure the understanding of all legal descriptions, plat maps, surveys, and other documents relevant to the Lease Parcel. Contact ASLD, Real Estate Division at (602) 542-3000 for additional information.