AUCTION POSTPONED TO DECEMBER 9, 2020

ARIZONA STATE LAND DEPARTMENT
1616 WEST ADAMS STREET
PHOENIX, ARIZONA 85007

PUBLIC AUCTION SALE NO. 53-121524
PERPETUAL RIGHTS OF WAY NOS. 16-121630, 16-121631, 16-121632, and 16-121633

Pursuant to A.R.S. Title 37, notice is hereby given that the State of Arizona ("State") through its Arizona State Land Department ("ASLD"), will sell at Public Auction to the highest and best bidder, at ~~11:00 a.m. on Monday, November 2, 2020~~ **2:00 p.m. on Wednesday, December 9, 2020** ("Auction Date"), at the Arizona State Land Department, 1616 West Adams Street, Lower Level Auditorium, Phoenix, Arizona 85007, or another location to be announced no less than seven (7) days prior to the Auction ("Auction"), trust lands situated in Maricopa County to wit:

PROPERTY INFORMATION:

A) LAND SALE NO. 53-121524

1) The legal description for the state trust lands to be auctioned under ASLD Land Sale Application No. 53-121524 ("Sale Parcel") is:

TOWNSHIP 5 NORTH, RANGE 2 EAST, G&SRM, MARICOPA COUNTY, ARIZONA

M&B in S2S2, Section 8, containing 63.18 acres, more or less;
M&B in S2S2, Section 9, containing 107.30 acres, more or less;
M&B in Section 16, containing 594.66 acres, more or less; and
M&B in N2; NESW; SE, Section 17, containing 363.33 acres, more or less.

2) The total acreage of the Sale Parcel is 1128.47 acres, more or less. The Sale Parcel includes the "Primary Site", containing 1050 acres, more or less, and the "Ancillary Site", containing 50 acres, more or less, as depicted on the Map below. Complete legal descriptions of the Primary Site and the Ancillary Site are available in the Property Information File, as defined in Paragraph (L) below.

B) RIGHT-OF-WAY NO. 16-121630

1) The legal description for the state trust lands to be auctioned under ASLD Right-of-Way Application No. 16-121630 ("51st Avenue ROW") is:

TOWNSHIP 5 NORTH, RANGE 2 EAST, G&SRM, MARICOPA COUNTY, ARIZONA

ONSITE:
M&B thru W2W2SWSW, Section 9, containing 1.440 acres, more or less;
M&B thru E2E2NENE, Section 8, containing 1.435 acres, more or less;
M&B thru E2E2E2, Section 17, containing 7.019 acres, more or less;
M&B thru W2W2W2, Section 16, containing 6.757 acres, more or less; and

OFFSITE:
M&B thru W2W2W2, Section 9, containing 7.249 acres, more or less; and
M&B thru E2E2E2, Section 8, containing 7.253 acres, more or less.

2) The total acreage of the 51st Avenue ROW is 31.153 acres, more or less.

C) Right-of-Way No. 16-121631

1) The legal description for the state trust lands to be auctioned under ASLD Right-of-Way Application No. 16-121631 ("Dove Valley Road ROW") is:

TOWNSHIP 5 NORTH, RANGE 2 EAST, G&SRM, MARICOPA COUNTY, ARIZONA

ONSITE:
M&B thru S2S2SE, Section 9, containing 3.164 acres, more or less;
M&B thru S2S2, Section 9, containing 6.306 acres, more or less;
M&B thru N2N2N2NE, Section 16, containing 2.166 acres, more or less;
M&B thru S2S2, Section 8, containing 4.472 acres, more or less; and

OFFSITE:
M&B thru S2S2, Section 9, containing 5.320 acres, more or less;
M&B thru S2S2, Section 8, containing 4.393 acres, more or less;
M&B thru S2S2S2, Section 10, containing 7.944 acres, more or less; and
M&B thru N2N2N2, Section 15, containing 7.950 acres, more or less.

2) The total acreage of the Dove Valley Road ROW is 41.715 acres, more or less.

D) Right-of-Way No. 16-121632

1) The legal description for the state trust lands to be auctioned under ASLD Right-of-Way Application No. 16-121632 ("43rd Avenue ROW") is:

TOWNSHIP 5 NORTH, RANGE 2 EAST, G&SRM, MARICOPA COUNTY, ARIZONA

ONSITE:
M&B thru E2E2SESE, Section 9, containing 2.171 acres, more or less;
M&B thru E2E2E2, Section 16, containing 7.295 acres, more or less; and

OFFSITE:
M&B thru W2W2W2, Section 10, containing 8.410 acres, more or less;

M&B thru E2E2E2, Section 9, containing 6.238 acres, more or less; and
M&B thru W2W2W2, Section 15, containing 7.296 acres, more or less.

2) The total acreage of the 43rd Avenue ROW is 31.410 acres, more or less.

E) Right-of-Way No. 16-121633

1) The legal description for the state trust lands to be auctioned under ASLD Right-of-Way Application No. 16-121633 ("Wastewater Facilities ROW") is:

TOWNSHIP 5 NORTH, RANGE 2 EAST, G&SRM, MARICOPA COUNTY, ARIZONA

ONSITE:
M&B thru S2S2, Section 16, containing 13.622 acres, more or less;
M&B thru SWNW; S2, Section 17, containing 12.812 acres, more or less; and

OFFSITE:
M&B thru S2SW, Section 14, containing 3.135 acres, more or less;
M&B thru S2S2S2, Section 15, containing 11.442 acres, more or less;
M&B thru NWSWNW, Section 17, containing 0.220 acres, more or less; and
M&B thru NE, Section 18, containing 4.974 acres, more or less.

2) The total acreage of the Wastewater Facilities ROW is 46.205 net acres, more or less.

F) Rights of Way Nos. 16-121630, 16-121631, 16-121632, and 16-121633 are hereinafter collectively referred to as the "Rights-of-Way". The Sale Parcel and the Rights-of-Way are hereinafter collectively referred to as the "Subject Property". A portion of each Right-of-Way is located within the Sale Parcel ("Onsite ROWs") and the values of such portions are included in the Appraised Value of the Sale Parcel. Those portions of the Rights-of-Way which are located outside of the Sale Parcel ("Offsite ROWs") are appraised separately. Complete legal descriptions of the Sale Parcel and the Rights-of-Way are available in the Property Information File.

G) The beneficiaries of the Subject Property are: (030) PERMANENT COMMON SCHOOLS and (031) PERMANENT COMMON SCHOOLS (INDEMNITY SELECTIONS).

H) The Sale Parcel (including Onsite ROWs) has been appraised at $89,000,000.00 ("Appraised Value").

I) The Offsite ROWs (a portion of each of the 51st Avenue ROW, Dove Valley Road ROW, 43rd Avenue ROW, and Wastewater Facilities ROW) have a combined appraised value of $4,146,076.00. The Sale Parcel and the Offsite ROWs will be auctioned together, with payment of the full appraised value of the Offsite ROWs required no later than 30 days after the Auction Date.

J) The Successful Bidder shall pay the value of the reimbursable improvements on the Subject Property, if any.

K) The Subject Property is subject to the City of Phoenix Zoning Case #Z-37-20-1 ("Biscuit Flats PUD"), to be adopted by the City of Phoenix ("City") prior to the Auction, as generally described in that certain PUD Application Form, dated July 6, 2020, submitted to the City by ASLD on behalf of the State, and additional documents and submittals pertaining thereto, contained in the Property Information File (as defined in Paragraph (L) below).

L) The complete file associated with the Subject Property is open to public inspection at the ASLD, 1616 West Adams Street, Phoenix, Arizona 85007, from 8:00 a.m. to 4:30 p.m., exclusive of holidays and weekends ("Property Information File"). 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 www.azland.gov.

BIDDING INFORMATION:

A) Prior to the Auction Date, 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 Subject Property including, without limitation, the Property Information File (inclusive of ASLD File Nos. 53-121524, 16-121630, 16-121631, 16-121632, 16-121633), and files of all other public agencies regarding the Subject Property.

B) 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 purchasing the Subject Property solely upon the basis of their own due diligence and investigation of the Subject Property 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 purchasing the Subject Property AS IS.

C) 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 of $25,649,670.00, as reiterated under Terms of Sale Paragraph (G) below.

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

E) The auction will be a live, open auction using oral bidding with paddles. 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.

F) Bidding will begin at the Appraised Value of $89,000,000.00. A bid for less than the Appraised Value will not be considered. Additional bidding must be made in increments of $50,000.00.

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 "Sale Price".

H) To comply with A.R.S. § 37-240(B), ASLD shall require that 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) Pursuant to A.R.S. § 37-241(C), in the event the Successful Bidder does not complete the requirements of Terms of Sale Paragraphs (G) and (H) below, the ASLD Commissioner may declare that the bid placed before the final bid at auction is accepted as the highest bid at auction and shall be deemed the "Sale Price." Its bidder shall be deemed the Successful Bidder and shall have five (5) days after notification by ASLD to pay by cashier's check all amounts due under Terms of Sale Paragraph (G) below.

TERMS OF SALE:

A) The Subject Property shall be purchased 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 Subject Property, including without limitation: the uses to which the Subject Property may be put; the ability to construct additional improvements or modify existing improvements on any portion of the Subject Property; the ability to obtain building permits for any portion of the Subject Property; the conformity of the Subject Property 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, susceptibility to landslides, or sufficiency of undershoring; water retention characteristics of the Subject Property such as drainage onto or from the Subject Property or the location of the Subject Property either wholly or partially in a flood plain or within a flood hazard boundary or similar area; or any other matter affecting the stability or integrity of the Subject Property or any improvements thereon; or (b) the sufficiency of the Subject Property 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.

B) The Subject Property is sold subject to existing reservations, easements and rights of way. ASLD does not represent or warrant that all necessary easements and rights of way are included in the Subject Property. Additional easements and rights of way may be necessary.

C) ASLD does not represent or warrant that legal or physical access to the Subject Property exists.

D) There may be a Register Eligible Site(s) located within the Subject Property which could include information significant to 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 may impact a Register Eligible Site(s), the Successful Bidder and its successors and assigns 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(s). In the event that avoidance, preservation, or protection of the Register Eligible Site(s) cannot be accomplished, the Successful Bidder and its successors and assigns shall ensure that 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 that the Data Recovery Plan is implemented and completed prior to the Register Eligible Site(s) being affected. The artifacts and records recovered from the Subject Property shall be curated according to the Arizona State Museum Conservation and Curation Standards as established in rules implementing the Arizona Antiquities Act. If human remains are encountered during ground-disturbing activities, all work must immediately cease within 30.48 meters (100 feet) of the discovery, the area must be secured, and the Arizona State Museum must be notified of the discovery. All discoveries will be treated in accordance with A.R.S. § 41-844 and A.R.S. § 41-865, and work may not resume in the area without authorization from the Arizona State Museum.

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 certifies without limitation the name of the Successful Bidder, the amount of the Sale Price, and that the Successful Bidder agrees to assume and perform all obligations of the Successful Bidder and of the owner of the Subject Property pursuant to the Terms of Sale of this auction notice.

G) Immediately following the Time of Sale, the Successful Bidder shall pay to ASLD $25,649,670.00 in the form of a cashier's check, which amount includes:

1) 25% of the Appraised Value of the Sale Parcel, which is $22,250,000.00;

2) A Selling and Administrative Fee of 3% of the Appraised Value of the Sale Parcel, which is $2,670,000.00;

3) Estimated legal advertising costs of $10,000.00;

4) Estimated reimbursable appraisal fee to ASLD of $13,500.00;

5) Estimated reimbursable due diligence costs and expenses to ASLD of $702,170.00; and

6) Four (4) ASLD Right-of-Way Assignment Application fees in the amount of $4,000.00.

H) Immediately following the Time of Sale, the Successful Bidder shall notify ASLD which of the following financial terms the Successful Bidder elects:

1) The "Patent Option", which requires, within thirty (30) days after the Auction Date:

a) Payment to ASLD of the following:

i) A Selling and Administrative Fee of 3% of the Sale Price, less the amount paid under Terms of Sale Paragraph (G)(2) above;

ii) The actual legal advertising costs, less the amount paid under Terms of Sale Paragraph (G)(3) above;

iii) The full appraised value of the Offsite ROWs, which is $4,146,076.00;

iv) A Patent Fee of $200.00; and

b) Notwithstanding the time periods otherwise provided therein, satisfaction of Additional Conditions Paragraphs A, B and C below, which comprise a material inducement to the State to offer the Subject Property for sale, and payment of the balance of the Sale Price less any amount paid under Terms of Sale (G)(1) above; OR

2) The "Certificate of Purchase Option", which will entail two Certificates of Purchase, one for the Primary Site ("Primary Site CP") and one for the Ancillary Site ("Ancillary Site CP"), and requires:

a) Within thirty (30) days after the Auction Date, payment to ASLD of the following:

i) A Certificate of Purchase Fee of $2,000.00 ($1,000.00 for each Certificate of Purchase);

ii) Payment of an additional amount which, when added to the amount paid under Paragraph (G)(1) above, equals 25% of the Sale Price, to be allocated to the principal payable under the Primary Site CP (95.6% of the Sale Price for the Sale Parcel) and under the Ancillary Site CP (4.4% of the Sale Price for the Sale Parcel);

iii) A Selling and Administrative Fee of 3% of the Sale Price, less the amount paid under Terms of Sale Paragraph (G)(2) above;

iv) The actual legal advertising costs, less the amount paid under Terms of Sale Paragraph (G)(3) above; and

v) The full appraised value of the Offsite ROWs, which is $4,146,076.00.

b) Payment of the balance of that portion of the Sale Price allocated to the Primary Site CP and to the Ancillary Site CP, respectively, with simple interest that begins to accrue on any outstanding principal on the Auction Date until paid in full at a fixed rate (the "Interest Rate") equal to the greater of 7% or the United States Prime Rate as published in the Wall Street Journal on the day of auction plus 2%. Annual installments of accrued interest shall be paid on or before each anniversary date of the Auction Date. Provided Additional Conditions Paragraphs A, B and C as such Conditions apply to the Primary Site CP and the Ancillary Site CP, respectively, have been timely satisfied (which is a material inducement to the State to offer the Subject Property for sale), the remaining principal balance under each Certificate of Purchase may be prepaid, in whole or in part, at any time, together with all accrued interest, without premium or penalty.

c) Upon timely satisfaction of Additional Conditions Paragraphs A, B and C as such Conditions apply to the Primary Site CP and the Ancillary Site CP, respectively, and provided there is then no outstanding default under the Certificates of Purchase, a partial patent of Phase 1 of the Primary Site, under the Primary Site CP, and a partial patent of the Ancillary Site, under the Ancillary Site CP, may be issued as provided in Additional Conditions Paragraph G below. If any applicable Additional Condition Paragraphs A, B or C is not timely satisfied, all prior payments (including all prior payments of the Sale Price in respect of the Primary Site and the Ancillary Site, respectively) shall be deemed rent for the Subject Property pursuant to A.R.S. § 37-241(C)(1), whereupon no further payment shall be required and the Successful Bidder shall have no further right or interest in or to the Subject Property (including, for the avoidance of doubt, any right to obtain a patent for all or any portion of the Sale Parcel).

I) No later than 30 days following the Auction Date, the Successful Bidder shall pay the appraised value of the Offsite ROWs, execute the ROWs, and complete four (4) ASLD Assignment Applications to assign the 51st Avenue ROW, Dove Valley Road ROW, 43rd Avenue ROW, and Wastewater Facilities ROW to the City.

J) If the Successful Bidder fails to make any payment required pursuant to the Certificate of Purchase and fails to obtain, or the Commissioner has elected not to grant an extension for such payment in accordance with the provisions of A.R.S. § 37-247(C), then the remedies of ASLD shall be as specified by A.R.S. § 37-247.

K) The Certificates of Purchase and patent deeds for all or any of the Subject Property may include as conditions or restrictions any of the Terms of Sale and Additional Conditions outlined herein, which conditions and restrictions shall run with the Subject Property and be binding on the Certificate of Purchaser's and Patentee's heirs, successors, and assigns.

ADDITIONAL CONDITIONS:

A) Development Approvals Condition. On or before the date which is 12 months following the Auction Date ("Development Approvals Date"):

1) The Successful Bidder shall obtain and deliver to ASLD written confirmation that all required approvals from all applicable governmental entities (including the City) have been obtained, as necessary to develop the Primary Site, and construct the Phase 1A Improvements (as hereinafter defined) in accordance with the Biscuit Flats PUD and other applicable laws, ordinances, regulations, and rules ("Applicable Law"), including all required master plan, plat, and site plan approvals ("Phase 1A Development Approvals"), all such Phase 1A Development Approvals to be in form and substance as approved by ASLD.

2) As a condition precedent to the issuance of a patent for the Ancillary Site, the Successful Bidder shall satisfy all conditions precedent to the issuance of a patent for the Primary Site (including obtaining the required Phase 1A Development Approvals) and obtain and deliver to ASLD written confirmation that all required approvals from all applicable

governmental entities (including the City) have been obtained, as necessary to develop the Ancillary Site and construct the Phase 1B Improvements (as hereinafter defined), in accordance with the Biscuit Flats PUD and Applicable Law, including all required master plan, plat, and site plan approvals ("Ancillary Site Development Approvals"), all such Ancillary Site Development Approvals to be in form and substance as approved by ASLD.

3) The "Development Approvals Condition" shall be satisfied upon the Successful Bidder timely obtaining:

a) If the Successful Bidder has elected the Patent Option, the Phase 1A Development Approvals and the Ancillary Site Development Approvals; or

b) If the Successful Bidder has elected the Certificate of Purchase Option: (i) for purposes of the Primary Site CP, the Phase 1A Development Approvals, or (ii) for purposes of the Ancillary Site CP, the Ancillary Site Development Approvals; and

c) In either event, timely delivering to ASLD written confirmation of the same.

4) For the avoidance of doubt, on or before the date which is 12 months of the Auction Date:

a) If the Successful Bidder elects the Patent Option, the Successful Bidder shall be obligated to obtain both the Phase 1A Development Approvals and the Ancillary Site Development Approvals; or

b) If the Successful Bidder elects the Certificate of Purchase Option: (i) under the Primary Site CP, the Successful Bidder shall be obligated to obtain the Phase 1A Development Approvals; and (ii) under the Ancillary Site CP, shall be obligated to obtain both the Phase 1A Development Approvals and the Ancillary Development Approvals.

B) Trunk Services/Infrastructure Condition.

1) On or before the date which is 12 months following the Auction Date ("Trunk Infrastructure Assurance Date"), the Successful Bidder shall deliver to ASLD:

a) A phasing schedule with all material milestones, including a construction commencement date within 24 months of the Auction Date and completion date within three years of the Auction Date ("Trunk Infrastructure Phasing Schedule"), for the planning, engineering, permitting and construction of the "Trunk Services/Infrastructure" in conformance with the Biscuit Flats PUD and Applicable Law, consisting of water and wastewater trunk lines and related improvements (including right-of-way improvements to 43rd Avenue and Dove Valley Road) with sufficient capacity to provide water and wastewater services to new development in Biscuit Flats, as generally described in that certain Tech Campus Conceptual Water and Wastewater Infrastructure Assessment (WP# 205159) and that certain 50 ac Site Conceptual Water and Wastewater Infrastructure Assessment (WP# 305159), each dated August 10, 2020 (collectively, the "Conceptual Water and Wastewater Assessments") and that certain Conceptual Stormwater Management

Plan for 1000 ac Site (WP #205159) and that certain Conceptual Stormwater Management Plan for 50 ac Site (WP #205159), each dated August 10, 2020 (collectively the "Conceptual Stormwater Management Plans"), such phasing schedule and Trunk Services/Infrastructure scope to be in form and substance as approved by ASLD, and

b) Assurance of the completion of the Trunk Services/Infrastructure ("Trunk Infrastructure Assurance of Completion") on or before three years from the Auction Date ("Trunk Infrastructure Outside Completion Date"), in form and substance as approved by ASLD, provided, at the discretion of ASLD, such Trunk Infrastructure Assurance of Completion may be contained in a City development agreement with the Successful Bidder.

2) The Trunk Services/Infrastructure Condition shall be satisfied upon the Successful Bidder timely delivering to ASLD (a) the phasing schedule approved by ASLD in conjunction with ASLD's approval of the Trunk Services /Infrastructure scope, and (b) the Trunk Infrastructure Assurance of Completion.

3) Notwithstanding timely satisfaction of the Trunk Services/Infrastructure Condition and irrespective of whether the Successful Bidder elects the Patent Option or the Certificate of Purchase Option, the Successful Bidder shall be obligated to cause the Trunk Services/Infrastructure to be planned, engineered and constructed on or before the dates specified in, and otherwise in conformance with, the phasing schedule and Trunk Services/Infrastructure scope approved by ASLD pursuant to sub-Paragraph 1(a) above.

C) Site Services/Infrastructure Condition. On or before the date which is 12 months following the Auction Date ("Site Services/Infrastructure Assurance Date"), the Successful Bidder shall deliver to ASLD:

1) Phase 1 of Primary Site.

a) A phasing schedule with all material milestones, including a construction commencement date within 24 months of the Auction Date and a completion date within three years of the Auction Date ("Primary Site Infrastructure Phasing Schedule"), for the planning, engineering, permitting and construction of all services and infrastructure necessary to support the development, occupancy and operation of Phase 1 ("Phase 1 Services/Infrastructure") and, as applicable, Phase 2 and Phase 3 of the Primary Site in conformance with the Biscuit Flats PUD and Applicable Law, including as generally described in the Conceptual Water and Wastewater Assessments and the Conceptual Stormwater Management Plans, including, without limitation, construction and completion of the "Channel 5" and "Channel 10" drainage improvements conceptually depicted on that certain Figure B, Conceptual Stormwater Management Plan (WP #205159), dated August 5, 2020 (provided, subject to the Biscuit Flats PUD and Applicable Law, the Channel 10 drainage improvements may be constructed entirely on the Sale Parcel or partially on additional right-of-way acquired from the State following the Auction, and, provided further, a non-exclusive use reservation in favor of the State shall be

recorded in respect of any drainage areas and improvements on the Sale Parcel), such phasing schedule and Phase 1 Services/Infrastructure (and, as applicable, Phase 2 and Phase 3) scope to be in form and substance as approved by ASLD, and

b) Assurance of completion of the Phase 1 Services/Infrastructure ("Phase 1 Infrastructure Assurance of Completion") on or before three years from the Auction Date ("Phase 1 Infrastructure Outside Completion Date"), in form and substance as approved by ASLD, provided, at the discretion of ASLD, such Phase 1 Infrastructure Assurance of Completion may be contained in a City development agreement with the Successful Bidder.

2) Ancillary Site.

a) A phasing schedule with all material milestones, including a construction commencement date within 24 months of the Auction Date and a completion date within three years of the Auction Date ("Ancillary Site Infrastructure Phasing Schedule"), for the planning, engineering, permitting and construction of all services and infrastructure necessary to support the development, occupancy and operation of the Ancillary Site ("Ancillary Site Services/Infrastructure") in conformance with the Biscuit Flats PUD and Applicable Law, including as generally described in the Conceptual Water and Wastewater Assessments and the Conceptual Stormwater Management Plans, such phasing schedule and Ancillary Site Services/Infrastructure scope to be in form and substance as approved by ASLD, and

b) Assurance of completion of the Ancillary Site Services/Infrastructure ("Ancillary Site Infrastructure Assurance of Completion") on or before three years from the time of Sale (Auction) ("Ancillary Site Infrastructure Outside Completion Date"), in form and substance as approved by ASLD, provided, at the discretion of ASLD, such Ancillary Site Assurance of Completion may be contained in a City development agreement with the Successful Bidder.

3) The Site Services/Infrastructure Condition shall be satisfied upon the Successful Bidder timely delivering to ASLD:

a) If the Successful Bidder has elected the Patent Option: (i) the phasing schedule(s) approved by ASLD in conjunction with ASLD's approval of the Phase 1 Services /Infrastructure scope (and, as applicable, the Phase 2 and Phase 3 scopes) and the Ancillary Site Services/Infrastructure scope, and (ii) both the Phase 1 Infrastructure Assurance of Completion and the Ancillary Site Infrastructure Assurance of Completion; or

b) If the Successful Bidder has elected the Certificate of Purchase Option: (i) under the Primary Site CP, the phasing schedule approved by ASLD in conjunction with ASLD's approval of the Phase 1 Services /Infrastructure scope (and, as applicable, the Phase 2 and Phase 3 scopes) and the Phase 1 Infrastructure Assurance of Completion, and (ii) under the Ancillary Site CP, the phasing schedules approved

by ASLD in conjunction with ASLD's approval of the Phase 1 Services/Infrastructure and the Ancillary Site Services/Infrastructure scopes, the Phase 1 Infrastructure Assurance of Completion and the Ancillary Site Infrastructure Assurance of Completion.

4) Notwithstanding timely satisfaction of the Site Services/Infrastructure Condition:

a) If the Successful Bidder has elected the Patent Option, the Successful Bidder shall be obligated to cause the Phase 1 Services/Infrastructure and the Ancillary Site Services/Infrastructure to be planned, engineered and constructed on or before the dates specified in, and otherwise in conformance with, the phasing schedules and scopes approved by ASLD pursuant to sub-Paragraphs 1(a) and 2(a) above; and

b) If the Successful Bidder has elected the Certificate of Purchase Option, the Successful Bidder shall be obligated to: (i) under the Primary Site CP, cause the Phase 1 Services/Infrastructure to be planned, engineered and constructed on or before the dates specified and otherwise in conformance with the phasing schedule and scope approved by ASLD pursuant to sub-Paragraph 1(a) above, and (ii) under the Ancillary Site CP, cause the Phase 1 Services/Infrastructure and the Ancillary Site Services/Infrastructure to be planned, engineered and constructed on or before the dates specified and otherwise in conformance with the phasing schedules and scopes approved by ASLD pursuant to sub-Paragraphs 1(a) and 2(a) above.

D) Site Improvements.

1) As a condition precedent to the commencement of construction, the Successful Bidder shall deliver to ASLD assurance of completion of the Phase 1 improvements, including structures and related improvements, comprising Phase 1 of the Primary Site development plan approved by ASLD, in accordance with a material milestone schedule that is consistent with the Primary Site Infrastructure Phasing Schedule and Phase 1 Infrastructure Assurance of Completion (the "Phase 1 Improvements"), such assurance to be in the form of a cash bond, letter of credit, performance bond or equivalent, in form and substance as approved by ASLD.

2) As a condition precedent to the commencement of construction, deliver to ASLD assurance of the completion of the Ancillary Site improvements, including structures, comprising the Ancillary Site development plan approved by ASLD, in accordance with a material milestone schedule that is consistent with the Ancillary Site Infrastructure Phasing Schedule and Ancillary Site Infrastructure Assurance of Completion (the "Ancillary Site Improvements"), such assurance to be in the form of a cash bond, letter of credit, performance bond or equivalent, in form and substance as approved by ASLD.

E) Progress Reports. From time to time, commencing 60 days following the Time of Sale and not less frequently than quarterly thereafter, the Successful Bidder shall deliver to ASLD written progress reports ("Progress Reports") in reasonable detail reporting the status of the Phase 1A Development Approvals and Ancillary Site Development Approvals, including any circumstance or occurrence which has affected, is affecting or has the potential to affect the

timely satisfaction of the Development Approvals Condition, and the status of the planning, engineering, permitting and construction (as applicable) of the Trunk Services/Infrastructure and the Phase 1 Services/Infrastructure (and, as applicable, the Phase 2 and Phase 3 Trunk Services/Infrastructure and Ancillary Site Services/Infrastructure), including any circumstance or occurrence which has affected, is affecting or has the potential to affect the timely satisfaction of the Trunk Services/Infrastructure Condition or the Site Services/Infrastructure Condition or, when applicable, the commencement, progress and completion of construction in accordance with the phasing schedules approved by ASLD pursuant to sub-Paragraphs B(1)(a) and C(1)(a) above. In addition, if the Successful Bidder becomes aware of any circumstance or occurrence which has affected, is affecting or has the potential to affect timely compliance with any such Condition or the commencement, progress and completion of construction in accordance with the phasing schedules approved by ASLD pursuant to sub-Paragraphs B(1)(a) and C(1)(a) above, the Successful Bidder shall promptly notify the State in writing, including providing a detailed description of such matter with an estimate of the anticipated delay, as applicable, and thereafter shall provide such additional information concerning any such matter as ASLD may request.

F) Extensions. Provided the Successful Bidder has timely complied with the terms set forth in Paragraph E above, including timely delivering to ASLD the Progress Reports and written notice of any circumstance or occurrence that has affected, is affecting, or has the potential to affect the timely satisfaction of the applicable Conditions or, when applicable, the commencement, progress and completion of construction in accordance with the phasing schedules approved by ASLD, then, if a "force majeure" occurrence delays the progress or completion of specified milestones in a phasing schedule approved by ASLD, the Successful Bidder may request an extension that does not act to extend any completion date more than five years from the Auction Date, and the Commissioner may grant, in her sole discretion, an extension of any of the dates referenced in Paragraphs A, B and C above (including any milestone date contained in a phasing schedule approved by ASLD). For this purpose, a force majeure occurrence may include acts of God (such as unusually severe weather), acts of the public enemy (including, without limitation, terrorist acts), insurrection, fires, floods, epidemics, quarantine restrictions, strikes, riots, lockouts, freight embargoes, failure or disruption of utilities or critical electronic systems, unforeseen environmental or archaeological conditions requiring investigation/mitigation by Applicable Laws, federal governmental restrictions, legal challenge to proceeding, or a combination of any of the foregoing or other similar event beyond the Successful Bidder's reasonable control and without its fault or negligence that materially adversely affects the Successful Bidder's ability to timely comply with such conditions, provided, in no event shall a "force majeure" occurrence include market or economic conditions.

G) Partial Patents: If the Successful Bidder elects the Certificate of Purchase Option:

1) Upon timely satisfaction of Additional Conditions Paragraphs A, B, and C, as applicable under the Primary Site CP and the Ancillary Site CP, and provided there is then no outstanding default under the Certificates of Purchase, the Successful Bidder may request (i) a patent of Phase 1 of the Primary Site, consisting of not less than 200 acres or more than 350 acres, as necessary for the construction, occupancy and operation of the Phase 1A Improvements, and (ii) concurrently or following the issuance of a patent for Phase 1 of

the Primary Site, a patent of the Ancillary Site, in each instance upon payment (in the case of Phase 1 of the Primary Site, without credit for that portion of the Sale Price allocated to the Primary Site CP, but, in the case of the Ancillary Site, with credit for that portion of the Sale Price allocated to the Ancillary Site CP, and previously paid pursuant to Terms of Sale Paragraphs G and H(2)(b)) of the sum of (x) the product of the number of acres which are the subject of such partial patent or patents, as applicable, multiplied times 101% of "par" (the quotient of the total Sales Price for the Sale Parcel divided by the total number of acres comprising the Sale Parcel, 1128.74 more or less), plus (y) accrued and unpaid interest on such portion of the Sales Price for the Sale Parcel.

2) Following the patent of Phase 1 of the Primary Site and continuing until the maturity date of the Certificates of Purchase, provided there is then no outstanding default under the Certificates of Purchase, the Successful Bidder may:

a) Request a patent of Phase 2 of the Primary Site (consisting of not less than 200 acres nor more than 350 acres), together with all on-site rights-of-way necessary for the construction, occupancy and operation of the improvements, including structures, comprising Phase 2 of the Primary Site development plan approved by ASLD, upon payment (without credit for that portion of the Sale Price allocated to the Primary Site CP and previously paid pursuant to Terms of Sale Paragraphs G and H(2)(b)) of the sum of (A) the product of the number of acres which are the subject of such partial patent multiplied times 101% of par, plus (B) accrued and unpaid interest on such portion of the total purchase price; and

b) Following or in lieu of a patent of Phase 2 of the Primary Site, request a patent of the remaining Site, together with all remaining on-site rights-of-way, upon payment of all remaining principal and accrued interest payable under the Certificates of Purchase with credit for that portion of the Sale Price allocated to the Primary Site CP and previously paid pursuant to Terms of Sale Paragraphs G and H(2).

BROKER INFORMATION

ASLD shall not pay to any real estate broker a real estate commission. In the event the Successful Bidder has retained the services of a real estate broker, the Successful Bidder shall be solely responsible for compensating its broker.

GENERAL INFORMATION

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

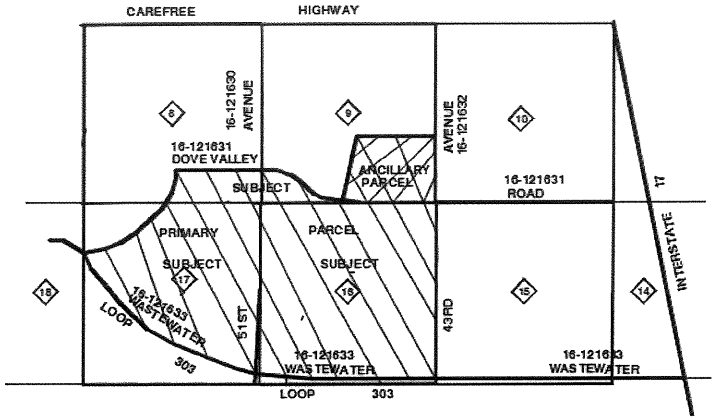
B) A protest to this sale must be filed within 30 days after the first day of publication of this notice and in accordance with A.R.S. § 37-301.

C) **THE TERMS AND CONDITIONS CONTAINED WITHIN THIS AUCTION NOTICE SHALL SURVIVE THE DELIVERY OF THE CERTIFICATES OF PURCHASE AND PATENT(S) FOR THE SUBJECT PROPERTY.**

_____ August 14, 2020

James W. Perry Date

Title: Deputy State Land Commissioner



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 Subject 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 Subject Property. Contact ASLD, Real Estate Division at (602) 542-3000 for additional information.