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Proposed Modular Building Analysis

1525 East Adams Street
Phoenix, Arizona 85034-1182

BBG File #0124011833

Prepared For

Ms. Josie Ayon
Executive Director
BTW Child Development Center
1519 East Adams Street
Phoenix, AZ 85034-1182

Prepared By

BBG, Inc., Phoenix Office
2850 E. Camelback Road, Suite 330
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602-648-8600

Client Manager: Barott G. Hurd
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June 28, 2024

Ms. Josie Ayon
Executive Director
BTW Child Development Center
1519 East Adams Street
Phoenix AZ 85034-1182

Re: Proposed Modular Building Analysis
1525 East Adams Street
Phoenix Arizona 85034-1182
BBG File #0124011833

Dear Ms. Ayon:

In accordance with your authorization, I have prepared a Cost/Rent analysis for a proposed modular administration building for the Booker T. Washington Child Development Center, to be located at 1525 E. Adams Street, Phoenix, Arizona 85034. This report presents a summarized discussion of the provided data, market data and analyses that were employed to develop the opinion contained herein. It should be noted that although the property under consideration is a planned modular building that will be permanently affixed to the subject site and is considered to be real estate for this analysis.

This report is also intended to comply with the client's needs and guidelines. This includes the Head Start ECLKC Application To Purchase, Construct and Renovate Facilities, Form 1303.44, and the Cost Comparison, Form 1303.45.

The intended use of this report as related by the client is to provide a cost analysis for decision making purposes as of the date of the report, and the intended user is the client, BTW Child Development Center. It is intended to comply with the following requirements:

The proposed modular administration/classroom building to be acquired on behalf of the BTW program is to be located on a vacant parcel of land adjoining the BTW Child Development Center campus and will be a part of the campus. I was provided the preliminary floor plan, property description and preliminary budgeted cost detailed by Searer, Robbins & Stephens, Inc. of Phoenix, Arizona, by the client. The preliminary budget was estimated by Modular Solutions, Ltd., and was reportedly approved by the City of Phoenix. It is my understanding that the new modular building will contain a total of 2,592 square feet of gross building area, with 3 offices, a teacher break room, conference room, classroom, IT room and two, two-fixture restrooms.

According to Mitzi Garcia, with Modular Solutions, the modular provider, the subject building will be upgraded over a more standard modular building, having a synthetic stucco exterior finish, dual-pane windows, a full heat pump air conditioning system, upgraded flooring (LVP) and two, ADA-compliant restrooms with wainscot. These items increase the cost over a base modular unit but provide additional operational cost savings as well as increased longevity.

The hard cost bid for the proposed subject building and pad site work totals \$773,578, or \$298.45 per square foot of gross building area, GBA, inclusive of all material, labor and equipment necessary to place the building on the prepared site area. An additional \$70,000 is projected for on-site improvements such as a block wall, sidewalks and trash enclosure. With an additional \$223,700 of miscellaneous costs, taxes and contingencies (20%), the total hard cost is estimated at \$1,067,276. Finally, Soft Costs estimated at \$47,000 bring the total to \$1,114,276. It should be noted that this cost is a preliminary cost estimate based upon information provided by Mitzi Garcia with Modular Solutions, Ltd., and does not represent a hard estimate based upon contractor bids. Ms. Garcia noted that these costs are close and that the 20% contingency will be reduced once more detailed costs are estimated.

In conclusion, it is my opinion that there are no readily available alternatives with the desired locational and financial parameters that could reasonably replace the planned modular building.

Ms. Ayon
Booker T Washington Child Development Center
June 28, 2024

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The results presented within this consulting report are subject to the Extraordinary Assumptions and Hypothetical Conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any Extraordinary Assumptions and/or Hypothetical Conditions might have affected the assignment results.

Extraordinary Assumption(s) - We are consulting on the subject under the Extraordinary Assumption that the overview of the proposed building specifications provided by the client is accurate.

Hypothetical Condition(s) This analysis utilizes no Hypothetical Conditions

BBG, Inc. appreciates the opportunity to have performed this consulting assignment on your behalf. If we may be of further service, please contact the Client Manager.

Sincerely,



Stephen L. Mastorakos, MAI
AZ Certified General Appraiser
License #: 30446
602-648-8600
smastorakos@bbgres.com

SUBJECT PROPERTY



Location For New Modular Building



View West On Adams Street, Subject To Left



View East On Adams Street, Subject To Right

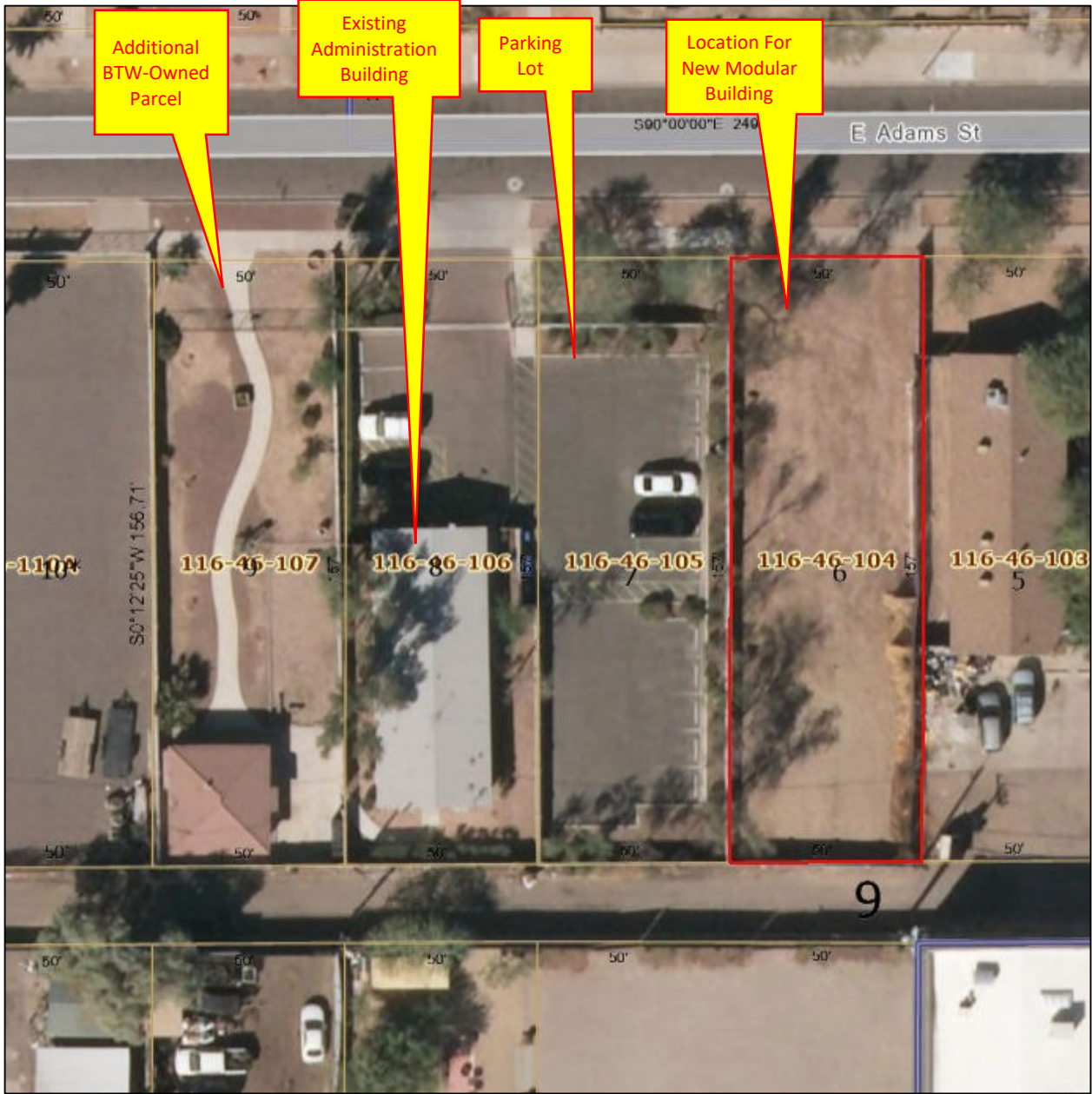


BTW Child Development Center Parking Lot, Subject
Adjoining To Left

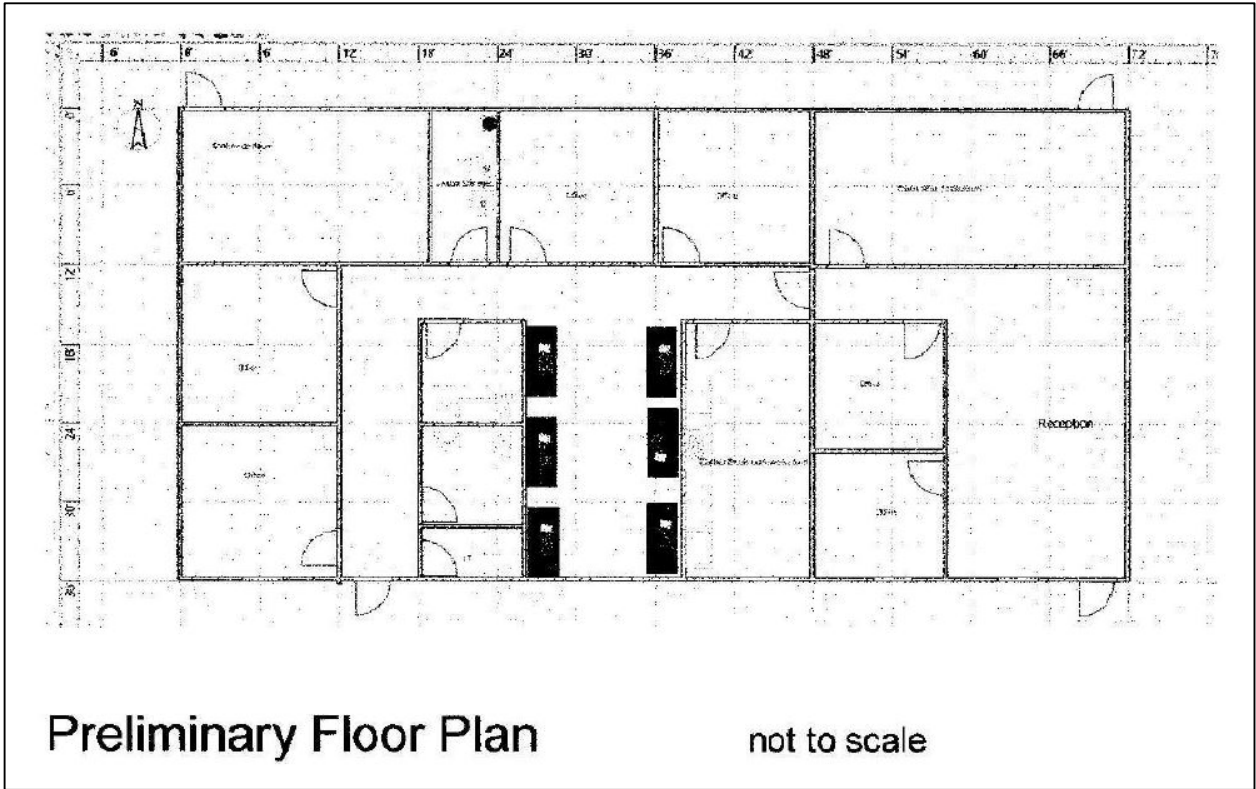


BTW Child Development Center Current Administration
Building, 2 Lots To West Of Subject Site

AERIAL – BTW CHILD DEVELOPMENT CENTER LAND PARCELS



PROPOSED FLOOR PLAN



SCOPE OF WORK AND SUMMARY OF PERTINENT DATA

The following pages set forth summaries of the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinions herein.

ANALYSIS INFORMATION	
Client	BTW Child Development Center 1519 East Adams Street, Phoenix, AZ 85034-1182
Intended User(s)	This analysis may only be relied upon by the client and intended user(s) named herein BTW Child Development Center.
Intended Use	This analysis is to be used to determine if the proposed modular administration building aligns with its current Market Value and cost versus leasing purposes.
Property Rights	Fee Simple Interest
Date of Inspection	June 18, 2024
Owner of Record	Booker T. Washington Child Development Center Inc.
Property Contact(s)	Ms. Josie Ayon
Most Probable Purchaser	Owner-User
Highest and Best Use	
If Vacant	Expansion Of The Booker T. Washington Child Development Center, or Multifamily Residential Development

PROPERTY DATA	
Property Name	Proposed Modular Building Analysis
Address	1525 East Adams Street Phoenix, Arizona 85034-1182
Property Description	Institutional Use (School)
County	Maricopa County
Parcel Number	116-46-104
Census Tract No.	1140.00
Legal Description	Lot 6, Block 9, COLLINS ADDITION, MCR 1-11
Site Area	
Primary Site	7,850 square feet (0.18 acres)
Zoning	R-5; Multi-family residential
Flood Zone/Map Number/Date	Zone X (Unshaded) 04013C2210L October 16, 2013
Year Built	Proposed
Type of Construction	Modular
Number of Buildings	1
Gross Building Area, As Proposed	2,592 square feet
Overall Condition, As Proposed	New
Overall Quality, As Proposed	Average
Overall Design/Functionality, As Proposed	Good

SCOPE OF WORK AND ANALYSIS METHODOLOGY	
Scope of Work	The scope of the assignment relates to the extent and way research is conducted, data is gathered, and analyses are applied. This is a Consultation Report that is intended to comply with the reporting requirements of the client. The depth of discussion presented in this report is specific to the needs of the client and intended user(s), and for the intended use stated herein.
Data Sources	During our investigation, the consultant researched pertinent market data and utilized sources such as our internal proprietary database, public records, CoStar, REIS, multiple listing services (MLS), and/or other data providers (when and where available or pertinent) to locate comparable properties. The search focused on properties that were most relevant and considered generally similar to the subject regarding location, age, construction type, and highest and best use.
Most Probable Purchaser	The most probable purchaser of the subject "As Is" is an owner-user as there are no long-term leases in place.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)	
The results presented within this consulting report are subject to the Extraordinary Assumptions and Hypothetical Conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any Extraordinary Assumptions and/or Hypothetical Conditions might have affected the assignment results.	
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Hypothetical Condition(s)	This analysis utilizes no Hypothetical Conditions

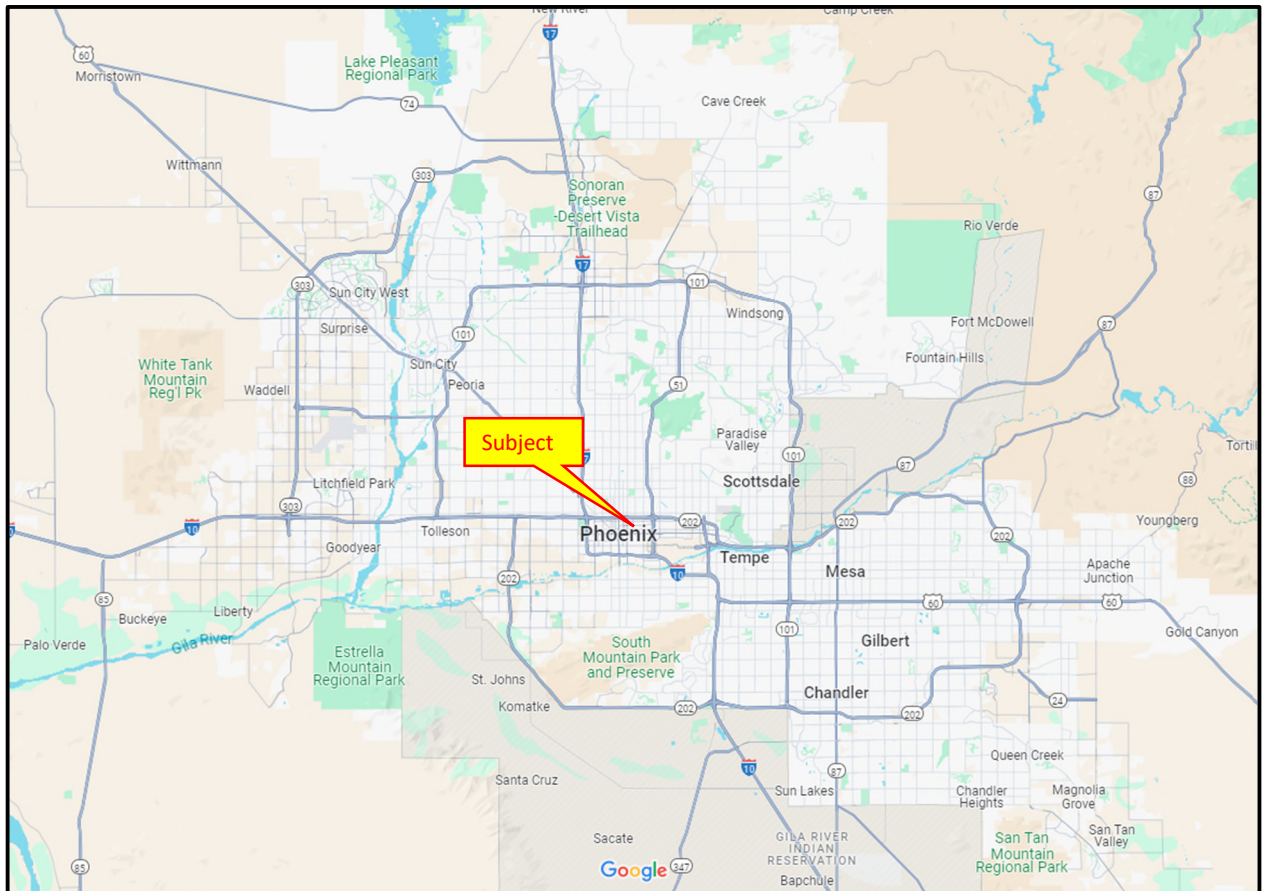
BBG, Inc. has relied on information provided by various sources regarding site and improvement size and other relevant physical and financial data. Sources may include tax records, GIS or aerial measurements, owner-provided information, and/or information provided by the client. This information has not been independently verified and is assumed to be correct. If proven to be incorrect, the use of this information could influence the findings of the analysis.

REGIONAL OVERVIEW

INTRODUCTION

The subject is located within the city limits of Phoenix, Arizona in the central portion of the Phoenix metropolitan statistical area (MSA).

REGIONAL MAP

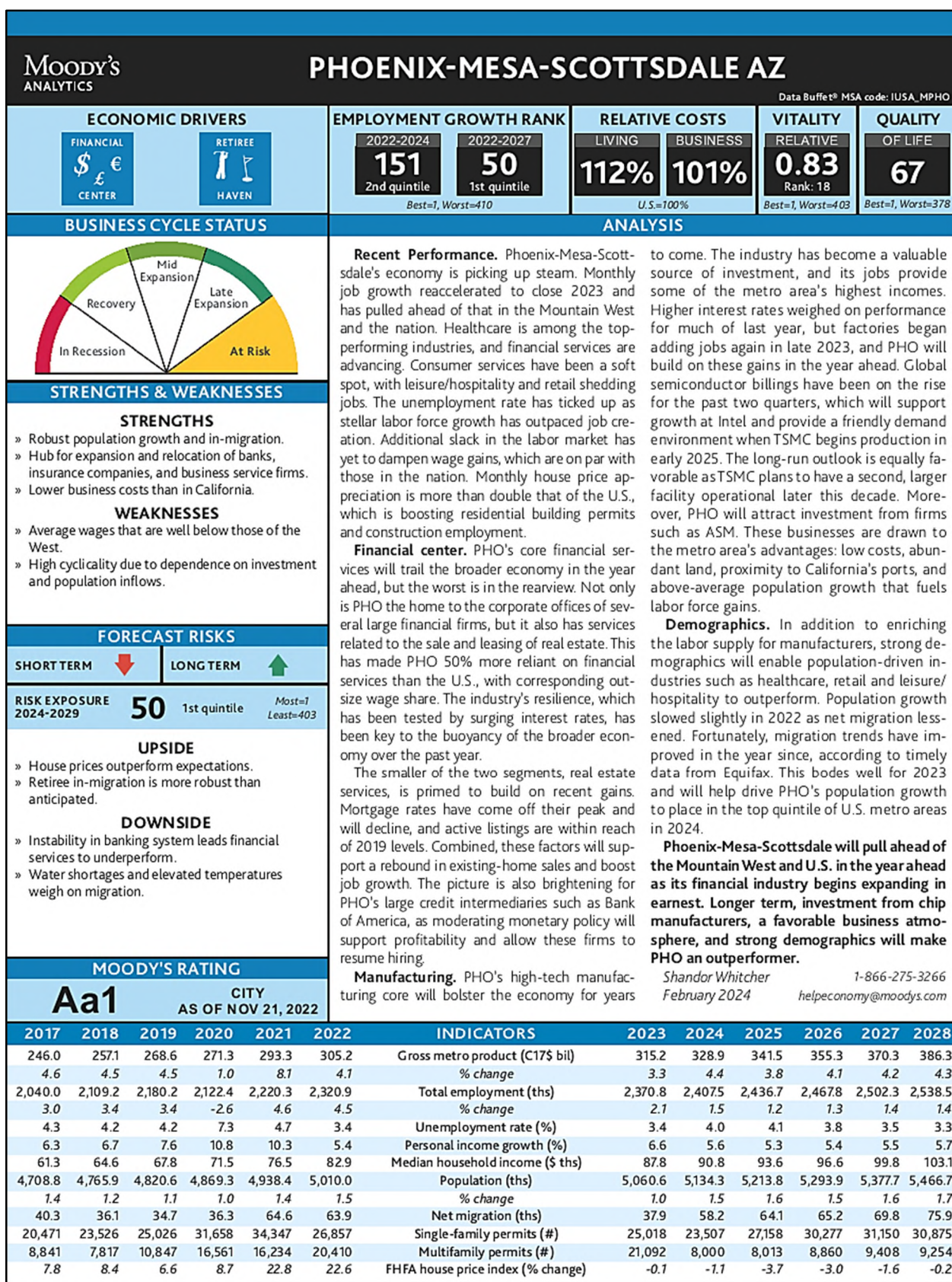


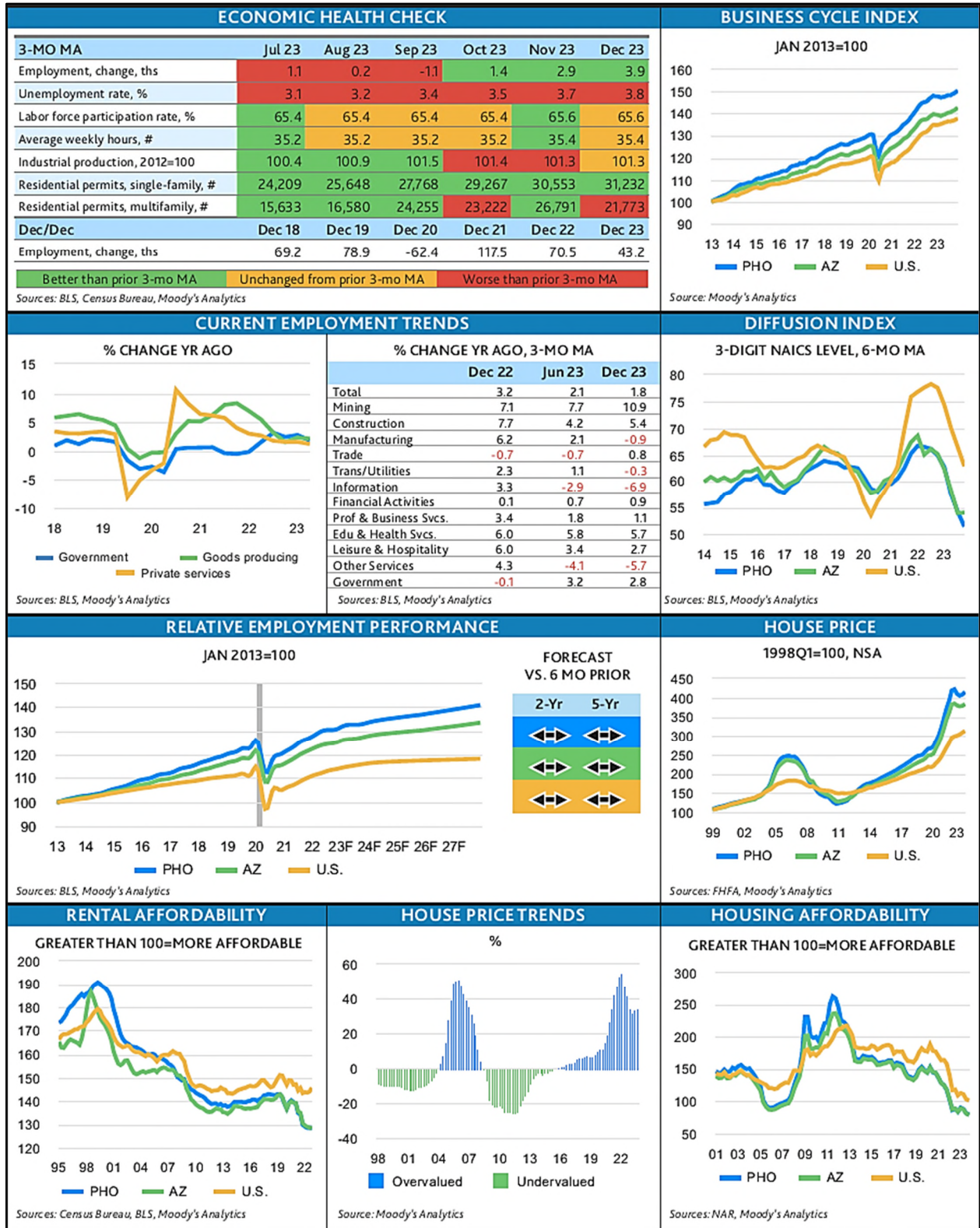
PHOENIX-MESA-SCOTTSDALE MSA

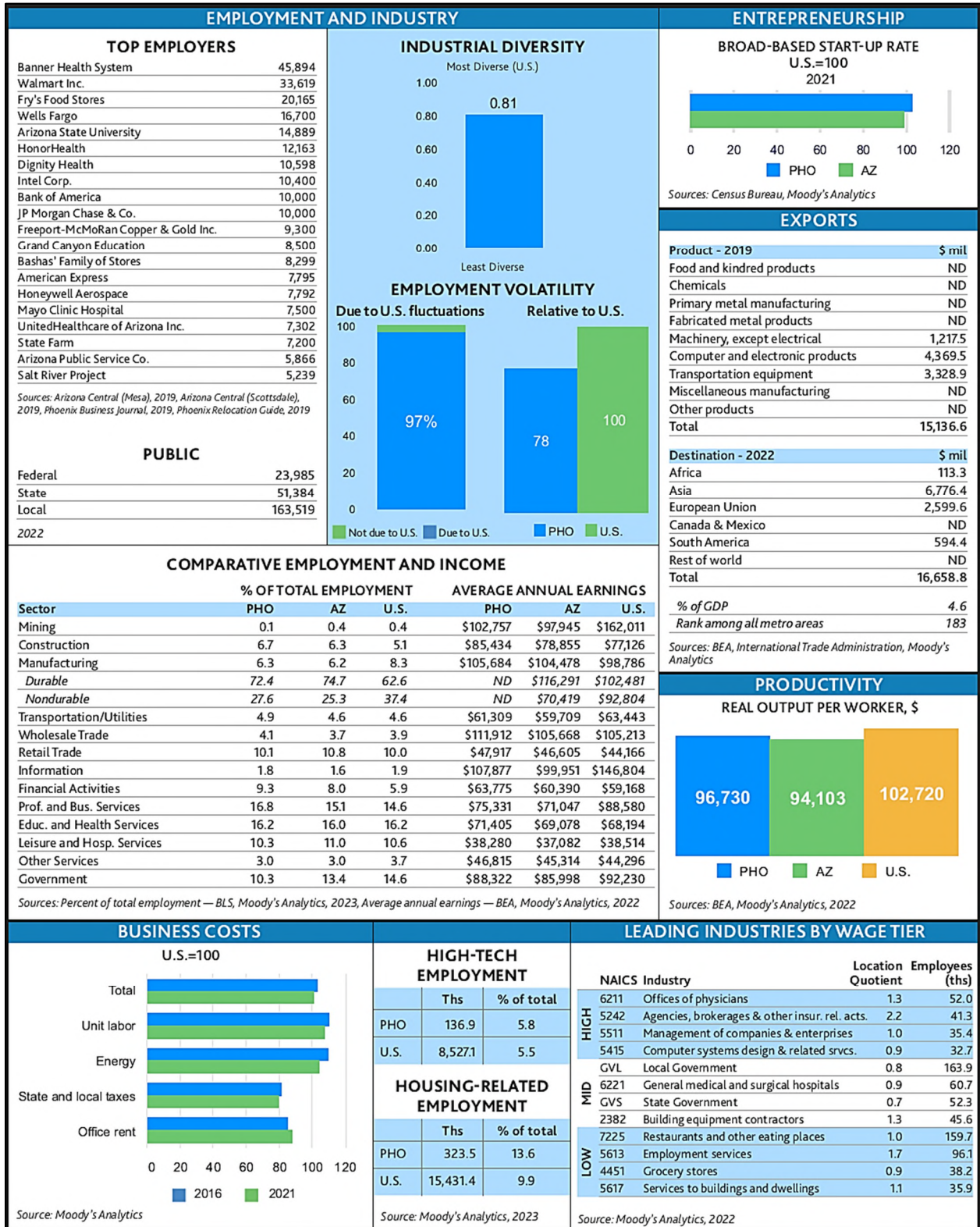
The metropolitan Phoenix area has emerged as one of the largest populations and trade centers in the Southwest, having experienced substantial growth over the past two decades. This growth has been the result of Phoenix's centralized location, favorable climate and advantageous business environment. The Phoenix-Mesa-Scottsdale MSA (Metropolitan Statistical Area) includes virtually all of central and eastern Maricopa County. The City of Phoenix forms the nucleus of the metropolitan area, surrounded by 22 incorporated cities and towns.

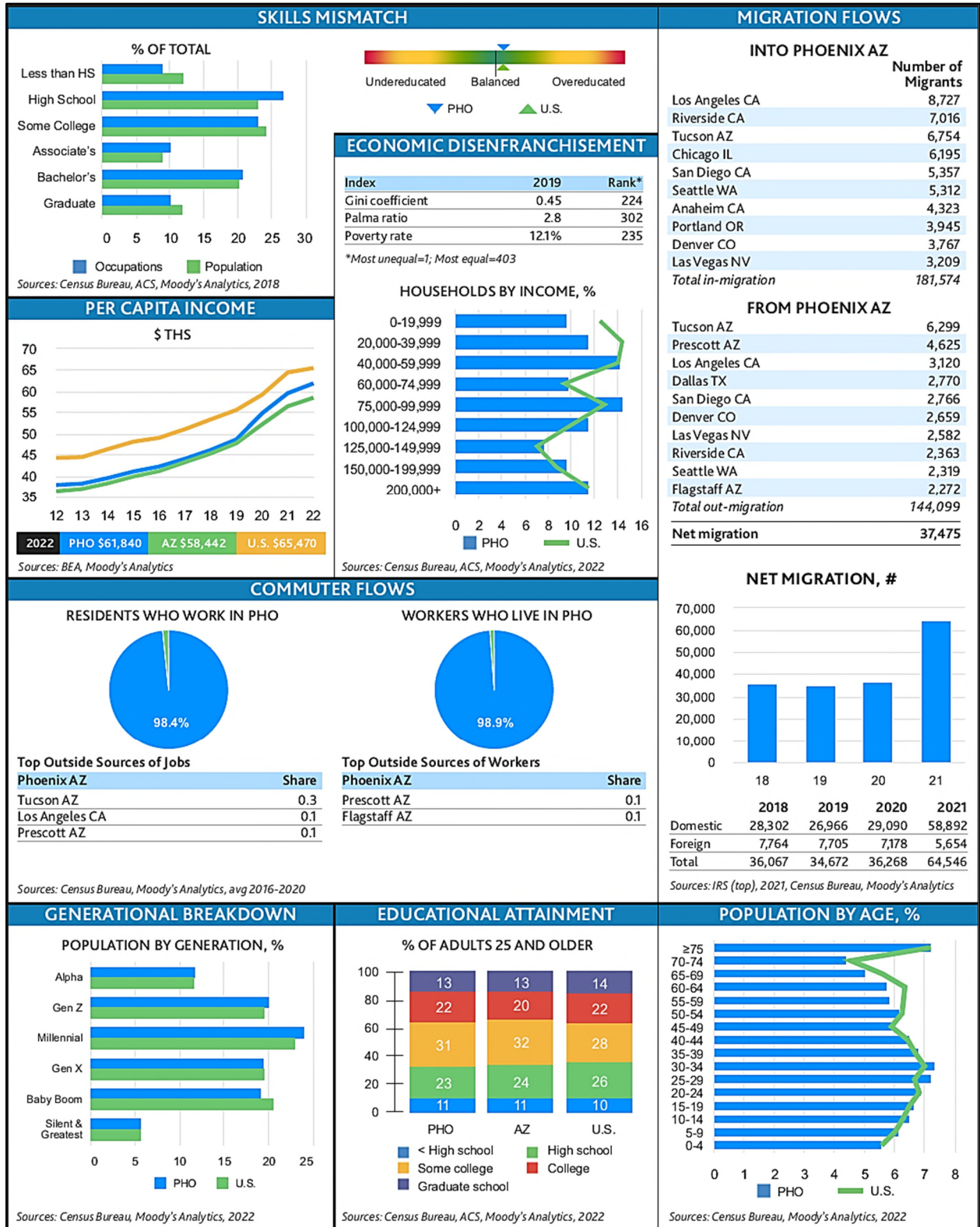
ECONOMY & DEMOGRAPHIC PROFILE

The following profile of the Phoenix-Mesa-Scottsdale MSA was provided by Moody's Economy.com, a leading provider of economic, financial, and industry information. It is the most recent report available, February 2024. It will give the most current view of the economic conditions in the Phoenix-Mesa-Scottsdale, AZ area.









POPULATION

According to the 2000 U.S. Census, the population estimate for Maricopa County was 3,033,798 persons, up 43 percent from the 1990 census total of 2,122,101 persons and reflecting an average annual compound growth rate of 3.6%. The U.S. Census estimated county population at 3,758,168 as of April 1, 2010, an increase of 24% over 2000. In 2020 the population had increased to 4,420,574, an increase of 17.6%.

According to the U.S. Census Bureau, "... Maricopa County, Arizona, remained the largest-gaining county in the nation, adding 56,831 residents in 2022, a gain of 1.3% since 2021. Domestic migration was the component of population change (i.e., births, deaths and migration), which made the largest contribution to Maricopa County's growth."

According to SPOTLIGHT, the population estimate for the Phoenix-Mesa-Scottsdale MSA (Maricopa and Pinal Counties) in the 2020 Census was 4,899,104. Since the 2020 census the population size has increased to an estimated 5,090,811 people in 2023. This represents an annual growth rate of 1.3% from the 2020 census. SPOTLIGHT projects the MSA's population to increase to 5,326,340 persons by the year 2028, indicating a 4.6% increase.

CULTURAL/RECREATION

Metropolitan Phoenix is home to several professional sports teams and sports facilities such as: the Phoenix Suns (NBA); the Arizona Cardinals (NFL); the Arizona Coyotes (NHL); the Arizona Diamondbacks (MLB); the Arizona Rattlers (arena football); the Phoenix Smash (team tennis); Phoenix International Raceway and Turf Paradise (horse racing). In addition, the Phoenix region offers ample cultural opportunities including numerous museums and theaters, symphony/pop concerts, ballet, opera, the Phoenix Zoo and Desert Botanical Gardens, restaurants, etc. Due to the warm climate, the area is heavily oriented toward outdoor activities, such as golf, tennis, jogging, bicycling, hiking, swimming, softball, volleyball, and basketball. The region has an excellent park system, which is ranked as one of the largest in the nation. Located within a one to two-hour drive time from this region are several lakes and streams for boating and fishing, and mountainous areas for hiking, camping, and snow skiing.

EDUCATION/HEALTH

Metropolitan Phoenix is well served by numerous educational facilities from elementary through doctoral degree programs. The Phoenix region is served by two, four-year universities including Arizona State University (ASU), the largest public university in the United States which has three campus locations, and Grand Canyon University, the largest private university in the country. Additional educational alternatives are provided by numerous technical trade schools. There are adequate medical facilities represented by several regional hospitals, the Mayo Clinic, 24-hour outpatient medical centers, and a myriad of private practices throughout the entire region.

PHYSICAL/ENVIRONMENTAL FACTORS

The Phoenix area is characterized by a dry arid climate with a wide range between minimum and maximum temperatures. June and July are the hottest months, with an average maximum temperature of 106°F, while January is the coldest month, with an average minimum temperature of 44°F. The average annual minimum temperature is 62°F, whereas the average maximum temperature is 86°F. Annual precipitation averages 7.6 inches. Water to Phoenix is provided from various sources including numerous underground wells, the Salt River Project, and the Central Arizona Project, which is comprised of hundreds of miles of canals diverting water from the Colorado River in western Arizona. The present water supply is adequate to serve the needs of the region; however, continued development of large residential lakes and golf courses has prompted many government planners to examine the future capacity of the water supply.

TRANSPORTATION

Due to the location of metropolitan Phoenix, it has become a regional transportation hub for the Southwest. As a result, it is served by several major transportation linkages including highway, air, and rail. Interstates-

10 and -17, U.S. Highways-60, 70, 80, and 89, along with State Highways-51, 87, 93, and 360, connect the metropolitan Phoenix area with most major metropolitan areas in the west and mid-western United States. Public transportation in the metropolitan Phoenix area is mostly limited to municipal bus transit systems. Mass transit service is generally fair due to the decentralization of retail and employment centers, rapid population growth and the sprawling nature of the metropolitan area. However, construction of the Valley Metro Rail system through the center of the metro area has improved public transportation in the most densely populated areas. Completed in December 2008, the Valley Metro Rail system runs generally from 19th Avenue and Dunlap in the north-central portion of the metro area through the Phoenix downtown central business district where it extends east through Tempe and into Mesa to Gilbert Road. The 26.3-mile Valley Metro Rail system has enabled much better access to Downtown Phoenix, with linkage between ASU-Tempe, Sky Harbor International Airport and the North Central Avenue Corridor. Further extensions will occur over the next 20-plus years to a total length of approximately 66 miles (current plans).

The metropolitan Phoenix area is well served by other forms of transportation including bus lines, various interstate truck lines, two railroads (Burlington Northern and Southern Pacific), and nine airports, including the Sky Harbor International Airport (Arizona's largest). Other airports in the metropolitan area include Luke Air Force Base, and the municipal facilities of Mesa, Scottsdale, Chandler, Carefree, Glendale, Goodyear, and Deer Valley.

GOVERNMENT

The Phoenix metro area is composed of approximately 17 incorporated cities with more than a 30,000-person population, as well as numerous smaller cities and unincorporated communities. Phoenix has the largest population, with over 1.6 million people, over 4 times that of the next largest city, Mesa. In general, all of these cities and communities have experienced strong growth in the past 2 decades and are projected to continue this trend in the future.

Real estate tax rates in the metropolitan Phoenix area are reasonable in comparison to other areas and provide incentive for relocation. Liberal zoning requirements have not created any unusual detriments to development; however, development plans for large, in-fill parcels have met with strong opposition from neighborhood groups. The zoning requirements have promoted the development of compatible land uses, which has contributed to enhancing property values. Adequate utilities, police and fire protection are provided within the region.

CONCLUSIONS

The Phoenix metropolitan area has historically possessed a favorable climate and pro-business environment, in response to which the area has experienced explosive growth since the mid-1980s, with annual population gains of 4% to 5% and employment gains of 2% to 5%. While 2020 showed a slowing of growth due to the COVID 19 pandemic, there was a strong rebound in 2021 and 2022 and future projections are for a continued growth for the metro area in jobs and population into the foreseeable future.

Valley Metro is a regional entity that oversees public transportation, traffic management, roadway design and construction funding, and transportation planning for City of Phoenix. Downtown Phoenix is the hub of the expanding regional transit system that includes bus and rapid transit service. Over 26 routes serve Downtown, more than any other destination in Greater Phoenix.

Valley Metro Light Rail Service began in December 2008 and will have 66 miles of rail lines upon full completion. It has approximately 28 miles completed, with two new sections under development. The 1.6-mile extension to Metrocenter on the northern end expands light rail service farther into northwest Phoenix running west from 19th and Dunlap avenues, going north on 25th Avenue, then west on Mountain View Road crossing the I-17 freeway to the redeveloping Metrocenter area. The South Central Extension/Downtown Hub will connect with the current light rail system in downtown Phoenix and operate south along Central Avenue to Baseline Road. The project also includes a hub in downtown Phoenix, new stations and public art.

LAND USE PATTERNS

The PMA is largely developed, with only a scattering of remaining land available for development. Therefore, most new development involves the demolition of existing improvements.

Downtown Phoenix is the historical financial and civic center of Arizona with over 9 million square feet of private office space. The downtown core has experienced an increase in education and research facilities over the past 15 years. entertainment destination for millions of visitors every year.

The Arizona Diamondbacks and Phoenix Suns call Downtown home along with the Phoenix Mercury and the Arizona Rattlers. Chase Field, the home field of the Arizona Diamondbacks is located at the southwest E. Jefferson St. and S. 7th St. Located about a block from Chase Field, the Footprint Center is home to the Phoenix Suns of the NBA, Phoenix Mercury of the WNBA, the Indoor Football League's Arizona Rattlers.

The Orpheum Theatre, Comerica Theater, the Herberger Theater and Symphony Hall host a variety of cultural events throughout the year. Renowned museums like the Heard Museum, Phoenix Art Museum and the Arizona Science Center are also located in Downtown. Prior to the pandemic, the sports venues had a combined attendance of about three million and attendance to the theaters was slightly more than one million.

Downtown's Phoenix Convention Center ranks among the top convention centers in the country with over one million square feet of space. Phoenix's Downtown and the convention center hosted the NFL Experience for Super Bowl XLIX in 2015, the College Football Champion Playoff Campus in 2016 and the Final Four Fan Fest in 2017.

The Arizona Center is located in the northern part of the PMA at the northeast corner of E. Van Buren St. from 3rd St. to N. 5th St., east of the ASU Downtown Phoenix Campus and west of the UA College of Medicine. The center includes retail, restaurant, office and parking. It recently underwent a multi-million-dollar renovation, and an AC Hotel was developed at the center.

CityScape is a high-rise mixed-use development bound by 1st Avenue, 1st Street, Washington St. and Jefferson St. It is within walking distance of Chase Field, Footprint Center, Phoenix Convention Center, and the Orpheum Theater. It consists of a 27-story Class A office tower, occupied by Western Alliance Bank, United Healthcare and RED Development. Snell & Wilmer, Arizona's largest law firm recently signed a lease to occupy 115,000 SF in the tower. Adjacent to the office tower is the 242-room Kimpton Hotel Palomar Phoenix and 224 luxury apartments above the hotel. The development also has numerous restaurants, bars and retailers.

Residential development has been extensive with over 10,000 units built since 2000. The Downtown market features a mix of high-rise luxury, mid-rise, townhomes and historic single-family neighborhoods. Currently, 2,766 units are under construction.

Education and research facilities in the downtown have increased over the past 15 years. ASU opened its Downtown Phoenix Campus in 2006 and it currently includes facilities for the College of Health Solutions, College of Integrative Sciences and Arts, Edson College of Nursing and Health Innovation, Sandra Day O'Connor College of Law, Thunderbird School of Global Management, which completed its new building in 2022, Walter Cronkite School of Journalism and Mass Communication and the Watts College of Public Service and Community Solutions.

The 30-acre Phoenix Biomedical Campus (PBC) is devoted to biomedical research facilities with a focus of translational genomics and molecular profiling to develop personalized treatment of diseases. The campus currently has over 1.7 million SF of space and is expected to have over 6 million SF upon build out. The University of Arizona, including its College of Medicine-Phoenix, Arizona State University and Northern Arizona University have facilities in the PBC. It includes the International Genomics Consortium and Translational Genomics Research Institute and the University of Arizona Cancer Center. Partners include Banner Health, Vidium Animal Health, Ashion, Faxnostics, Dignity Health, Wexford Science and Technology and others.

In the southern portion of the neighborhood more immediate to the subject property is older single and multi-family residential in development, with some neighborhood commercial along area arterials.

PUBLIC FACILITIES/SERVICES

The PMA is adequately serviced by public utilities. The following summarizes the utilities and services in the subject and PMA.

Utility/Service Providers	
Electricity	Salt River Project
Water	City of Phoenix
Sanitary Sewer/Storm Water	City of Phoenix
Gas	Southwest Gas
Police/Fire/Rescue	City of Phoenix
Education	Phoenix School District

DEMOGRAPHICS

Demographics for one-, three-, and five-mile radii around the subject’s location, as obtained from Claritas, Inc. for 2024, are summarized in the exhibits on the following page. Neighborhood income levels at a 3-mile radius (most pertinent) are generally below average, with an average household income in 2024 estimated at \$74,742, below the 2024 metro average income of \$111,571. The neighborhood also has a younger median age, estimated at 33.7 years compared to the metro area at 38.4 years, and a smaller average household count, 2.52 persons compared to the metro area at 2.65 persons, indicating a younger, moderate-income family demographic.

The population increased 5.5% in the four years from 2020 to 2024 at 3 miles, with trends for the next 5 years projected to reflect a population growth of 4.1%. income and household trends are projected to remain the same.

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
	1525 E. Adams Street - 1 mi.	1525 E. Adams Street - 3 mi.	1525 E. Adams Street - 5 mi.
Description	Totals	Totals	Totals
Population			
2029 Projection	11,828	119,441	360,088
2024 Estimate	11,594	114,900	349,372
2020 Census	11,254	109,015	334,579
2010 Census	12,457	103,633	313,041
2024 Est. Median Age	33.15	34.14	34.18
2024 Est. Average Age	35.83	36.39	36.40
Households			
2029 Projection	5,133	48,893	146,049
2024 Estimate	4,937	46,122	139,901
2020 Census	4,693	42,768	131,967
2010 Census	3,956	35,807	112,097
2024 Est. Average Household Size	2.25	2.34	2.40
2024 Est. Households by Household Income (%)			
Household Income < \$15,000	20.50	14.28	11.35
Household Income \$15,000 - \$24,999	15.96	9.77	8.38
Household Income \$25,000 - \$34,999	11.87	9.62	8.83
Household Income \$35,000 - \$49,999	12.09	13.12	13.54
Household Income \$50,000 - \$74,999	12.52	17.04	18.06
Household Income \$75,000 - \$99,999	8.45	12.46	12.26
Household Income \$100,000 - \$124,999	6.93	8.31	8.65
Household Income \$125,000 - \$149,999	4.92	4.60	5.42
Household Income \$150,000 - \$199,999	2.88	4.58	5.62
Household Income \$200,000 - \$249,999	1.11	2.47	3.01
Household Income \$250,000 - \$499,999	1.76	2.44	3.08
Household Income \$500,000+	1.01	1.33	1.82
2024 Est. Average Household Income	\$62,274	\$78,091	\$87,514
2024 Est. Median Household Income	\$36,716	\$54,159	\$60,003
2024 Est. Tenure of Occupied Housing Units (%)			
Owner Occupied	20.42	33.19	37.82
Renter Occupied	79.58	66.81	62.19
2024 Est. Median All Owner-Occupied Housing Value	\$389,826	\$412,470	\$409,429
Source: 2024 Claritas, Inc.			

CONCLUSION

The PMA benefits from its numerous employment centers and support facilities as well as its convenient access to major demand generators within the MSA. Due to the PMAs central location within the MSA, re-development with residential and commercial uses is expected to continue.

SITE DESCRIPTION

INTRODUCTION

The description of the subject is based upon our physical inspection of the property, information available from the client and public sources. The following summarizes the subject site data:

GENERAL SITE DESCRIPTION OVERVIEW			
Address	1525 E. Adams Street, Phoenix, AZ 85034		
Parcel Number	116-46-104		
Legal Description	Lot 6, Block 9, COLLINS ADDITION, MCR 1-11		
Latitude, Longitude	33.449635, -112.048971		
Site Area	7,850 square feet	(0.18 acres)	
Configuration	Rectangular		
Topography	Level		
Drainage	Appears adequate		
Utilities/Municipal Services	All available to site.		
Off-Site Improvements	Completed		
Flood Zone(s)	<u>Zone</u>	<u>Map</u>	<u>Date</u>
	Zone X (Unshaded)	04013C2210L	October 16, 2013
	Zone X Unshaded (Outside 500Y) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
Census Tract No.	1140.00		
Soil/Subsoil Conditions	Assumed adequate		
Environmental Concerns	None noted		
Easements, Encroachments and Deed Restrictions	None detrimental known		
Hazards Nuisances	None known		
Frontage	Interior street		
Access	Average, 1 curb cut		
Visibility	Average		
Surrounding Land Uses	Residential and office		
Opportunity Zone	Yes		
Site Utility	Good		
Comments	The site for the new building is a single legal parcel of land with an overall rectangular shape and frontage on an interior street. It is level, at-grade and has all utilities and off-sites in-place. The site is vacant but has block walls on three sides. It is located in the Edison/Eastlake Phoenix Opportunity Zone.		

ZONING	
Designation	R-5
Description	Multi-family residential
Zoning Intent	The purpose of the multi-family residence districts is to provide for alternate living styles including rental, condominiums and single ownership of land with multiple units thereon or single or attached townhomes. This district also allows non-residential and mixed uses in conformance with zoning district C-1. This includes schools.
Compliance	The proposed subject use appears to be a legal conforming use.

IMPROVEMENTS DESCRIPTION

The description of the planned subject improvements is based upon information provided by the client, specifically as detailed in a building description and preliminary cost budget completed by Searer, Robbins and Stephens, Inc., Phoenix, Arizona, and supported by Modular Solutions, Phoenix, Arizona. The details are included in the Addendum.

The improvements will consist of a single-tenant, single-story modular school administration building planned for permanent affixture to the site. It will have a steel and wood framing system, a pre-fabricated roof truss system and plywood sheathing with a bitumen layer and finished top coat. The base flooring is to be a wood truss system with a plywood flooring. Finish flooring will be carpet and vinyl tile. Interior walls and ceilings will be drywall. The building will be fully served by a central heat pump and will be fully wet sprinklered as well as having a Class A fire alarm system.

The building will have three offices, a conference room, a classroom, a teacher break/work room, an IT room and two, two-fixture restrooms.

According to Mitzi Garcia, with Modular Solutions, the modular provider, the subject building will be upgraded over a more standard modular building, having a synthetic stucco exterior finish, dual-pane windows, a full heat pump air conditioning system, upgraded flooring (LVP) and two, ADA-compliant restrooms with wainscot. These items increase the cost over a base modular unit but provide additional operational cost savings as well as increased longevity.

Site improvements will include a 6-foot ornamental iron and block wall fully enclosing the site, with ornamental iron gates, and full site lighting. There will be no on-site parking.

COST COMPARISON

The hard cost bid for the proposed subject building and pad site work totals \$773,578, or \$298.45 per square foot of gross building area, GBA, inclusive of all material, labor and equipment necessary to place the building on the prepared site area. An additional \$70,000 is projected for on-site improvements such as a block wall, sidewalks and trash enclosure. With an additional \$223,700 of miscellaneous costs, taxes and contingencies (20%), the total hard cost is estimated at \$1,067,276. Finally, Soft Costs estimated at \$47,000 bring the total to \$1,114,276. It should be noted that this cost is a preliminary cost estimate based upon information provided by Mitzi Garcia with Modular Solutions, Ltd., and does not represent a hard estimate based upon contractor bids. Ms. Garcia noted that these costs are close and that the 20% contingency will be reduced once more detailed costs are estimated.

For the analysis, I have reduced the 20% contingency fee to 5%, more typical of the market for a modular building with more easily defined costs, and corrected the taxes being estimated to a total cost of \$989,748, or \$381.85 per square foot of gross building area.

Relocatable education office buildings pursuant to the Marshall Valuation Service, MVS, have a base cost of \$179.00 per square foot GBA (599) (Section 18; Page 33). After applying the time and locational factors, the cost drops to \$173.63 per square foot GBA. Finally, adding an additional \$5.79 per square foot for the upgraded Class A Fire System brings the adjusted cost to \$179.42 per square foot GBA.

The MVS cost estimate is significantly below the provided budget, but this is an indication of the complexity of comparing standard building costs from historical surveys with actual bids for specific buildings. As noted, the subject will have some upgrades specific to their needs, such as additional dual pane windows and a superior air conditioning system, that add significantly to the costs. In addition, the rapid recent increases in building costs, including materials and labor, may not be fully reflected in the MVS costs.

For additional support, the appraiser compared the recent costs for other comparable planned buildings with which I am familiar. A proposed modular administration/classroom building to be acquired on behalf of a different Headstart program to be located on a north Phoenix elementary School campus was obtained. It is my understanding that the new modular building will contain a total of 2,160 square feet of usable area and will have an overall quality similar to the subject with the exception of having a concrete stem wall foundation, superior to the subject. The provided bid was dated June 25, 2024, and totaled \$671,112, or \$310.70 per square foot, inclusive of all material, labor and equipment necessary to place the building on the designated site as well as needed site work. It should be noted that this was reportedly a significant increase for the same bid from a year prior. This bid provides support for the subject's estimated base cost, \$298.45 per square foot, when considering the foundation for this building is superior to the subject.

Finally, in a discussion with Robb Gebhardt, Boxx Modular, 928-42-7311, a contractor who specializes in modular building sales and construction, it was noted that typically, the benefits of a modular building purchase include faster construction times and lower total costs compared to site-built construction. When given a general description of the subject's planned building, he noted that for the Phoenix market the base costs for a similar-size basic modular building would typically run from \$275 to \$300 per square foot. However, without exact specifications, he could not be more specific. This cost would include the hard costs of the modular building delivered to the site and installed, as well as basic site prep and utility extensions. Other site work such as block walls, sidewalks and landscaping would be additional costs. The subject's building hard costs only of \$773,578, or \$298.45 per square foot appear to be within the range. This cost is for hard costs and does not include any architecture, engineering, loan fees, taxes, contingencies or other soft costs.

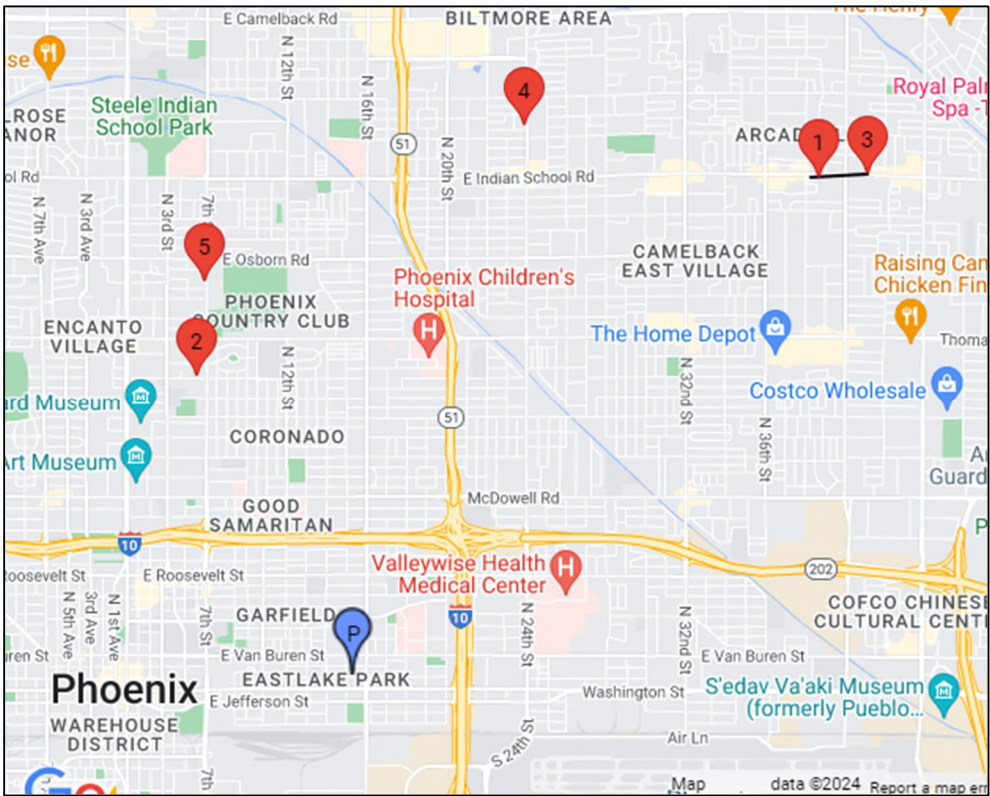
As an alternative, a site-built school administration building of similar quality to the subject, Good Quality Class D, has a base cost in MVS of \$229.00 per square foot, GBA. This is \$50.00 per square foot higher than the MVS modular base cost of \$179.00 per square foot, or 28% higher. While the subject's budgeted cost has been shown to be well above the MVS base cost, this variance indicates that the cost of a site-built administration building would have similar cost variance that is well above the modular cost. In addition, the time frame for site-built construction is typically much longer than modular.

In conclusion, the preliminary subject development costs appear to be reasonable in the current market for the quality of the subject as proposed.

ALTERNATIVE PROPERTY ANALYSIS

At the request of the client, this analysis considers the alternative of purchasing a comparable property instead of constructing a new administration building. Therefore, I have sought recent the sales of comparable buildings in the subject market area, central/downtown Phoenix, that would have similar utility for the property owner.

The following table summarizes five recent sales with a map of their locations.



SUMMARY OF IMPROVED SALES											
Comp No.	Property / Location	Date of Sale / Status	Property Rights	Property Use	Year Built / Renovated	Site Size (SF)	Bldg. Size (SF Gross)	Parking / 1,000 SF	Land-to-Building Ratio	Sale Price	Price per SF (Net)
1	3833 E. Indian School Rd. 3833 East Indian School Road Phoenix, AZ	May-24 Closed	Leased Fee	Office Professional Office	2017	8,944	2,488	4.42	3.59 : 1	\$1,550,000	\$622.99
2	376 E. Virginia Ave. 376 East Virginia Avenue Phoenix, AZ	Apr-24 Closed	Fee Simple	Office Professional Office	1985	10,525	2,404	3.33	4.38 : 1	\$715,376	\$297.58
3	3809 E. Indian School Rd. 3809 East Indian School Road Phoenix, AZ	Mar-24 Closed	Fee Simple	Office Professional Office	1952	8,960	1,917	7.30	4.67 : 1	\$690,000	\$359.94
4	4332 N. 24th St. 4332 North 24th Street Phoenix, AZ	Feb-24 Closed	Fee Simple	Office Professional Office	1952	6,356	1,470	2.72	4.32 : 1	\$500,000	\$340.14
5	3150 N. 7th St. 3150 North 7th Street Phoenix, AZ	Dec-23 Closed	Fee Simple	Office Professional Office	1973	14,443	3,607	4.71	4.00 : 1	\$1,499,000	\$415.58
Subj.	Proposed Modular Building Analysis 1525 East Adams Street Phoenix, Arizona	---	Fee Simple	Office Professional Office	2024	7,850	2,592	---	3.03 : 1	---	---

My search located five recent sales of small, professional office buildings that would have the same utility for the subject property owner as the proposed subject building as an alternative to new construction. The range of sale

prices per square foot of gross building area is from \$297.58 to \$622.98, with an average of \$407.25, for buildings ranging in size from 1,470 to 3,607 square feet with an average of 2,377 square feet.

For the comparison analysis, I have utilized the total estimated costs for the subject property (with a 10% contingency), of \$1,036,879, or \$400.03 per square foot. To this must be added the estimated value of the underlying land to be comparable with the sales.

The subject site is 7,850 net square feet, with an R-5, multi-family residential zoning. Based upon recent land sales known to the appraiser and maintained in my files from other appraisals conducted in this market area, I have estimated a land value for the subject site of \$17.00 per square foot, for a total estimated site value of \$133,450. This increases the subject cost to \$1,170,329, or \$451.52 per square foot. This is the in approximate center of the comparable range.

Notably, four of the sales, Comparables 2, 3, 4 and 5 are older and in average condition, inferior to the subject which will be new. The high end of the range, Comparable 1, is seven years old and reported to be in good condition. Thus, the older buildings would typically require significant upgrading/renovation to be comparable in condition to the subject. Based upon data from the Marshall Valuation Service and information on renovation costs from other appraisals I performed in this market recently, the costs of renovation of small office properties can range from \$50.00 to over \$100.00 per square foot of gross building area. Thus, this cost, with another estimated 10% for Soft Costs, would increase this range to roughly \$55.00 to \$110.00 per square foot for costs which must be added to the purchase price of an older office property to bring it to the subject's condition and utility.

Thus, adding an estimated \$75 per square foot to the four older comparables, Comparables 2 through 5, for the additional upgrades and renovations required, increases the range of their sale prices to \$372.58 to \$490.58. The indication is that the subject's total estimated cost of \$451.52 per square foot is reasonable as an alternative to purchasing an existing building.

In addition, a current listing of a comparable building in the market area was considered. A 3,200 square foot single-tenant commercial/office building located at 806 E. Washington Street, in the immediate area of the subject, is offered for sale for \$995,000, or \$310.91 per square foot. This building was constructed in 1952 and appeared from MLS photos and descriptions to be mostly original in finish and below-average in condition, needing interior finish. Thus, a significant additional cost of \$100 per square foot or more would be likely be required to make this building usable for the subject owner. It is also located on a smaller site than the subject. Overall, this would also indicate that the subject's projected cost is reasonable as an alternative to purchasing an existing building and renovating it to suit the subject owner.

A final consideration in this analysis is the proximity of the planned subject building to the Booker T. Washington Child Services Center campus at 1519 E. Adams Street, of which the planned property would be a part. The alternative is the purchase of a building in the general subject market area, depending on availability, with the likelihood of a several mile distance to be traveled to the campus from the administration building. This would be considered inefficient and not in the best interests of the Center operations.

LEASED SPACE ANALYSIS

Another potential alternative for the subject ownership would be to lease a comparable office property in the market area. My search criteria considered readily available properties for lease ranging from 2,000 to 3,000 square feet in size in the general central/downtown Phoenix area. The data indicated rental rates ranging roughly from \$20.00 to \$30.00 per square foot, triple net (tenant paying all building expenses) or modified gross (tenant paying utilities and janitorial typically), for reasonably comparable buildings.

Data sources include the Multiple Listing Service, CoStar and LoopNet. Although several properties meeting the size requirements were available within the general market parameters, they all were one-half or more miles from the subject and lacked proximity of the planned building. These buildings consisted of mostly older single and multi-tenant office and/or retail buildings, all of which would likely require some form of modification.

The subject's estimated total cost of \$451.52 per square foot (with land) indicates an annual rental range of \$33.86 to \$36.12 per square foot based on likely capitalization rates for this property type of 7.50% to 8.00%. These rental rates are slightly above the market range but those are generally for older properties which would likely not suit the subject owner without further modification.

A strong consideration is that leases for this property type typically run from 3 to 10 years, with most no longer than 5 years. Thus, this type of occupancy would not provide the subject property owner the same long-term locational stability that ownership of a building would provide. In addition, lease rates typically have annual increases and would increase over the term of the lease, reducing the financial stability of this type of occupancy.

CONCLUSION

In conclusion, it is my opinion that there are no readily available alternatives with the desired locational and financial parameters that could reasonably replace the planned modular building.

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the analysis are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
 - e) The report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
 - f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would 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 impact upon the results report. Since the Appraiser

has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in the analysis.

- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the report.
 - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
 - i) Unless otherwise stated within the report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
 - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
 - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
 - l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. and the appraiser(s) assume no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
 - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
- 3) If provided, the opinion of insurable replacement cost is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable replacement cost purposes. The Appraisers are not familiar with the definition of insurable replacement cost from the insurance provider, the local governmental underwriting regulations, or the types of

insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this analysis. The Appraisers are not cost experts in cost estimating for insurance purposes.

- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This analysis is based on market conditions existing as of the date of this report.
- 5) The opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
- 12) The submission of the report constitutes completion of the services authorized and agreed upon. Such report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party

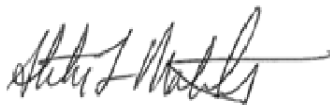
of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

- 13) Client shall not disseminate, distribute, make available or otherwise provide any Analysis Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Report provided that either Appraiser has received an acceptable release from such third party with respect to such Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Report to such third party, (b) any third party service provider (including rating agencies and auditors) using the Report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a Report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Report.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. 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.
3. 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 with this assignment.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Arizona.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Stephen L. Mastorakos, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. Stephen L. Mastorakos, MAI has made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the person signing this certification.
14. Stephen L. Mastorakos, MAI has not provided 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 the agreement to perform this assignment.



Stephen L. Mastorakos, MAI
 AZ Certified General Appraiser
 License #: 30446
 602-648-8600
 smastorakos@bbgres.com

Company Overview

BBG OVERVIEW

BBG is one of the nation's largest real estate services firms with more than 45 offices across the country serving more than 4,500 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

For more information, please visit www.bbgres.com

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- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support
- + Manufactured Housing and Campgrounds

Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

Assessment

- + Environmental due diligence
- + Building Services
- + Construction Risk Management
- + HUD
- + Energy Efficiency Services
- + Land Surveying
- + Zoning

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GLOSSARY

Appraisal: (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.⁷

Appraisal Practice: valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.⁷

Appraisal Review: (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment, (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.⁷

Appraiser: one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.⁷

Appraiser's Peers: other appraisers who have expertise and competency in a similar type of assignment.⁷

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.¹

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.²

Assignment: a valuation service that is provided by an appraiser as a consequence of an agreement with a client.⁷

Assignment Conditions: Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.⁷

Assignment Elements: Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.⁷

Assignment Results: An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.⁷

Bias: a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.⁷

Business Enterprise: an entity pursuing an economic activity.⁷

Business Equity: the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).⁷

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as Cap Ex.¹

Cash Equivalency Analysis: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.¹

Client: the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.⁷

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.¹

Confidential Information:

1: information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

2: Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation *
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules.⁷

Cost: the actual or estimated amount required to create, reproduce, replace or obtain a property.⁷

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.¹

Credible: worthy of belief.⁷

Deferred Maintenance: Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.¹

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

Economic Life: The period over which improvements to real estate contribute to property value.¹

Effective Date: the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.⁷

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income.¹

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.¹

Exposure Time: an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.⁷

Extraordinary Assumption: an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.⁷

Fair Market Value:

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1)¹

Fair Share:

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.¹

Fair Value:

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).¹
3. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.²

Feasibility Analysis: a study of the cost benefit relationship of an economic endeavor.¹

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.¹

Going Concern:

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.¹

Gross Building Area (GBA):

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.¹

Highest and Best Use:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS).
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)¹

Hypothetical Condition: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.⁷

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.¹

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.¹

Insurable Value: A type of value for insurance purposes.¹

Intangible Property (intangible Assets): Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.⁷

Intended Use: the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.⁷

Intended User: the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.⁷

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).¹

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)¹

Jurisdictional Exception: an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.⁷

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.¹

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.¹

Liquidation Value: The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) 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 sale. This definition can also be modified to provide for valuation with specified financing terms.¹

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of useable area from the rentable area and then dividing the difference by the useable area:¹

Load Factor =

$$\frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

Market Value: a type of value stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.⁷

Market Value "As If Complete" On The Appraisal Date: Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.⁴

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.).³

Mass Appraisal: the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.⁷

Mass Appraisal Model: a mathematical expression of how supply and demand factors interact in a market.⁷

Misleading: intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.⁷

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease.¹

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The

Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.⁵

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.¹

Personal Inspection: a physical observation performed to assist in identifying relevant property characteristics in a valuation service.⁷

Personal Property: any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.⁷

Physical Characteristics: attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.⁷

Price: the amount asked, offered or paid for a property.⁷

Prospective opinion of value. A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.¹

Real Estate: an identified parcel or tract of land, including improvements, if any.⁷

Real Property: the interests, benefits and rights inherent in the ownership of real estate.⁷

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.¹

Relevant Characteristics: features that may affect a property's value or marketability such as legal, economic or physical characteristics.⁷

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.²

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.¹

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.¹

Report: any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.⁷

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."¹

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.¹

Scope of Work: the type and extent of research and analyses in an appraisal or appraisal review assignment.⁷

Signature: personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.⁷

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.³

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

Use Value:

The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.¹

Valuation Service: a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.⁷

Value: the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.⁷

Workfile: data, information and documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with USPAP.⁷

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). ² Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, www.ifrs-ebooks.com/index.html. ³ Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). ⁴ This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. ⁵ Financial Publishing Company, *The Real Estate Dictionary*, 7 ed. ⁶ U.S. Treasury Regulations. ⁷ USPAP 2020-2021

LETTER OF ENGAGEMENT



June 7, 2024

Ms. Josie Ayon
Executive Director
BTW Child Development Center
1519 E Adams Street
Phoenix, AZ 85034
Phone: 602.252.4743
Email: jayon@btschild.org
Copy Ms. Cecelia Ochoa - cochoa@btschild.org

RE: Proposed Modular Building Analysis, 1519 E Adams Street, Phoenix, AZ 85034

Dear Ms. Ayon:

We are pleased to submit this proposal and our Terms and Conditions for the Appraisal Report of the above referenced real estate.

PROPOSAL SPECIFICATIONS

Valuation Premise:

Cost/Rent analysis for a proposed modular classroom building (personal property)

Property Rights Appraised:

As Is

Intended Use:

Determine if the proposed modular classroom building aligns with its current market value and cost versus lease analysis

Intended Users:

BTW Child Development Center

Scope of Work:

All Applicable Approaches

Inspection:

BBG Inspection

Site/Property Contact:

Name:

Cece Ochoa

Phone:

602.252.4743

Email:

cochoa@btschild.org

Appraisal Standards:

Uniform Standards of Professional Appraisal Practice (USPAP), Financial Institution Reform, Recovery, and Enforcement Act (FIRREA), December 2010 Interagency Appraisal and Evaluation Guidelines and Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute

June 7, 2024

Report Type:
Report Format:
Fee:

Consultation
Narrative
\$3,000

Please indicate below who is responsible for payment:


Name: Josie Ayon

Company: Booker T. Washington CDC

Address: 1519 E. Adams Street PK-85034

Phone: 602 252 4743

Email: jayon@btwchild.org

Signature: 

Retainer:

None

Wire Payment/ACH Information Below:

Bank of America
Acct#: 488038497058
Wire Payment Routing#: 026009593
ACH Payment Routing#: 111000025

Payment Terms:

Balance is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report. Fee quoted includes all expenses

Payment Options:

- Credit card (a 3% fee is applied) which is the quickest payment method to verify.
- Wire or ACH payment which are the second quickest payment methods. See below information for sending the wire or ACH
- A check mailed to BBG, Inc., 8343 Douglas Avenue, Suite 700, Dallas, TX 75225 – This method is the slowest option as it takes time to receive, process and confirm the funds.

June 7, 2024

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.



As Agent for BBG, Inc.

Barott G. Hurd

Director

Valuation

**2850 E. Camelback Road Suite 330, Phoenix, AZ
85016**

P 480-867-7440 C 602-549-8870

E bhurd@bbgres.com

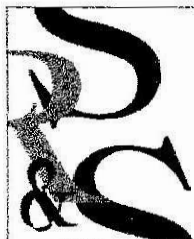
AGREED AND ACCEPTED



Client Signature

Date

PROPERTY DESCRIPTION AND PRELIM BUDGET



**SEARER, ROBBINS
& STEPHENS, inc.**

ARCHITECTURE • INTERIORS • PLANNING

W. Jeff Stephens, AIA, NCARB, President
David B. Robbins, NCARB, Treasurer
Sam P. Pitassi, Vice President
Sarah N. Magrogan, Corporate Secretary

January 21, 2023

Ms. Josie Ayon
Executive Director
Booker T. Washington Head Start
1519 East Adams
Phoenix, AZ 85034

Re: New Administrative Modular Building for Booker T. Washington Head Start

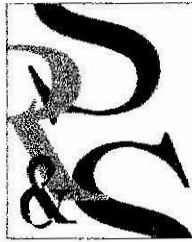
Dear Ms. Ayon:

Searer, Robbins & Stephens, Inc., Architects, has, as of January 17, 2023, contributed approximately **\$10,780.00** as a **donation** to the Booker T. Washington Head Start for additional pre- design work, programming and a site plan drawing depicting the location of the new modular administration building. We feel that the Booker T. Washington Head Start and Child Development Center is a quality organization and that this project will provide a much-needed administration building. Should you have any further questions or comments please feel free to contact me at 277-1187. Thank you.

Sincerely,

W. Jeff Stephens, AIA, NCARB
President,
Searer, Robbins & Stephens, inc.
Architecture - Interiors - Planning





**SEARER, ROBBINS
& STEPHENS, inc.**
ARCHITECTURE • INTERIORS • PLANNING

W. Jeff Stephens, AIA, NCARB, President
David B. Robbins, NCARB, Treasurer
Sam P. Pitassi, Vice President
Sarah N. Magrogan, Corporate Secretary

January 20, 2023

Ms. Josie Ayon
Executive Director
Booker T. Washington Head Start
1519 East Adams
Phoenix, AZ 85034

Re: Item #8 - New Modular Administrative Building for Booker T. Washington Head Start

Dear Ms. Ayon:

Searer, Robbins & Stephens, Inc., Architects, has reviewed the plans and has prepared a preliminary Site Plan which conforms to the City of Phoenix codes and ordinances, State of Arizona Child Care Licensing and the State of Arizona Office of Manufactured Housing. We certify through our construction administration services that when this project is completed it will be structurally sound and safe for use as a Head Start Facility. The Building and the Site amenities shall conform upon completion to the City of Phoenix codes and ordinances, State of Arizona Child Care Licensing, the State of Arizona Office of Manufactured Housing, all local and state municipalities codes and ordinances and to the American with Disabilities Act. The project is not in a flood zone; therefore, we do not have to apply to the National, City and State Flood Control Offices and FEMA. Since the site is a vacant piece of land we do not have to conform to the city, State and National Rehabilitation Act and the Historical Preservation Acts.

The firm of Searer, Robbins & Stephens, Inc., Architects, feel strongly that the Booker T. Washington Head Start and Child Development Center is a quality organization and that this project will provide a much-needed administration building for their operations. We have worked with BTW for over 43 years and find their operations, personnel and facilities to be an excellent educational organization. Should you have any further questions or comments please feel free to contact me at 277-1187. Thank you.

Sincerely,

W. Jeff Stephens, AIA, NCARB
President,
Searer, Robbins & Stephens, inc.
Architecture - Interiors - Planning



ITEM #6

New Modular Administration Building for Booker T. Washington Head Start

Location: 1525 East Adams Street, Phoenix, Arizona 85034. The site is located approximately at the crossroads of North 16th Street and East Washington Street. It is conveniently located one half mile from the 51 freeway and interstate 10 is about one mile north of the property. Downtown Phoenix is approximately 2 miles to the West of the site.

Size: The property is approximately 7,889 square feet of land or about .18 acres. The Building size is approximately 2,592 square feet (36 feet by 72 feet).

Zoning: Zoning for this property is R5 zoning and an administrative use is allowed per City of Phoenix Zoning Ordinance, Section 618.D.15 & 16.

Location

On Site: New modular building will be located to the rear of the site to provide room for outside break and meeting space. See Site Plan - attached.

Building

Specs: The new administration building will be a modular building approximately 2,592 square feet and will be built per the rules and regulations of the State Fire Marshall's office and the State of Arizona's Office of Manufacturing Housing. Fire jurisdiction is the City of Phoenix and the Zoning ordinance allows an

administration building to be located on the property. The building occupation is a B type occupancy or administrative offices.

The building will contain an automatic fire sprinkler system as required by the City of Phoenix and will be supplemented with a class 'A' fire alarm system and fire extinguishers per the NFPA code.

This building will be considered "Modular construction" which simply is an offsite building process in which prefabricated "modules" are built in a controlled warehouse or factory-like environment. Once completely fabricated, the individual modules are constructed and transported to the construction site.

Structure will be a steel and wood framing system and the roof trusses are typically wood pre-fabricated trusses. Roof is sheathed in particle board or plywood and a bitumen layer is applied with a finished top coat.

Floor is wood or steel trusses and sheathed in plywood or tongue and groove wood flooring planks. The walls are made of panels and posts type construction that are manufactured using a lightweight inner core and a fiber cement exterior skin. The Energy Panel Structures, (EPS) inner core works to absorb sound vibrations thereby reducing noise pollution and is required under the current IBC code for energy efficiency. It also offers the wall its form and functions to increase rigidity and absorb sound.

The Exterior can be painted or applied with faux stone, brick or stucco and the interior can be painted and various finishes can be applied per the client's needs.

All Electrical power including panels, switch gear and Service Entrance Section (SES) are included. Exterior SES and panels will be fully operational and lockable. All outlets, lighting and electrical wiring shall be designed and installed per current electrical code and are included in the price of the modular unit. Design of system will be based on supply and power requirements of user.

Data and internet connectivity can be pre-wired or installed in the field. Plumbing systems, i.e., toilets, sinks are installed per IBC codes and all toilet rooms in the City of Phoenix are constructed to American with Disabilities (ADA) accessibility design. All toilet rooms and countertops shall be ADA compliant including necessary grab bars heights, clearances and reach specifications including ADA signage and braille information.

The Modular Building will have a complete automatic fire sprinkler system and a complete Class 'A' fire alarm system per NFPA regulations. The building will contain a full operatable HVAC system with climate controls and associated duct runs and diffusers, including supply, return and removable A/C filters. These units can be attached to the end of the building or mounted on the roof. Typically, the unit is a heat pump or a fan coil unit with a remote condenser.

Water and sewer connections will be engineered and designed by a registered Civil Engineer and permitted by the City of Phoenix Engineering/Building Safety Department.

All 'xeriscape' landscaping and ground treatments will be by a registered Architect or Landscape Architect and

permitted by the City of Phoenix Building Safety Department. Sidewalks and other hardscape treatments will be designed and permitted by the above-mentioned disciplines.

Since this site is small and within the confines of the “inner city” neighborhood, the city will not require extensive grading and drainage but will require a “First Flush” grading which channels all water on the site, away from the building to a small retention area.

Parking is already adjacent to the site and can be utilized by the new modular building. Approved ADA accessible spaces are adjacent to the new building and accessible walkways will be part of the new construction.

The new modular construction shall be fully enclosed with a six-foot-high wall constructed of ornamental iron and masonry. Ornamental Iron Gates with self-closing devices and fire department Knox Boxes (locks) are included.

Site lighting will be provided per City of Phoenix Building Safety Department and the City of Phoenix Police Safe Building Rules. Site lighting will be attached to the upper portions of the building and be a dawn to dusk motion sensor light design system.

Signage will be designed and conform to all City of Phoenix Signage ordinance and interior signage will be supplied per user requirements.

Interior finishes, floors, paint, cabinets and countertops will be selected from several colors and patterns. All interior materials shall have a Flame spread ratings

range from an index of 0-25, with Class A being the best with an index of 0-25. Carpet will be cleanable and replaceable with carpet squares being preferred.

Fire extinguishers are per NFPA and shall be wall or cabinet mounted.

Layout: The new modular administration building will have the following rooms and areas:

- Offices approximately 12 feet x 12 feet = 144 square feet– total of four (4).
- Offices approximately 10 feet x 10 feet = 100 square feet– total of two (2).
- Conference room approximately 12 feet x 18 feet = 216 square feet– total of one (1).
- Teacher Break/Work Room approximately 12 feet x 12 feet = 144 square feet– total of one (1).
- Open Office/Work/Copy area approximately 10.5 feet x 20 feet = 210 square feet– total of one (1).
- Classroom/Observation Room approximately 12 feet x 24 feet = 288 square feet– total of one (1).
- Reception/Waiting Area approximately 10 feet x 20 feet = 200 square feet– total of one (1).
- IT Room approximately 4.5 feet x 8 feet = 36 square feet– total of one (1).
- Janitor's closet with mop sink, mop holder, 10 gallon mini-Water Heater and stacked Washer/Dryer unit - approximately 5.5 feet x 12 feet = 66 square feet– total of one (1).
- ADA Toilets approximately 8 feet x 8 feet = 64 square feet– total of two (2).



Total square footage including circulation space = 2,592 square feet. See plan - attached.

PROJECT DATA

TITLE: New Administrative Building for Booker T. Washington
Head Start
1519 East Adams
Phoenix, AZ 85034

MAILING Booker T. Washington Head Start
1519 East Adams
Phoenix, AZ 85034

CONTACT: Ms. Jose Ayon,
Executive Director
(602) 252-4743

CODES: CONST. CODE /2018 IBC.
NFPA - LATEST EDITION - STATE
IMC - 2018 EDITION
IPC - 2018 EDITION
NEC -2017 EDITION
NFC - LATEST EDITION
NFPA 101 - LATEST EDITION
ARIZONA STATE DEPARTMENT
OF HEALTH SERVICES "CHILD CARE CENTERS"
ADA LATEST EDITION.



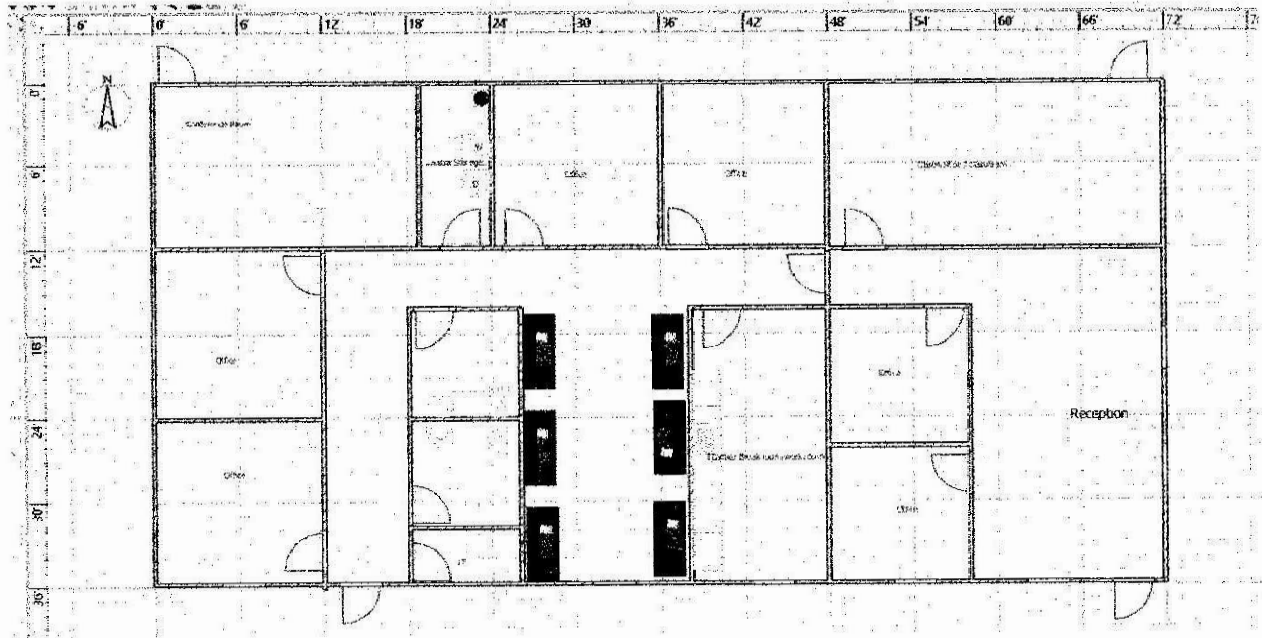
CONSTRUCTION: TYPE V-B with an automatic sprinkler system, fire alarm system and fire extinguishers.

ZONING: R5 (Administrative Occupancy allowed – City of Phoenix Zoning Ordinance Section 618.D.15 & 16)

OCCUPANCY: B – Business/Administrative Occupancy

PARKING: EXISTING – 15 spaces including 2 ADA Accessible spaces.

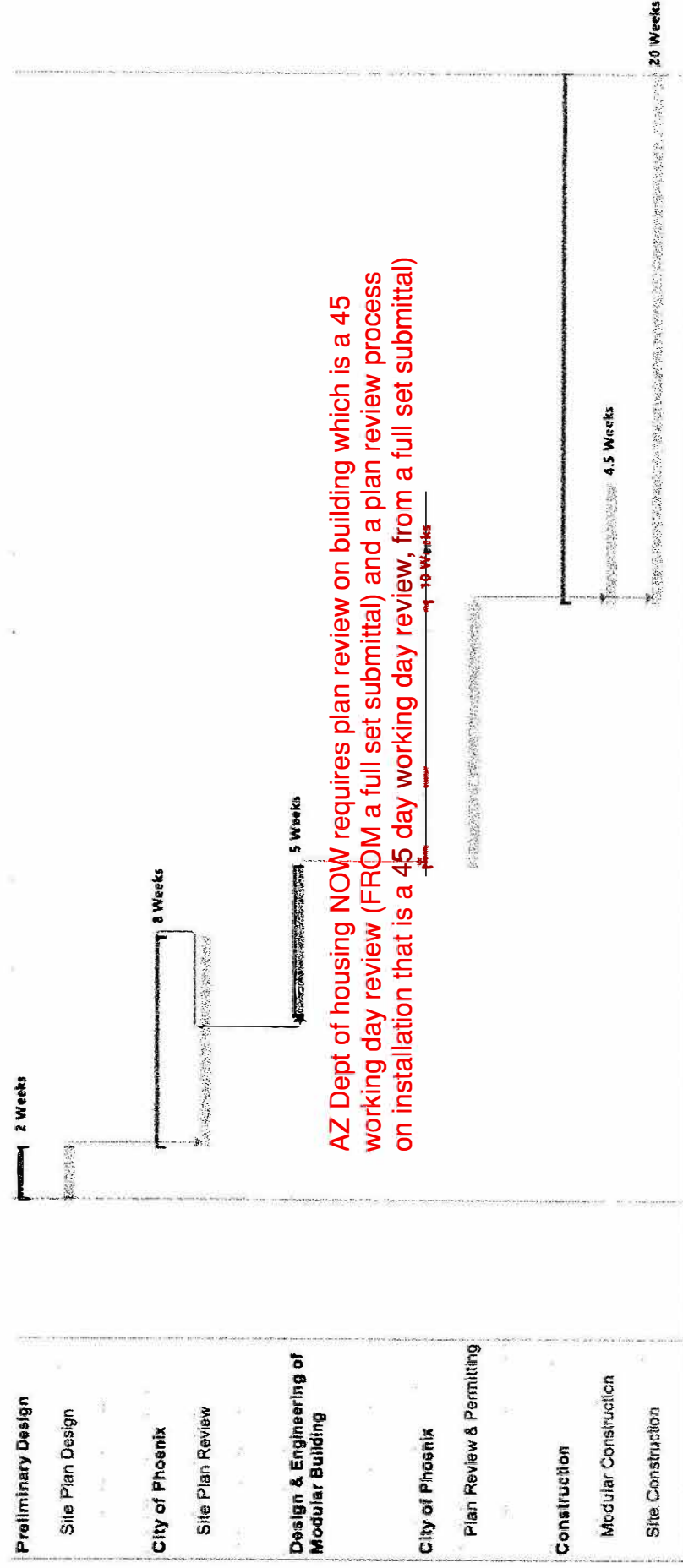
UTILITIES: City of Phoenix water in East Adams Street and sewer connection in public alley south of site. APS for electrical service – in alley south of site.



Preliminary Floor Plan

not to scale

Design & Construction Schedule for Booker T. Washington New Modular Administration Building





**SEARER, ROBBINS
& STEPHENS, inc.**

ARCHITECTURE • INTERIORS • PLANNING

W. Jeff Stephens, AIA, NCARB, President
David B. Robbins, NCARB, Treasurer
Sam P. Pitassi, Vice President
Sarah N. Magrogan, Corporate Secretary

Cost Estimate: ITEM #12

these are rough order magnitude costs - based on
historical data, not actual sub contractor costs.
Please provide a set of plans and we will provide a
firm fixed cost proposal with the inkind donation.

1. 2,592 square foot Modular Building Includes all interior & exterior finishes, toilets, cabinets, MPE systems and Fire Sprinkler System	\$590,576.00	\$550,000.00
2. Class 'A' Fire Alarm System	\$15,000.00	\$ 11,000.00
3. Fire Riser Street run *last phx street tap was \$48,000 - verify this one	\$56,000.00	\$ 17,000.00 *
4. Earth work – grading & drainage	\$47,000.00	\$ 47,000.00
5. Utilities Electric, Water & Waste lines Street/alley to Building *new power SES equipment is up to a 50 week lead time	\$65,000.00	\$ 37,000.00*
6. Six-foot block wall -255 linear feet with 2 six-foot x 4 foot wide metal gates.	\$25,000.00	\$ 18,250.00
7. New 5 foot wide sidewalk – 175 linear feet	\$20,000.00	\$ 14,750.00
8. Trash enclosure with metal gates	\$25,000.00	\$ 9,500.00
9. Permits & Fees	\$8,700.00	\$ 8,700.00
10. Taxes & bonds	city 8.6% bond 2% = 10.6%	\$ 63,000.00 65,000.00
11. 20% contingency	\$150,000.00	\$135,000.00
Sub Total	\$1,052,276.00	\$776,200.00
soft cost – Architect/Engineering Design Fees	\$47,000.00	\$ 47,000.00
Total		\$823,200.00 \$1,114,276.00

Modular Solutions, Ltd will offer a 5% in kind donation on the cost of the project line items that we provide.

APPRAISER QUALIFICATIONS AND LICENSES

Profile

Stephen Mastorakos is a senior appraiser at BBG working out of the Scottsdale, Arizona, office. Mr. Mastorakos has been engaged with the appraisal of commercial real estate throughout the southwestern United States since 1983, with significant experience in single-family residential appraisal prior to that. He has been a member of the Appraisal Institute since 1991 and has been a licensed real estate agent in Arizona since 1983. With over 40 years of combined real estate appraisal experience, his scope of competency extends across a broad range of asset types and assignment conditions.

Mr. Mastorakos began his appraisal career in St. Louis, Missouri, before moving to San Diego, California, and eventually Phoenix, Arizona in 1983. Since then, he has performed appraisals throughout the State of Arizona, as well as numerous other states, and is experienced with a large variety of property types, including specialty properties such as schools, churches and assisted living homes and facilities. His client profile includes financial institutions, property owners, life insurance companies, legal firms, and governmental agencies.

Mr. Mastorakos has been a registered certified general real estate appraiser in the State of Arizona since 1991.

Professional Affiliations

Appraisal Institute
Member, MAI distinction

Certified General Real Estate Appraiser:
State of Arizona (License No. 30446)

Education

BBA, Finance Major, Southern Methodist University, Dallas, TX
Undergraduate work, University of Kansas, Lawrence, KS

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30446

This document is evidence that:

STEPHEN L. MASTORAKOS

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 Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

STEPHEN L. MASTORAKOS

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

Expiration Date : **October 31, 2024**