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1400 Independence Avenue, SW
Washington, DC 20250

Appraisal Report Summary

**Cave Creek Parcel (Non-Federal)
Maricopa County, Arizona**

**Resolution Copper Legislated Land Exchange
(Southeast Arizona Land Exchange and Conservation Act, 16 U.S.C. §539p)**

Date of Appraisal Report
November 30, 2022

Date of Appraisal Review
December 19, 2022

Appraisal Report Prepared By
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Appraisal Summary

Appraisal Report Under Review

Appraiser(s)

Barry Weissenborn
Arizona Certified General Real Estate Appraiser #30724
Beverly Weissenborn, MAI
Arizona Certified General Real Estate Appraiser #30125
Weissenborn Appraisal, LLC
326 South Convent Avenue
Tucson, AZ 85701

Date of Inspection

October 20, 2020. The property owner(s) were provided the opportunity to accompany the appraiser on the property inspection.

Date of Report

November 30, 2022

Owner

Resolution Copper Mining, LLC

Client

In the original appraisal contract, the client for the appraisal was broadly defined as the USDA Forest Service. It shall be noted that the Client of the appraisal report is the USDA Forest Service, Director of Lands and Minerals, Southwestern Region.

Intended Use

To provide a basis of market value for the legislated land exchange between the United States of America and Resolution Copper Mining, LLC pursuant to 16 U.S.C. §539p.

Intended User(s)

In the original appraisal contract, the intended users were broadly defined. It shall be noted that the intended users of the appraisal report are specifically identified as the USDA Forest Service, Director of Lands and Minerals, Southwestern Region, USDA Office of General Counsel, and Resolution Copper Mining, LLC.

Professional Standards

The appraisal standards required for this assignment were the *Uniform Appraisal Standards for Federal Land Acquisitions* and *Uniform Standards of Professional Appraisal Practice*.



Estate Appraised

The estate appraised includes the fee simple interest, subject to the specific reservations and encumbrances of record shown in a title commitment issued by First American Title Insurance Company dated December 3, 2020. The property includes the underlying mineral estate. There are no appurtenant water rights.

Outstanding Rights

Schedule B – Exceptions

1. Taxes for the full year of 2021.

(The first half is due October 1, 2021 and is delinquent November 1, 2021. The second half is due March 1, 2022 and is delinquent May 1, 2022.) (A lien not yet due and payable)

2. DELETED INTENTIONALLY

3. All matters as set forth in Retracement Survey of Homestead Entry Survey No. 317, recorded as Book 330 of Maps, Page 38.

Comment: The survey and legal description of Homestead Entry No. 317 has been reviewed and verified by Clyde J. King, land surveyor for the USDA Forest Service.

4. The lack of a right of access to and from the land.

Comment: As discussed previously, the subject property does not have legal, insurable access across lands administered as the Spur Cross Ranch Conservation Area and the Tonto National Forest. Currently, access is by foot or horseback. NFSR 48 has been closed to vehicular traffic for nearly 20 years. Though it may be possible to re-establish this road, any potential buyer would consider the difficulty, cost and risk associated in obtaining approval from the various governmental agencies that currently control the surrounding lands. This has a significant impact on the marketability of the property and will be addressed more fully in the valuation section of this appraisal report.

5. Water rights, claims or title to water.

Comment: Noted above, ADWR reports that all surface water rights have been withdrawn.

6. DELETED INTENTIONALLY

7. Reservations or Exceptions in Patents, or in Acts authorizing the issuance thereof as Patent No. 747530 dated May 20, 1862.

Comment: Not a factor that is unique to the subject and/or one that impacts the marketability of the property.

8. DELETED INTENTIONALLY

9. DELETED INTENTIONALLY



Definition of Value

Market Value means the most probable price in cash, or terms equivalent to cash, which lands or interest in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where the buyer and seller each acts prudently and knowledgeable, and the price is not affected by undue influence. (36 CFR 254.2).

Extraordinary Assumptions

The appraisal is not based upon any Extraordinary Assumptions.

Hypothetical Conditions

The appraisal is not based upon any Hypothetical Conditions.

Jurisdictional Exception

The appraisal has been prepared in conformance with UASFLA, which requires that the opinion of value not be linked to a specific exposure time as required by USPAP SR 1-2(c) & UASFLA 1.2.4 & 4.2.1.2.

Legal Description

H. E. SURVEY NO. 317, EMBRACING A PORTION OF, APPROXIMATELY, SECTION 21 TOWNSHIP 7 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT CORNER NO. 1, FROM WHICH U.S. LOCATION MONUMENT NO. 317, H.E.S. BEARS SOUTH 59 DEGREES 57 MINUTES EAST 10-58/100THS CHAINS DISTANT;

THENCE SOUTH 46 DEGREES 12 MINUTES EAST 26-94/100THS CHAINS TO CORNER NO. 2;

THENCE SOUTH 04 DEGREES 03 MINUTES EAST 61 CHAINS TO CORNER NO. 3;

THENCE WEST 19-84/100THS CHAINS TO CORNER NO. 4;

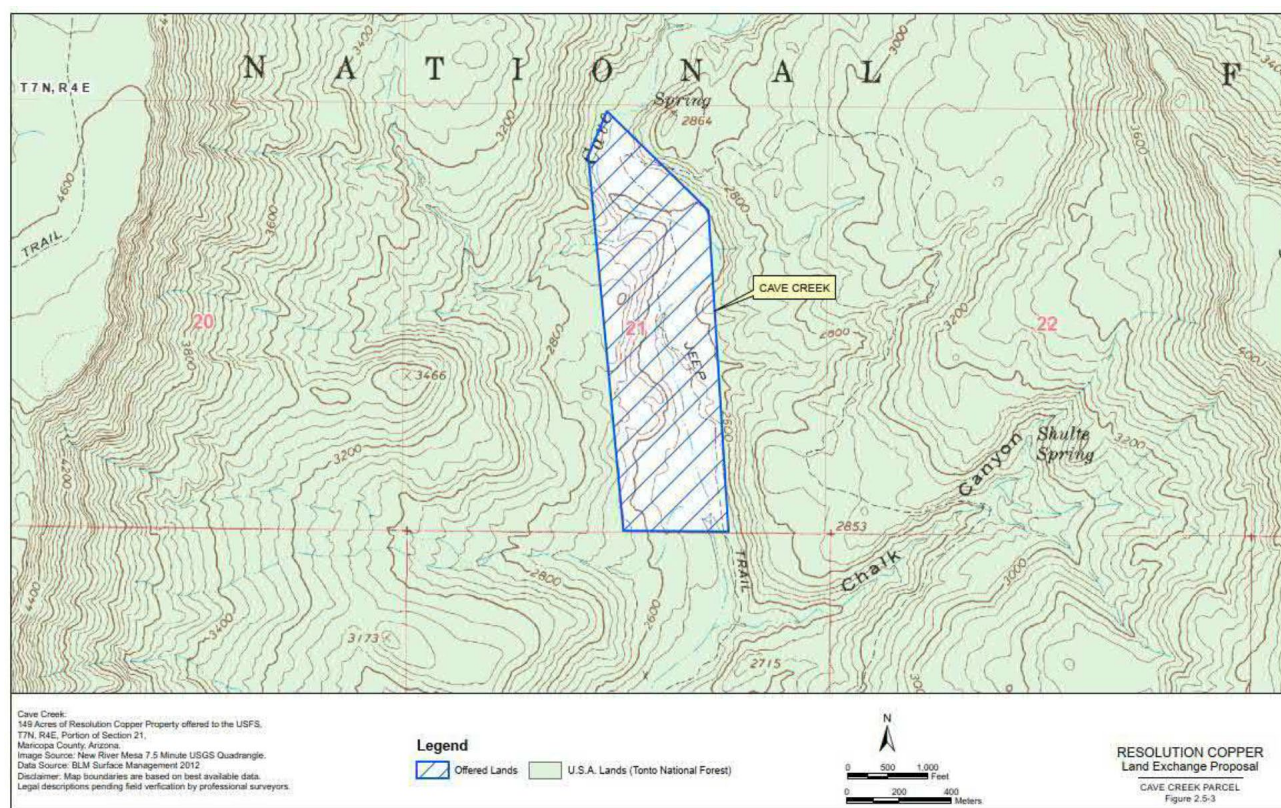
THENCE NORTH 05 DEGREES 51 MINUTES WEST 71-34/100THS CHAINS TO CORNER NO. 5;

THENCE NORTH 21 DEGREES 46 MINUTES EAST 9-22/100THS CHAINS TO CORNER NO. 1, THE POINT OF BEGINNING, ACCORDING TO THE OFFICIAL PLAT OF THE SURVEY OF THE SAID LAND, RETURNED TO THE GENERAL LAND OFFICE BY THE SURVEYOR-GENERAL.

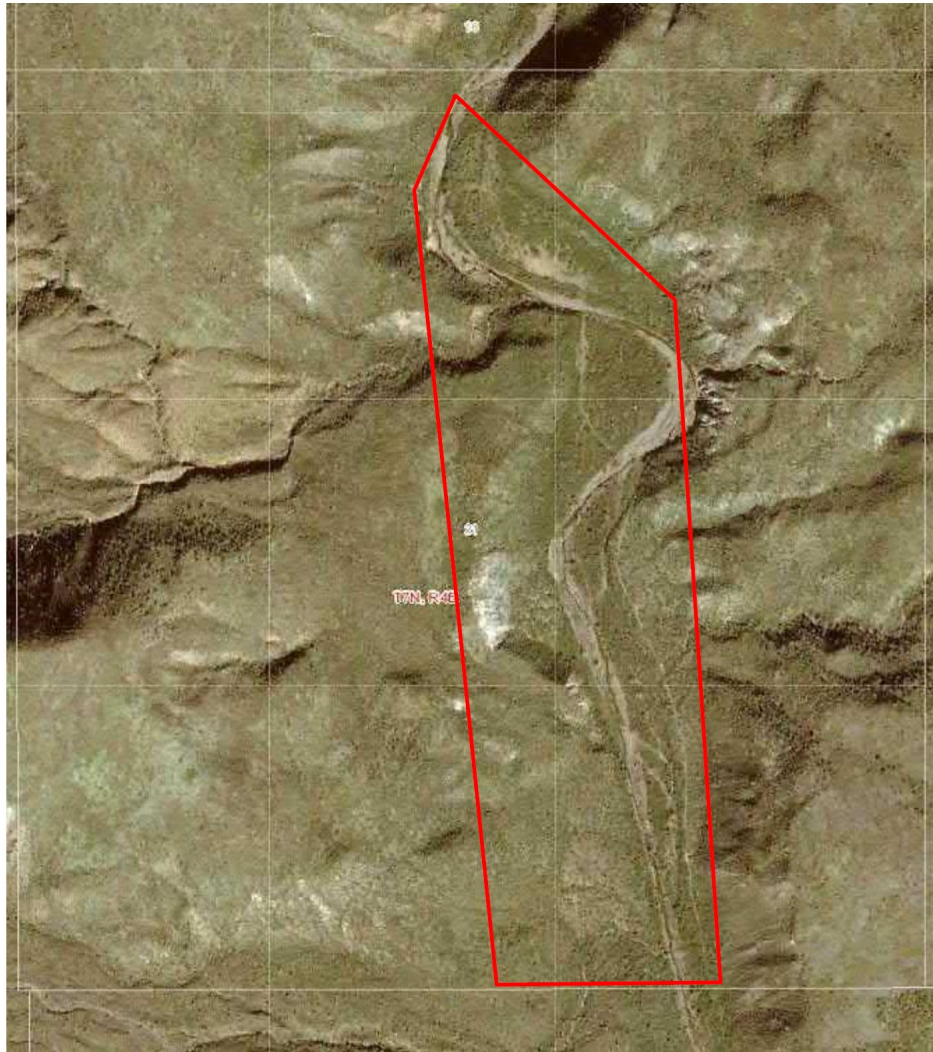
The following maps are for illustration purposes:



Topographic View of Subject Property



Aerial View of Subject Property



Property Description

Location: The subject property is located 2 to 3 miles north of Spur Cross Ranch Conservation Area, and about 6 miles north of the Town of Cave Creek, Maricopa County, Arizona. The site is within the Cave Creek Ranger District of the Tonto National Forest.

Size: The subject property is irregularly shaped and contains 149.30 acres.

Topography: The property lies on the floor of a canyon through which Cave Creek flows. Cave Creek flows at 2,620 feet to 2,520 feet on its mile-long course through the subject.

The northern end of the property includes a relatively broad area where material laid down by past flooding was cleared for cultivation by past settlers. Large basaltic boulders, mainly at the south end of the property, are remnant of past landslides originating at the top of nearby ridges and mesas.



The east side of the property lies mainly on the canyon floor, with only a few points reaching above the stream terrace. Slopes on the west side of the creek range from moderate to steep, with an elevation gain of about 200 feet to 2,800 feet along the west boundary.

Soil Types: According to the August 2015 compilation of data for the Resolution Copper Land Exchange, which relied on soil data reported on the ALRIS General Soils Map, the Cave Creek property lies within the Lithic Torriorthents-Lithic Haplustolls-Rock Outcrop soil association. The soils of this association are well-drained, shallow soils and rock outcrops that occur on semiarid, mid-elevation hills and mountains. The soils are from weathered rock including granite, gneiss, rhyolite, andesite, tuffs, limestone, sandstone, and basalt. The percentage of each are as follows:

Lithic Torriorthents: 30%

Lithic Haplustolls: 25%

Rock Outcrop: 25%

Haplargids, Torrifluvents and other minor soil types: 20%

Reportedly, the smoother areas of this soil association have good potential for livestock grazing. Characteristics of these soils that limit their use include steep slopes, shallow depth to bedrock, and rock fragments on the surface. This property and the surrounding lands were used for cattle grazing. The property is not mapped as suitable for farming.

Water Amenity: There is about 1 mile of meandering stream course of Cave Creek. The appraisal includes no water rights, claims to or filings for waters.

Flood Zone: Reportedly, the property is in Zone X, an area of minimal flood hazard.

Utilities: There are no utilities to the subject parcel.

Access: There is no legal or vehicular access to the subject property. Access is through Spur Cross Ranch Conservation Area which is managed by Maricopa County. An old road, now gated and closed to vehicular traffic, follows along the creek north about 3.3 miles to the gate at the national forest boundary. At this point the trail switches to a single-track hiking trail and is no longer accessible by vehicle. From this point, it is about one mile to the south boundary of the subject property. Historic access to the subject was via Forest Service Road 48 which passes through the Spur Cross Ranch Conservation Area. In 2001, the land forming the Spur Cross Conservation Area was purchased by three governmental entities (State of Arizona, Maricopa County, Town of Cave Creek). Maricopa County Parks and Recreation operates the Conservation Area under an intergovernmental agreement between the three governmental entities. The Spur Cross Ranch Conservation Area Master Plan approved in 2004 determines public vehicular access be disallowed. The only physical access to the subject is by foot or horseback. The current owner believed the subject had physical and legal access when purchased on July 30, 2004, but that is no longer the case as of the date of the property inspection by the appraisers on October 20, 2020. The field inspection by the FS Chief Appraiser on September 20, 2022 during the course of this review confirms that there is no vehicular access to the subject. The appraisal was prepared based on no legal or vehicular access to the subject.

Timber: N/A



Minerals: No known assets, minerals are included.

Amenities: N/A

Improvements

None of contributory value. There are historical ranching structures including a corral, fencing, cattle chute and collapsed masonry outbuilding.

Use, Rent and Sale History

It is stated within the report that land was acquired by the Cartwright Family and incorporated into the Cartwright Ranch in the 1930's or 1940's. Johnson Cattle Company acquired Cartwright Ranch lands, including the subject parcel, in 1980. It is our understanding that the property had been included in Johnson Cattle Co. ranch operations until around 2001, when the Tonto National Forest placed restrictions on the grazing of federal land included in the ranch.

The subject was acquired by Swift Current Land & Cattle, LLC in July 2004 for a sale price of \$1,634,350 or \$10,947/ac. (Johnson Cattle Company to Swift Current Land & Cattle, LLC; Maricopa County Recorder's Office Document No. 040883014). Swift Current purchased the property with the intention of including it in a federal land exchange for Forest Service administered lands surrounding the proposed Resolution Copper Mine near Superior, Arizona.

Reportedly, there was no appraisal made of the property prior to that sale and sale negotiations were limited. The broker simply stated that the Johnsons named their price and Swift Current agreed to pay it. At the time, the buyer believed the property had legal access and vehicular access was possible. Access conditions have since changed.

The subject has not been put to any particular use since the Swift Current acquisition in 2004. It remains vacant land, occasionally visited by hikers, equestrians, and other outdoor enthusiasts. Improvements made for past use in ranch operations are now either gone or in advanced stages of disrepair or decay.

The property is not currently listed for sale. The tract has not been rented or leased in the past three years.

Zoning and Land Use Restrictions

It is stated in the report that the subject is zoned RU-43. The RU-43 district provides for a broad range of agricultural, residential, supporting and accessory uses including, but not limited to single family residences, churches, farms, group homes, educational facilities, public and private forests, reserves and wildlife reservations, community parks, playgrounds, etc., public utility facilities, nurseries and home occupations. Minimum lot size is one acre.

Highest and Best Use

It is reported that the uses that meet the tests of legally permissible, physically possible, and financially feasible resulting in the highest value is as an investment and/or recreational use.

Larger Parcel Determination

The report indicates the subject property is contiguous, in the same ownership, and has a single, unified highest and best use. The appraisal report concludes that the entire subject parcel is considered the larger parcel.



Selection of Approaches to Value

The appraisal included a **sales comparison approach** using sales of vacant tracts having the same or similar highest and best use as the subject. This is the method the most probable buyer would utilize to determine value.

The **income capitalization approach** was considered, but not applicable for this assignment because the property has no market-based rental or income history. Typical buyers of the subject property would not purchase the property based on an income stream.

The **cost approach** is based upon the principal of substitution that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct improvements of a similar utility without undue delay. The cost approach was not included in this appraisal and is not applicable for this assignment as the property is vacant land.

Sales Comparison Approach

The appraiser selected five land sales to compare to the subject in a narrative format and included a summary adjustment grid that listed the comparable sales and showed their comparison to the subject property. Each sale had similar attributes representative of the range of property types present in the surrounding rural areas as the subject including similar use.

The **unit of comparison** selected for the analysis is price per acre. The market area and timeframe analyzed for comparable sales was from June 2018 to May 2022 in the Maricopa County area.

The appraisal analysis continued with the analysis of the characteristics of each individual sale to the subject property in both narrative format and on the adjustment grid for each sale. Quantitative and/or qualitative adjustments were made for the various elements cited as affecting overall value.

Property Rights

The appraisal report indicated that there were no unusual outstanding rights or possessory interests for the sales that influenced value, with no adjustments applied.

Financing Terms

Financing terms for all the sales were reported as being for cash or cash equivalent, with no adjustments applied.

Conditions of Sale

After a comprehensive analysis and discussion of each comparable sale, the appraisal report indicated that there were no conditions of sale that influenced value. No adjustments were applied.

Expenditures After Purchase

The appraisal report indicated that there were no expenditures after purchase for the sales that influenced value; with no adjustments applied.

Market Conditions

The appraisal report provides an adequate analysis from a market perspective. Core data set as well as several sales outside the core data set were analyzed. Ultimately, no adjustments were applied to the comparables.



Property Adjustments

Location

Location adjustments account for the differences in proximity to Phoenix. Several paired sales from a supplemental dataset within the market were utilized to isolate locational influence on value. Pairings support a range of adjustment for Sales 3 and 4. Both sales were considered inferior with significant upward adjustments applied.

Access

The subject does not have legal or vehicular access. Several paired sales from the core dataset as well as supplemental dataset were utilized to isolate the influence of lack of access on value. A number of other sales were discussed and analyzed. The pairings and discussions support a range of adjustments for Sales 1-4. Downward adjustments are applied to these sales.

Forest Inholding

The subject is an inholding within the Tonto National Forest. Several sales from the core dataset as well as supplemental dataset were discussed to isolate the influence of location within versus outside a National forest. The discussions support qualitative adjustments for Sales 2 and 4. Upward adjustments are applied to these sales.

Size

The subject contains 149.3 acres. The comparable sales range in size from 20 – 117.1 acres. It was acknowledged that the subject size is outside the range, but size is bracketed when the supplemental sales are considered. Several paired sales from a supplemental dataset were utilized to isolate the influence of size on value. However, qualitative adjustments are applied. Sales 1, 3 and 5 had larger downward adjustments applied with modest downward adjustments applied to Sale 2 and 4.

Riparian Features

The subject is located along Cave Creek which is an attractive feature of the property and one that is highly sought by market participants. Several supplemental sales were discussed and analyzed. Upward adjustments are applied to all of the sales.

Utilities

There are no utilities at the subject nor the comparables. No adjustments are applied.

Water

Sale 1 contained a well. Utilizing costs, a downward cost per acre was developed for Sale 1.

Zoning/Use

No adjustments for zoning are applied.

Economic Characteristics

Economic potential reflects the range of potential economic activity within the core dataset. The report discusses that the previous adjustments identified addressed factors that may impact the economic potential of the properties. As such, no additional adjustments for this element were provided.



The unadjusted and adjusted sale prices are reflected below.

Direct Sales Comparison Sales Summary

Sale	Date	Acres	Unadjusted SP/Acre	Adjusted SP/Acre
1	2018	20	\$14,750	\$6,138
2	2019	117.1	\$6,618	\$2,978
3	2021	20.66	\$7,212	\$8,871
4	2022	90.41	\$3,927	\$5,498
5	2022	20.66	\$6,050	\$6,050
Low	2018	20	\$3,927	\$2,978
High	2022	117.1	\$14,750	\$8,871

Reconciliation and Final Value Opinion

The appraisal stated that the land sales, after adjustments, show a range of indicated values from a low of \$2,978 per acre to a high of \$8,871 per acre. The appraiser opined that Sales 1, 4 and 5 are in a narrow range. Sale 3 is not given great weight because this sale is more remote, lacks riparian features and is least comparable to the subject. The appraiser opined that Sales 1, 4 and 5 are in a narrow range. The listing history of Sale 5 suggests that according to the listing agent, the seller was unsure of an appropriate asking price which was complicated by the lack of legal and physical access. They agreed on a list price of \$6,050 per acre and it sold within 7 days at the list price suggesting the price may have been below market for a property of this type. The appraisal also considered the last sale of the subject which sold for \$10,497 per acre in 2004 which included legal access. Given the amount of time that has lapsed and considering current conditions, the subject would be less than \$10,947 per acre.

The opinion of value conclusion is \$6,100 per acre for the subject's 149.3 acres, equivalent to \$910,000.

In selecting an opinion of value sole reliance was placed upon the Sales Comparison Approach because it was the only applicable approach.

Value Indications

Cost Approach	\$0
Sale Comparison Approach	\$910,000
Income Capitalizatio Approach	\$0
Conclusion	\$910,000



Transaction Scale Analysis

As a final step in the valuation of each larger parcel, in accordance with the SOW requirement, the appraisal analyzed the parcels comprising each side of the exchange as a whole in the context of the market and report if there is an additional increment of value or discount attributable to portfolio enhancement or the bulk nature of the transaction. Any value enhancement or diminution under this provision shall be recognized in the concluded values for each of the larger parcels as noted in the SOW.

As stated in the report, the subject property is one of eight Offered Non-Federal Land properties included in the Southeast Arizona Land Exchange and Conservation Act. Those eight properties are dispersed throughout Arizona, in widely varying geographic, ecological and economic settings. Together they represent a portfolio of independent properties, each subject to a different set of market forces. The appraisal suggests that there is no market data that the appraiser is aware of showing an increment in value or a discount attributable to the bulk nature of the legislated transaction.

