



Forest
Service

Washington
Office

1400 Independence Avenue, SW
Washington, DC 20250

Appraisal Report Summary

**East Clear Creek Parcel (Non-Federal)
Coconino County, Arizona**

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

Date of Appraisal Report
November 29, 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

Effective Date of Appraisal

April 12, 2022

Date of Inspection

September 2, 2020 and again briefly on July 22, 2022. The property owner(s) were provided the opportunity to accompany the appraiser on the property inspection.

Date of Report

November 29, 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 November 25, 2020. The property includes the mineral estate. There are no appurtenant water rights.

Outstanding Rights

Schedule B – Exceptions Sixth Amended

1. Deleted Intentionally
2. Reservations or Exceptions in Patents, or in Acts authorizing the issuance thereof as Patent No. 1151099 dated March 24, 1955.
3. The lack of a right of access to and from the land.

Comment: Access to all portions of the property is across existing national forest systems roads. These roads are legal for low density use, but not insurable for title purposes.

4. Deleted Intentionally
5. Deleted Intentionally
6. Deleted Intentionally
7. Water rights, claims or title to water.
8. 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 is not yet due and payable).

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.

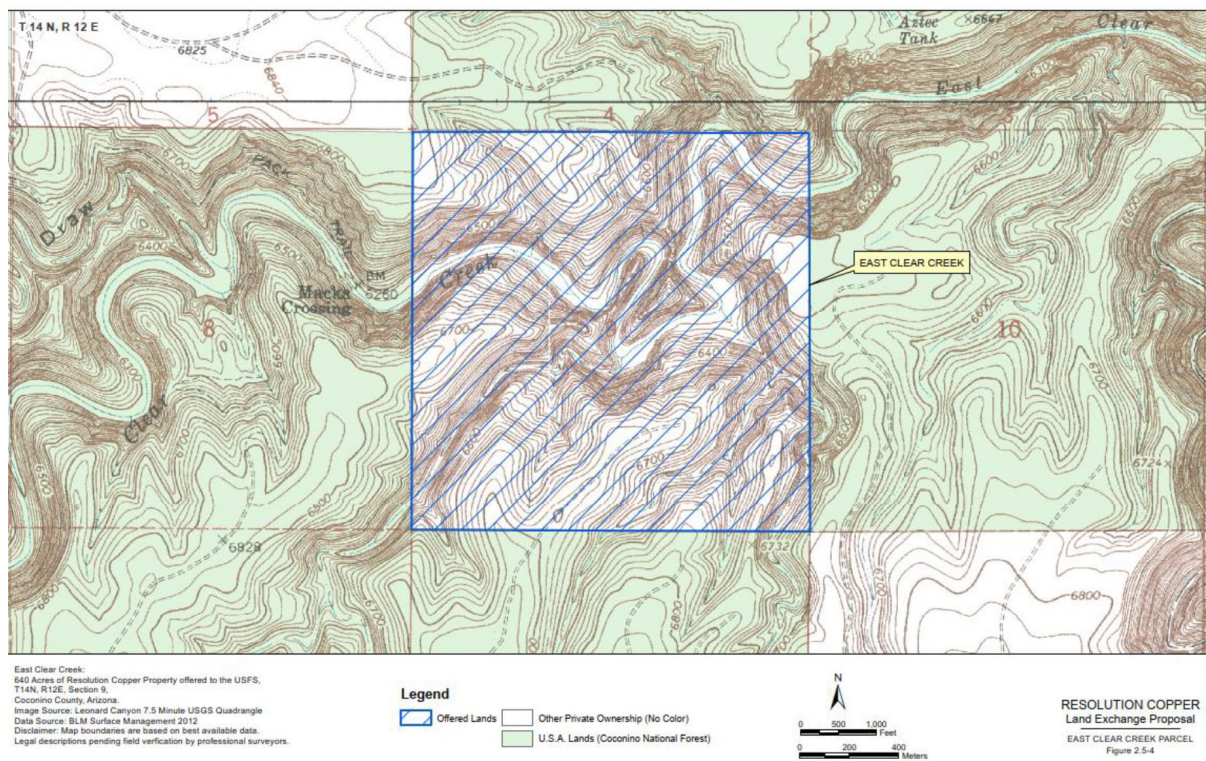
Legal Description

GILA AND SALT RIVER MERIDIAN, Coconino County, Arizona
T. 14 N., R. 12 E. (East Clear Creek)
Sec. 9 – All.
Containing 640.00 record acres, more or less.

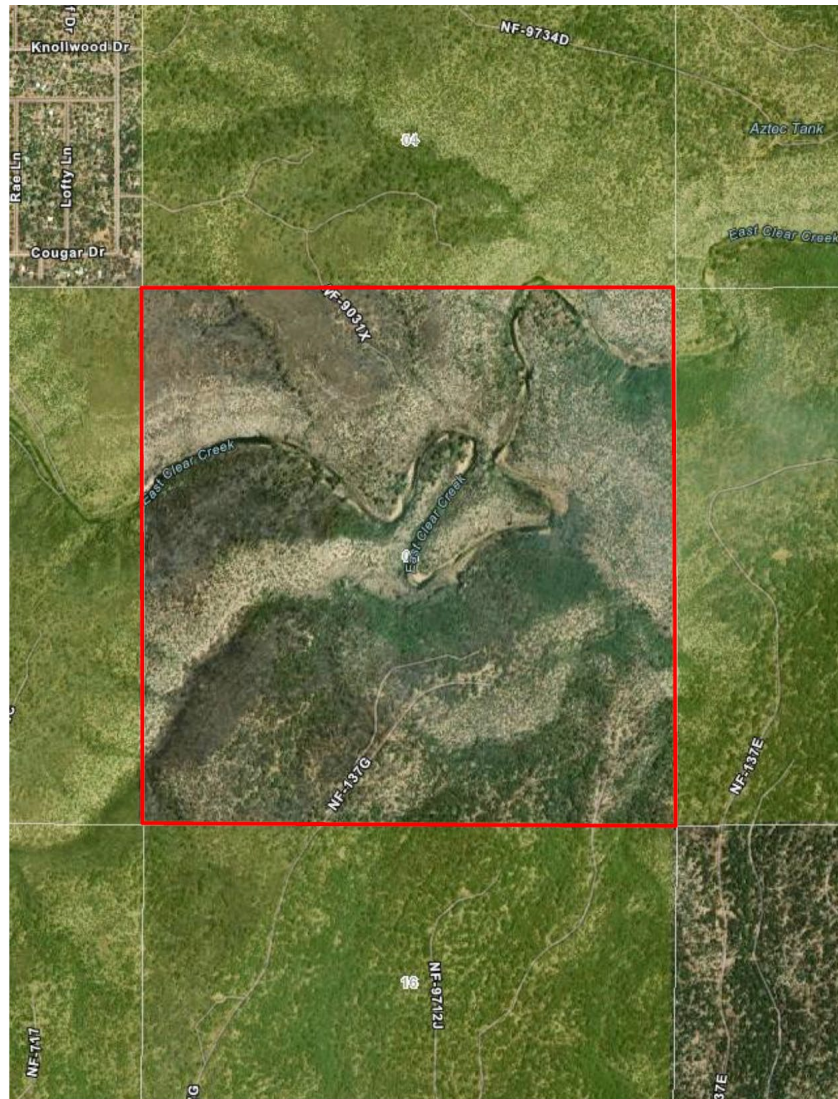


The following maps are for illustration purposes:

Topographic View of Subject Property



Aerial View of Subject Property



Property Description

Location: The subject property is located in a rural area in the southeast portion of Coconino County. It is about 55 miles north of Payson, roughly 38 miles southwest of Winslow and about 1.5 miles east of Highway 87.

Size: The subject property is square in shape and contains 640 acres.

Topography: The northern and southern portions of the property are characterized by plateaus and ridges that border steep canyon walls. East Clear Creek, a perennial stream, meanders along the floor of the canyon flowing in a northeasterly direction and ultimately joining the Little Colorado River near Winslow. It is estimated that the northern plateau consists of about 70 acres. The southern plateau is estimated at 90 acres. Approximately 480 acres of the subject property are within East Clear Creek Canyon or its tributaries.

Topographically, the two plateau areas on the north and south sides of the canyon are suitable for development. The main canyon and the smaller tributaries are quite steep. Though they have no development potential, they offer recreational opportunities, open space and an attractive view amenity to the lands above. The elevation ranges from 6,280 at the canyon floor to 6,828 at the highest point near the south boundary.

Soil Types: According to the NRCS Web Soil Survey mapping information, the subject property is located in six soil complexes. The soil complexes occur on high mountainous areas of the Coconino and Colorado Plateaus. Limestone and sandstone rock comprise 80 percent of the parcel's acreage.

Wildcat soils formed in residuum weathered from Coconino sandstone or Kaibab formation. Wildcat soils are on upland exposures of sandstone with slopes that range from 1 to 15 percent. They are gravelly fine sandy loam and are somewhat poorly drained, with slow to very slow permeability.

The Jack-Tortugas complex is well drained with moderate to low permeability. Jack soils comprise 30 percent and Tortugas soils approximately 25 percent of this complex. The Jack series consists of deep, well-drained soils on uplands. Slopes are dominantly 0 to 15 percent and range from 0 to 45 percent. Permeability is slow. The Tortugas series consists of very shallow and shallow, well-drained, moderately rapid permeable soils formed from limestone, calcareous sandstone, and shale on gently rolling ridges to very steep hills. Slopes are 0 to 75 percent.”¹

The soils are not suitable for farming but considered suitable for rangeland. The subject property is within the Bar T Bar grazing allotment but not leased for grazing at this time.

Water Amenity: There is about 2.3 miles of meandering stream course within East Clear Creek and 14.15 acres of wetlands. 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 southern portion of the property. Area residents to the south rely on solar or generators for electricity. Individual wells are used for domestic water source. In some cases, residents are forced to haul water. Septic systems are used for waste disposal. There is no telephone service, but there is cell service. Nearby private lands are in transition to low-density residential and recreational occupancies. On the north side of the canyon, electric and telephone are available to within 325 feet of the northwest corner of the property.

Access: There is no insurable access to the subject property. East Clear Creek Canyon divides the property into two areas, each with significantly different access. The area on the north side of the canyon is accessible from Highway 87 through the Clear Creek Pines subdivision located diagonally northwest off the northwest corner of the subject property. Roads within the subdivision are publicly maintained dirt roads with cinders. Near the southeast corner of the development Redtail Lane extends east to the national forest boundary. At this point, legal access is about 600 feet north of the northwest corner of the subject property. Physical access from this point is via Forest Service Road 9732D, a two-track road that continues east one quarter to one half mile across Section 4 and then turns south to the north boundary of the subject property. An informal dirt road continues onto the property.

Physical access to the streambed along the canyon bottom is also possible through the Clear Creek Pines subdivision at the southwest corner of the development. A rough ATV trail (currently closed to public vehicular access) continues from the end of Douglas Fir Way crossing private land adjacent to Starlight Pines Ranchettes and then crossing back onto national forest land in Section 8. This trail works its way down from the ridge to the canyon floor at Macks Crossing. From this point an informal trail forks to the east crossing onto the subject property at the west boundary. At Macks Crossing the ATV trail zig zags up the south side of the canyon to the ridge and NFS Road 137. These trails are used primarily by recreationalists.

Access to the southern portion of the property is much more circuitous. Several connecting NFS roads extend southeast from Highway 87. There is a bridge on NFS Road 96 that provides access across East Clear Creek. NFS Road 96 extends about 11 miles to a "T" intersection. From this point one travels north on NFS Roads 137, 137B, 717, and 137G about 7.5 miles to the subject property, a total distance of 18.5 miles from Highway 87. Of this distance, about 15 miles are good quality dirt roads. The last 3.5 miles include an average quality two-track road. These roads are maintained by the Forest Service but closed during the winter after the first snowfall. trending ridgeline that climbs to about 4,350 feet on a peak in the northeast corner of the property, a mile or so distant from the west boundary.

Timber: N/A

Minerals: No known assets, minerals are included.

Amenities: N/A

Improvements

None



Use, Rent and Sale History

It is stated within the report that the subject is owned by Resolution Copper Mining, LLC, which took title to the property on April 8, 2020, in a transfer from Swift Current Land & Cattle, LLC, a subsidiary, or holding company related to the current owner. That transfer was between related legal entities for no, or nominal, consideration.

Swift Current Land and Cattle Company acquired title from Trust for Public Lands on October 14, 2005. The purchase price was \$3,400,000 or \$5,313 per acre, cash. On the same day, Trust for Public Lands purchased the property from Clear Creek 640, LLC for \$3,200,000 or \$5,000, cash. This price was based on the appraised value.

Clear Creek 640, LLC acquired the property from Canyon Point LLC on June 3, 2002. The purchase price was \$1,850,000 or \$2,891 per acre. The sale sold on terms that included a 35% cash down payment and the balance carried by the seller at 8% due in three years. On the same day Canyon Point LLC had acquired the property from Blue Ridge 800, LLC. This was a related party transfer.

Blue Ridge 800, LLC acquired title from Phelps Dodge in December 2001. This acquisition was part of an assemblage involving three properties totaling 2,100 acres. The portion of the purchase price allocated to East Clear Creek was \$1,100,000 or \$1,719 per acre.

Though the current owner and/or past owners have not made any changes to the property over the past 20 years, roughly 450 acres burned in the Tinder Fire which started in late April 2018. The Tinder Fire originated in the East Clear Creek drainage about 1.5 miles northeast of Blue Ridge Reservoir. In total 16,309 acres burned. At the subject property, the fire burned most of the upland area in the western and northern portions of the property. Across the southern and eastern portions of the property, the fire burned in a mosaic pattern. The riparian area along the creek was mostly spared.

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 located in the G – General zone. The zone is intended to accommodate a rural lifestyle with a range of densities from 10 to 40 acre ranchettes and agricultural uses.

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 for the subject property are investment with the potential for low density residential 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 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 appraisal considered 9 comparable sales for analysis. Of these 9 comparable sales, 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. The sales bracket the subject of the report in a number of elements to include size and physical characteristics.

The **unit of comparison** selected for the analysis is price per acre. The market area and timeframe analyzed for comparable sales was from the October 2004 to February 2021 in the Coconino 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 property rights 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 made.

Conditions of Sale

The appraisal report indicated that there were conditions of sale that influenced value with regards to Sale 4 which sold at auction. A substantial quantitative adjustment to this sale was 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 acknowledging that the timeframe of the sales was broad and included several boom/bust cycles across the time frame covered by the sales. An extensive paired sales analysis from both within and outside the core dataset were utilized to isolate market conditions influence on value. Also utilized was an analysis of sales/resales of



lots within the Coconino County reflecting each of the timeframes of the comparables as compared to the July 2020-April 2022 timeframe. Upward adjustments are applied to Sales 1, 3, 4, and 5 with a downward adjustment warranted to Sale 2.

Property Adjustments

Location

Location adjustments account for the remote location, quality of access as well as available utilities. 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 5. Both sales were considered superior with downward adjustments applied.

Physical Characteristics

Size - The subject contains 640 acres. The comparable sales range in size from 145.66 - 640 acres. Several paired sales from a supplemental dataset were utilized to isolate the influence of size on value. Pairings support a range of adjustments for Sales 3, 4 and 5. Downward adjustments are warranted to these sales.

Water – Sales 4 and 5 contained wells. Utilizing costs, a cost per acre was developed for Sale 4 and 5. Downward adjustments were applied to both of these sales.

Fire – Approximately 450 acres of the subject property was impacted by the Tinder Fire that began in April 2018 in the East Clear Creek drainage. Much of the northern and western portions of the subject property were affected. A paired sales analysis utilizing a supplemental dataset were utilized to isolate the influence of the fire on value. Numerous conversations with Real Estate professionals were also included and were supportive. Based on the data and discussions, downward adjustments to all of the sales were applied.

Other Physical Characteristics

This element reflects the uniqueness of the property. This includes the perennial stream with steep terrain and surrounding plateaus. The positive and negative of each characteristic of each comparable were discussed with no adjustments applied.

Zoning

Sale Four had more restrictive zoning with an upward adjustment 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 further analysis for this element was 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	2004	640	\$3,906	\$3,281
2	2005	640	\$5,000	\$3,000
3	2015	145.66	\$7,037	\$3,061
4	2016	320	\$1,500	\$2,290
5	2021	160.2	\$13,421	\$3,055
Low	2004	145.66	\$1,500	\$2,290
High	2021	640	\$13,421	\$3,281

Reconciliation and Final Value Opinion

The appraisal stated that the land sales, after adjustments, show a range of indicated values from a low of \$2,290 per acre to a high of \$3,281 per acre. The appraisal report acknowledged that the gross and net adjustments are large but are reflective of the many unique features of the subject. The appraiser opined that Sales 1 and 2 are most comparable to the subject in terms of size, location and topographical characteristics. As such, these sales are given the most weight.

The opinion of value conclusion is \$3,000 per acre for the subject's 640 acres, equivalent to \$1,920,000.

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	\$1,920,000
Income Capitalization Approach	\$0
Conclusion	\$1,920,000

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.

