

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

**PUBLIC AUCTION LEASE NO. 03-123513
30 YEAR COMMERCIAL LEASE**

Pursuant to A.R.S. Title 37, notice is hereby given that the State of Arizona through its Arizona State Land Department ("ASLD"), will sell at Public Auction to the highest and best bidder at 9:30 a.m. on Friday, May 8, 2026 at the Cochise County Courthouse, 100 Quality Hill, Bisbee, Arizona, or another location to be announced no less than seven (7) days prior to the auction, a thirty (30) year Ground Lease (the "Lease"), on trust lands situated in Cochise County to wit:

TOWNSHIP 22 SOUTH, RANGE 21 EAST, G&SRM, COCHISE COUNTY, ARIZONA

- PARCEL: W2NE S2SENE NW N2S2, SECTION 16, CONTAINING 419.940 ACRES, MORE OR LESS;
- PARCEL: M&B IN NE , SECTION 17, CONTAINING 158.102 ACRES, MORE OR LESS;
- PARCEL: S 370FT OF N 450FT OF E 320FT OF W 470FT OF NWNE, SECTION 17, CONTAINING 2.720 ACRES, MORE OR LESS;
- PARCEL: S2SE, SECTION 8, CONTAINING 80.426 ACRES, MORE OR LESS;
- PARCEL: W2NE S2NW, SECTION 9, CONTAINING 160.230ACRES, MORE OR LESS;
- PARCEL: SW W2SE, SECTION 9, CONTAINING 240.000 ACRES, MORE OR LESS;
AND

TOTAL ACRES CONTAINING 1,061.418 ACRES, MORE OR LESS.

LOCATION: EAST OF SIERRA VISTA

BENEFICIARY: PERMANENT COMMON SCHOOLS AND PERMANENT COMMON SCHOOLS (INDEMNITY SELECTION)

PROPERTY AND SELECT LEASE INFORMATION:

(A) The complete legal description of the state trust land that will be subject to Ground Lease No. 03-123513 is available in its respective file.

(B) The Lease Parcel has been appraised at \$6,900,000.00.

(C) There are no reimbursable improvements on the Lease Parcel.

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

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

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

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

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

(I) The annual rent for the Lease has been established as Base Rent, which is 4% of the Sale Price, plus Additional Rent, as that term is defined in the Lease, if any. Base Rent shall be adjusted upwards beginning in Lease Year Six and every fifth Lease Year thereafter by 5%, as more particularly set forth in the Lease.

(J) Commencing on the earlier of: (i) the first day of the first Lease Year following the Commercial Operation Date (as defined in the Lease); or (ii) the first day of Lease Year Six, Lessee shall pay Additional Rent based on the megawatt capacity of the improvements on the Parcel, as described in the Lease.

(K) For additional terms and conditions of the Lease and information regarding the Lease Parcel, prospective bidders are advised to examine the lease document and complete file associated with the above-described Lease Parcel, as well as all pertinent files of ASLD, which are open to public inspection at the ASLD, 1110 West Washington Street, Phoenix, Arizona, from 8:00 a.m. to 4:30 p.m., exclusive of holidays and weekends. Please direct any questions regarding this Public Auction to the Real Estate Division of ASLD at (602) 542-3000. This auction notice is available on the ASLD's website at www.land.az.gov.

BIDDER QUALIFICATIONS AND BIDDING INFORMATION:

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

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

(C) Prior to the date of auction, a prospective bidder shall perform their own due diligence including, without limitation, researching the records of local jurisdictions, all ASLD files pertinent to the auction and the Lease Parcel, including, without limitation, ASLD File No. 03-123513, and files of all other public agencies regarding the Lease Parcel.

(D) Prior to the start of bidding, a prospective bidder shall sign an affidavit agreeing that: they have undertaken due diligence in preparation for the auction; they are leasing the Lease Parcel solely upon the basis of their own due diligence and investigation of the Lease Parcel and not on the basis of any representation, express or implied, written or oral, made by ASLD or its agents or employees, except as set forth in writing herein; they have carefully reviewed and are familiar with the terms of the Lease and have obtained the legal and other expert advice necessary to assess the value and suitability of the Lease Parcel; their representative is authorized to bid and bind the bidder; and they are leasing the Lease Parcel AS IS, and subject to the terms and provisions of the Lease.

(E) Prior to the start of bidding, a prospective bidder must show ASLD's representative a **Cashier's Check** made payable to "Arizona State Land Department" in the amount specified under Terms of Sale Paragraph (G) below. If the prospective bidder is not the applicant, the amount of Cashier's Check shall be \$777,605.54. If the prospective bidder is the applicant, the amount of Cashier's Check shall be \$709,746.54.

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

(G) The bidding will begin at the Appraised Value of \$6,900,000.00. A bid for less than the Appraised Value of the Lease Parcel will not be considered. Additional bidding must be made in minimum increments of \$100,000.00. There is no existing lessee with a preferred right under A.R.S. § 37-335(C) to match the final bid received by the Commissioner. Bidding will be conducted orally.

(H) The time of sale shall be deemed to be the time of declaration of the highest and best bid (the "Time of Sale"). A Qualified Registered Bidder whose bid is declared the highest and best bid shall be deemed the "Successful Bidder". The amount of the highest and best bid shall be deemed the "Sale Price".

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

(J) Pursuant to A.R.S. § 37-241(C), in the event of forfeiture by the Successful Bidder, the ASLD Commissioner may declare that the bid placed before the final bid accepted is the highest bid, and that bidder has five (5) days after notification by ASLD to pay by cashier's check all amounts due under Terms of Sale Paragraph (G) below.

(K) Section 28 of The Arizona-New Mexico Enabling Act of 1910 (Pub.L. 61-219, 36 Stat. 557) and Article 10, Section 4 of the Arizona Constitution require ASLD to appraise and collect the value of the products of the land that are to be disposed of incidental to a lease. Based on the Native Plant Inventory, dated May 7, 2025, for the applicant's proposed Lease development, the estimated cost for native plant removal is \$906,986.16 (the "Native Plant Removal"). A copy of the Native Plant Inventory can be found in ASLD File No. 03-123513 and is available for inspection.

(L) Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the ADA Coordinator at (602) 542-2629. Requests should be made as early as possible to allow time to arrange the accommodation.

TERMS OF SALE:

(A) The Lease Parcel shall be leased in an "AS-IS" condition "WITH ALL FAULTS", with no representation or warranty being made by ASLD of any type or nature. ASLD makes no warranty as to the following: (i) the physical condition or any other aspect of the Lease Parcel, including, but not limited to, the uses to which the Lease Parcel may be put, the ability to construct additional improvements or modify existing improvements on any portion of the Lease Parcel or the ability to obtain building permits for any portion of the Lease Parcel, the conformity of the Lease Parcel to past, current or future applicable landscaping, parking, zoning or building code requirements, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill, susceptibility to landslides, sufficiency of undershoring, water retention characteristics of the Lease Parcel, drainage onto or off of the Lease Parcel, the location of the Lease Parcel either wholly or partially in a flood plain or a flood hazard boundary or similar area, or any other matter affecting the stability or integrity of the Lease Parcel or any improvements constituting the Lease Parcel; or (ii) the sufficiency of the Lease Parcel for Lessee's purposes or as to its continued operating conditions or usefulness. All implied warranties, including, without limitation, **WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE**, are hereby expressly disclaimed.

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

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

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

(E) Pursuant to A.R.S. § 37-231, the State of Arizona or its predecessor in title, reserve and retain all rights and all forms of access to all oil, gas, minerals, hydrocarbon substances and gaseous

substances or any other material which is essential to the production of fissionable materials as provided by the rules and regulations of ASLD and the laws of Arizona.

(F) Immediately following the Time of Sale, the Successful Bidder must sign an affidavit which states without limitation that he/she is the Successful Bidder and the amount of the Sale Price.

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

- 1) The first year's Base Rent in the amount of \$276,000.00;
- 2) A Selling and Administrative Fee of 3% of the Appraised Value of the Lease Parcel, which is \$207,000.00;
- 3) Estimated Reimbursable Legal Advertising Costs of \$5,000.00;
- 4) Reimbursable Appraisal Fee, which is \$4,500.00;
- 5) Estimated Reimbursable Costs and Expenses of \$58,359.00, a portion of which amount may be refunded to the Successful Bidder if the Successful Bidder is not the applicant, and the Actual Reimbursable Costs and Expenses are lower
- 6) Twenty five percent (25%) of the Native Plant Removal, which is \$226,746.54.

The total amount due at the Time of Sale is \$777,605.54 (less \$67,859.00 if the Successful Bidder is the applicant, for a total amount due of \$709,746.54).

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

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

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

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

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

(K) The Successful Bidder shall pay the remaining Native Plant Removal costs when submitting the Development Plan for ASLD approval.

ADDITIONAL CONDITION(S):

(A) All bidders are hereby notified that there may be Register Eligible Site or Sites located within the Lease Parcel, which could include information significant in this state's history, architecture, archaeology, or culture and may meet eligibility criteria, which the Arizona State Parks Board has established for listing on the Arizona Register of Historic Places, or which meet eligibility criteria for listing on the National Register of Historic Places. If ground-disturbing activities will or may impact one or more Register Eligible Site or Sites, purchaser shall consult with the State Historic Preservation Office and otherwise take such actions as are necessary to avoid, preserve, protect,

or mitigate impacts on the Register Eligible Site or Sites. In the event that avoidance, preservation and protection of the Register Eligible Site or Sites cannot be accomplished, purchaser shall ensure a Data Recovery Plan is developed in consultation with and acceptable to, the Arizona State Museum and the State Historic Preservation Office, or their successor agencies, and the Data Recovery is implemented and completed prior to the Register Eligible Site or Sites being affected. The artifacts and records recovered from the Lease Parcel shall be curated according to the Arizona State Museum (ASM) Conservation and Curation Standards as established in rules implementing the Arizona Antiquities Act.

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

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

B) Prior to any ground disturbance in areas not previously subject to a cultural resources survey, as documented in the report titled A Class III Cultural Resources Overview of the 560-acre GR Energy 429 South Phase One Lease Area Project Cochise County, Arizona and A Class III Cultural Resources Overview of the 480-acre GR Energy 429 South Phase Two Lease Area Project Cochise County, Arizona prepared by Colliers Engineering and Design dated November 12, 2024, Grantee shall arrange for a permittee of the Arizona State Museum to inspect the area for cultural, historical, and paleontological remains and submit a PDF copy of the inspection report to the Arizona State Land Department Cultural Resources Section for review and approval.

If, following receipt of ASLD Cultural Resources Section approval to proceed, any additional archaeological, paleontological, or historical site or object, or Human remains or funerary object that is at least fifty years old is discovered during the course of ground disturbing activities, all work shall cease and the grantee shall notify the Director of the Arizona State Museum pursuant to A.R.S. §41-844, and Arizona State Land Department Cultural Resources Section Manager.

BROKER INFORMATION:

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

GENERAL INFORMATION:

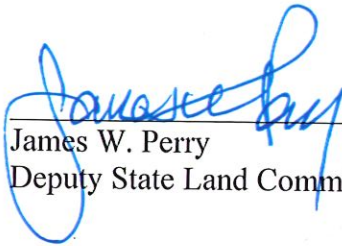
(A) ASLD may cancel this auction in whole or in part at any time prior to the acceptance of a final bid.

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

(C) Information regarding this auction may be obtained from ASLD as follows:

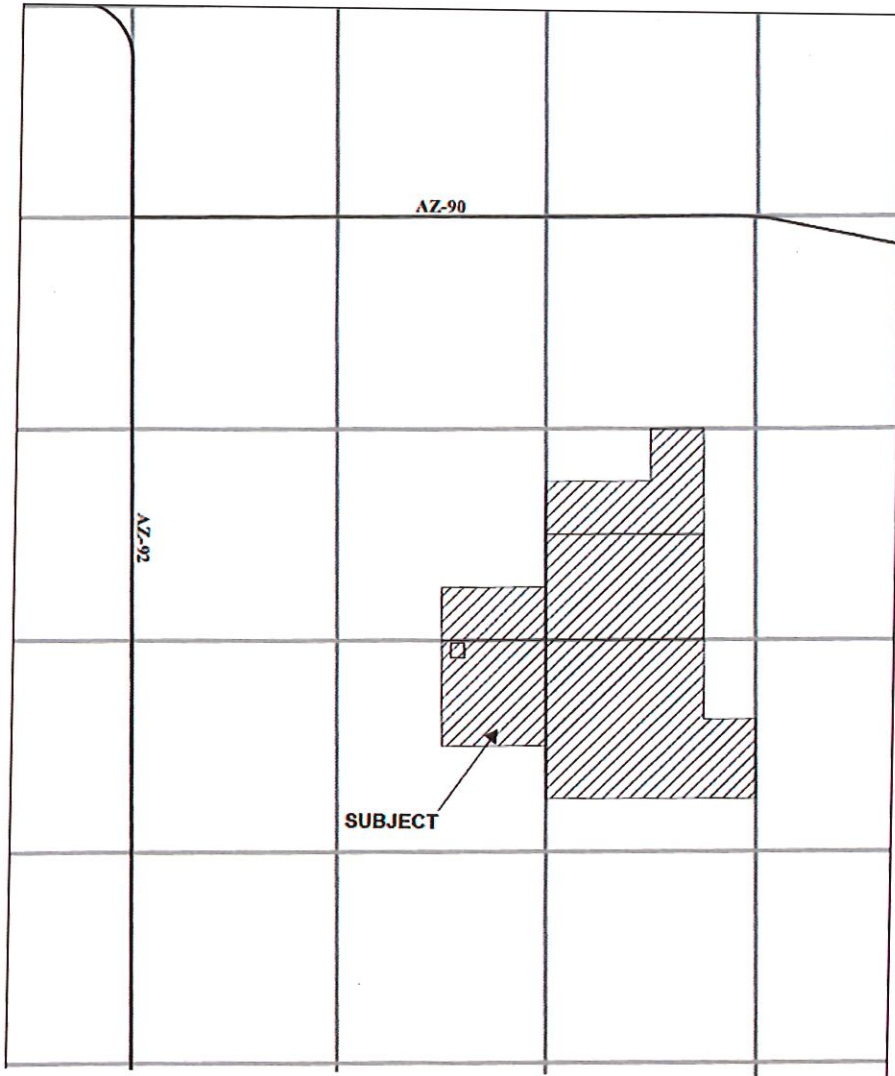
FOR LEASE INFORMATION CONTACT:
Ray Moore, Commercial Leasing Project Leader
Sales & Commercial Leasing Administrator

Real Estate Division
1110 West Washington Street
Phoenix, AZ 85007
(602) 364-1126


James W. Perry
Deputy State Land Commissioner



February 5, 2026
Date



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