

AVAILABLE
FOR SALE

MCMILLAN MESA VILLAGE

CAVAN[®]
Real Estate Investments

± 90 ACRES



LOCATION

East of Turquoise Drive and south of Forest Avenue in Flagstaff, Arizona

PARCEL SIZE/ZONING

± 90 acres Mixed Use

- ± 52.0 acres Business Park (BP)
- ± 16.0 acres High Density Residential (HR)
- ± 7.6 acres Medium Density Residential (MR)
- ± 7.0 acres Single Family Residential (R1)
- ± 7.7 acres Suburban Commercial (SC)

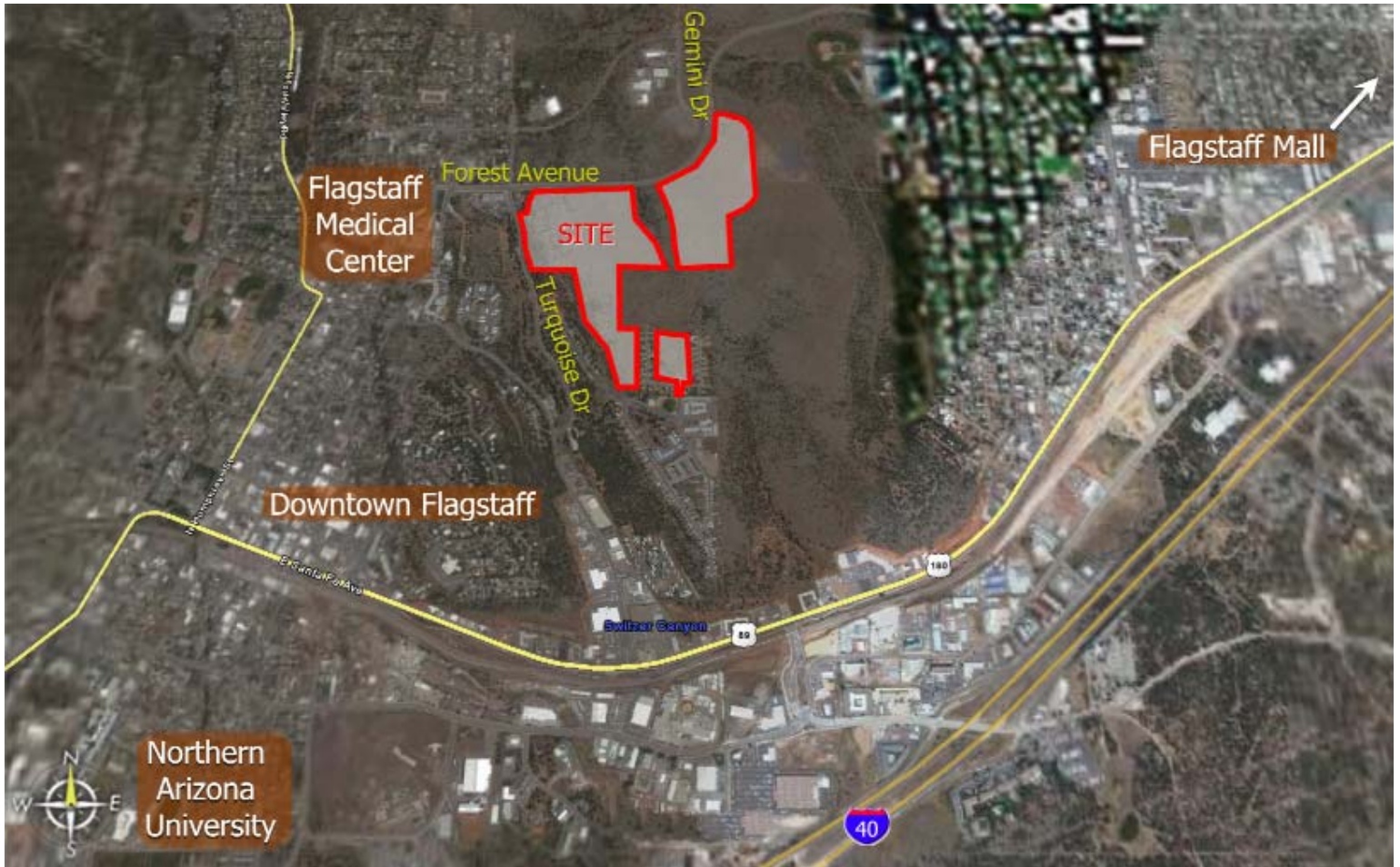
LOCATION

- ½ mile from Flagstaff Hospital & Medical Center
- 3 miles North of I-40
- 4 miles from Flagstaff Mall (70 stores and restaurants)
- 3 miles from Northern Arizona University (NAU)
- 1 mile from downtown Flagstaff

The McMillan Mesa Village is located within one mile of downtown Flagstaff on the Switzer Mesa and has dramatic vistas of the San Francisco Peaks and Elden Mountain to the north as well as panoramic distant views to the west.

Construction on the 90-acre mixed-use development will begin in May 2008 with its expected completion in 9-12 months. Our financial institution has committed \$25 million which will provide sufficient financing to complete infrastructure that will supply necessary access and utilities for development of nearly 400 dwelling units, 22 single-family residential lots and approximately 780,000 square feet of office space.

It is an exclusive purchasing opportunity for all or part of the beautiful 90-acre property as it is one of the last parcels of zoned land centrally-located in Flagstaff.



PROPERTY PREDEVELOPMENT AND DEVELOPMENT

The proposed development plan will complete the horizontal infrastructure for streets, drainage facilities, utilities, trails, and green belts as well as the platting of development parcels for the various land-use elements authorized by the Specific Plan. The project follows the concepts and geometries established by the approved Specific Plan and incorporates recent changes in development standards for such facilities adopted by the city's Development Code.

The final plat has been approved and recorded. The final plat subdivides the development parcels by zoning type into functionally appropriate parcel boundaries for future building projects.

With the predevelopment process complete, contractor bids were submitted for selection in early 2008. Based on the experience, similar projects completed and the bids submitted, Fann Contracting was selected as the most-qualified contractor for the job. Construction is scheduled to begin in May 2008 with an anticipated construction time frame of about 9-12 months.

The major infrastructure costs include sewer, water, roads, drainage, detention facilities, dry utilities, landscaping and offsite costs. The roads will make the property more accessible as Pine Cliff Drive will run south from Forest Avenue through the property connecting with Ponderosa Parkway. Gemini Drive will circle around the northeastern most portion of the property connecting Forest Avenue and Pine Cliff Drive.

There is currently no infrastructure for sewer and water in the ground to support development, but the systems have been designed and will be installed along with the roads. A sewer line is available to provide service to the project at the intersection of Turquoise and Forest Avenue. The closest waterline is 600 feet to the north in Gemini Drive at the USGS facility, which loops through a network of waterlines in the project connecting back at Turquoise and Cedar Avenue, approximately 1000 feet northeast of the project.

Power, telephone, cable and gas will become available as the remaining infrastructure is incorporated into the project.

PROPERTY PRICING

<u>Type of Property Zoning</u>	<u>Size</u>	<u>Buildable Use</u>
High-Density Residential (A)	± 16.0 Acres	320 Dwelling Units
Medium-Density Residential (B)	± 7.6 Acres	72 Dwelling Units
Single-Family Residential (C)	± 7.0 Acres	20-25 Lots
Suburban Commercial (D)	± 7.7 Acres	66,000 Square Feet
Business Park (E)	± 7.4 Acres	106,000 Square Feet
Business Park (F)	± 5.0 Acres	72,000 Square Feet
Business Park (G)	± 6.3 Acres	91,000 Square Feet
Business Park (H)	± 8.5 Acres	122,000 Square Feet
Business Park (I)	± 24.7 Acres	389,000 Square Feet

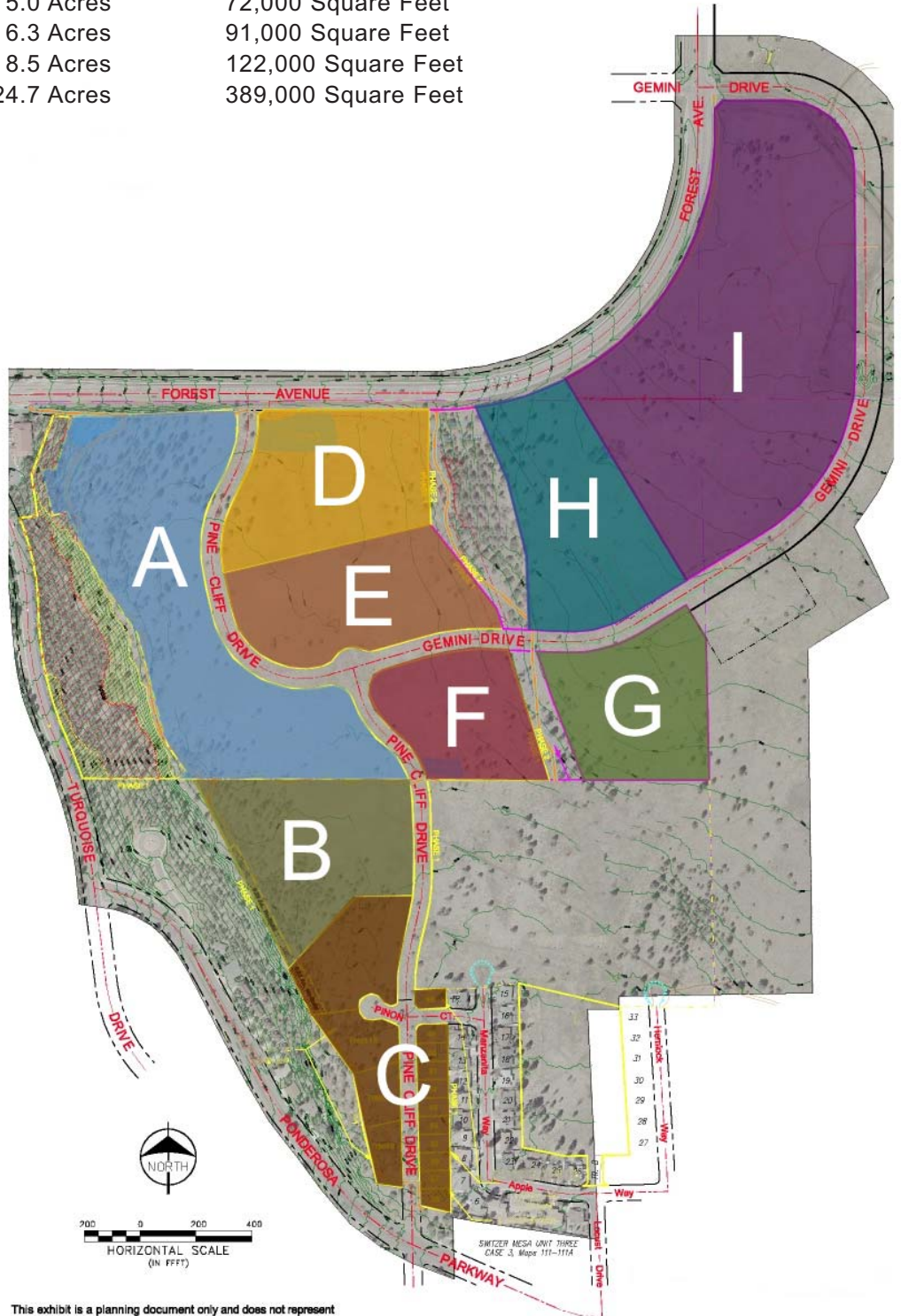
PROPERTY LOCATION

Flagstaff is situated at a major cross-roads, easily accessible from the east, west and south. Interstates 40 and 17 provide direct access from the West’s major metro areas, including Albuquerque, El Paso, Dallas, Las Vegas, Los Angeles, San Diego and, most importantly, Metro Phoenix. US Highway 89 provides access from states to the north, and Highway 180 links Flagstaff to the Grand Canyon, just 81 miles to the northwest.

Flagstaff is the county seat of Coconino County and is located approximately 150 miles north of Phoenix, Arizona. Flagstaff is renowned for its beauty and charm, nestled within the Ponderosa Pine forest of northern Arizona at the foot of the San Francisco Peaks.

McMillan Mesa Village is located on the southeast corner of Forest Avenue and Turquoise Drive in Flagstaff. The site is located within one mile of downtown Flagstaff on Switzer Mesa and has dramatic vistas of the San Francisco Peaks and Elden Mountain to the north, as well as panoramic distant views to the west.

This property is one of the largest zoned pieces of property in Flagstaff. It is in a very desirable residential area. In addition, the property boasts a close proximity to a large network of hiking trails and parks.



This exhibit is a planning document only and does not represent the current state of entitlements and approvals by the City of Flagstaff. All information shown hereon is subject to change without notice.

SITE ACCESS

Construction of new interior streets, Gemini Drive and Pine Cliff Drive, will provide access to individual parcels within the mixed-use project. Pine Cliff Drive will connect to Forest Avenue to the north, with Ponderosa Parkway to the south. Gemini Drive will run from Pine Cliff north-eastward to connect to the existing Gemini Drive intersection at Forest Avenue. This intersection will be signalized in the future as traffic volumes warrant.

NEARBY AND ADJACENT USES

- ½ mile from the Flagstaff Medical Center
- Within one mile of Downtown Flagstaff
- Within two miles of Northern Arizona University
- Less than four miles from the Flagstaff Mall
- Pulliam Airport is within seven miles of the project
- Just south of the Biotech Business Incubator

FLAGSTAFF AREA INFORMATION

Flagstaff is named for a pine tree that was made into a flagpole in 1876 to celebrate the Declaration of Independence Centennial. It is the largest city and regional center of northern Arizona and the seat of Coconino County.

Coconino County lies in the central region of northern Arizona. With 18,661 square miles, Coconino is the second largest county in the United States and the largest in Arizona; but it is one of the most sparsely populated, characterized by rugged mountains, deep canyons and thick forests of pine, spruce, aspen and oak. Coconino County is also home to one of the world's most popular and impressive wonders – Grand Canyon National Park.

At 7,000-foot elevation, Flagstaff is considered one of the highest U.S. cities. It sits at the base of the 12,633-foot San Francisco Peaks. Flagstaff is a year-round mecca for visitors; many Arizonans maintain second homes here and a lot of Californians have moved here in the last couple of years.

FLAGSTAFF POPULATION

As of July 2006, the city's estimated population was over 60,000 with an average annual growth rate of about 3%. Most homebuyers in Flagstaff are from California or are second home buyers looking for a cool getaway. With a highly-educated population that enjoys the arts and culture, this beautiful destination located at the southwestern edge of the Colorado Plateau is an extremely attractive area for potential home buyers.

FLAGSTAFF BUSINESS GROWTH

Flagstaff has received numerous accolades promoting its local economic growth. Among them is a #6 ranking on the Top 20 Mid-size Metropolitan Cities List for recruitment and attraction of business to its community by *Expansion Management Magazine*. Also, according to 80 prominent site location consultants surveyed by *Expansion Management Magazine*, Flagstaff is one of the 50 hottest cities for expanding or relocating a business. A prime example of the business development is a new facility opened last year in a collaborative effort between Phoenix-based Translational Genomics Research and Northern Arizona University in Flagstaff, which is studying the genetic makeup of disease-causing pathogens in an effort to develop faster diagnostic tests.

Flagstaff has made bioscience development a priority as they account for 5.4 percent of Arizona's bioscience jobs, although the region accounts for only 2.9 percent of total statewide employment. Bioscience employment in the Flagstaff metropolitan area grew three times faster than that of the nation between 2001 and 2005. Currently, the City of Flagstaff is developing a Science & Technology Park that could include up to 200,000 square feet of office, biotech and research space. The 9-acre site, next to the U.S. Geological Survey Campus and Northern Arizona Technology and Business Incubator, should continue to enhance the enthusiasm for development as Flagstaff promotes smart growth.

While Flagstaff has amazing educational, recreational and scientific opportunities, it also offers a community rich in cultural diversity, beauty, and history. Enjoyed for its cool summer weather, the mountain town is an exciting regional center flush with dining, shopping and nightlife opportunities, a unique arts and crafts scene, and a wide selection of quality hotels and inns.

ECONOMY

Coconino County's early economic development was mostly dominated by fur trades among trappers and traders in the 1820s and 1830s. Cattle and sheep ranching began in the 1870s, and was followed by a boom in the lumber business when the railroad began serving the area during the next decade.

Flagstaff is the economic center of Coconino County and accounts for approximately 65% of total county employment. Flagstaff's economy today is more diverse, encompassing different sectors and industries – government, transportation and utilities, etc. Manufacturing is becoming a larger portion of the Flagstaff economy. The



products manufactured include pet food, surgical/medical instruments and apparatus, wind generators, circuit boards, packaging products, and recycled paper products for commercial use. More than 200,000 people do business in Flagstaff, both in the historic downtown area and at several shopping centers.

Also, new scientific and high-tech research industries have located in Flagstaff, broadening the economic base of tourism, government, education, and transportation, which replaced the lumber, railroad, and ranching eras. Northern Arizona University (NAU) has special projects in renewable energy and engineering, one of which, the Solar Project, is cutting edge, similar to the Tempe University Center's work. These projects help Flagstaff as it looks for ways to expand and grow in the future.

In addition to NAU, the Lowell Observatory is also known for scientific research. It continues to be an active astronomical observatory, currently involved in a \$30 million project with Discovery Channel to build the Discovery Channel Telescope, a sophisticated, ground-based telescope with advanced optical capabilities for future projects.

Flagstaff is a major tourist area due to its beauty and vibrant community. Hotels, retailers and even the film industry contribute to the economy. Following is an illustration of 2006 employment for Coconino County.

2006 Coconino County Employment by Sector

Sector	(in thousands)
Mining & Construction	3.4
Education & Health Services	7.1
Financial Activities	1.7
Government	19.7
Information	0.5
Leisure & Hospitality	13.1
Manufacturing	3.6
Professional & Business Services	4.2
Trade, Transportation & Utilities	9.3

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, State of Arizona Econ. Security Research Admin.

Five industrial parks are located near I-40 and I-17. Major employers include W.L. Gore & Associates (medical instruments manufacturer), Nestle Purina (pet food producer). Walgreens also has a distribution center in the city.

DEMOGRAPHICS

Flagstaff has played an increasingly important role in economic development in the northern region of Arizona, which has helped attract more people to the city. The table below shows how the city compares with the county and state.

Flagstaff Labor Force (1990-2005)			
	1990	2000	2005
Civilian Labor Force	26,111	31,617	33,929
Unemployed	1,604	982	1,236
Unemployment Rate	6.10%	3.10%	3.60%

Source: Arizona Department of Economic Security

The median age is 28.8 (compared with U.S. median of 37.6). The average household size is 2.51 people; 21.98% of people are married, with children; 10.7% have children, but are single.

The demographic make-up of Flagstaff is diverse - 73% of people are white, 1.74% black, 1.59% Asians, 15.72% Native American, and 8.61% claiming "other."

Population (1990-2005)						
Year	Flagstaff	% Change	Coconino County	% Change	Arizona	% Change
1990	45,857		96,591		3,665,228	
2000	52,894	15.3%	116,320	20.4%	5,130,632	40.0%
2005	61,185	15.7%	130,530	12.2%	6,044,985	17.8%

Source: Arizona Department of Economic Security and US Census Bureau

Flagstaff has a relatively highly educated labor force. The number of people with four-year college degrees is 24.57% compared with the U.S.'s 15.16%; or 14.81% (graduate degrees) vs. the U.S.'s 7.16%. The city is home to Northern Arizona University (one of Arizona's three public universities) and Coconino Community College.

TRANSPORTATION AND INFRASTRUCTURE

Flagstaff has long been a transportation hub in the northern region of Arizona and southwest part of the country. Today the town links Interstate 40 to Interstate 17, providing road access to major west coast markets including San Francisco, Las Vegas, Albuquerque, El Paso, Los Angeles, San Diego, and part of Mexico; Highway 89 to Page and Utah; and Highway 180 to the Grand Canyon. Historic Route 66 passes through the city, adding to Flagstaff's character and charm.

Flagstaff is only 150 miles north of Phoenix and 80 miles south of the Grand Canyon. The city is a major crossroads for the southwest. Due to its unique location,

Flagstaff is the point of departure for all locations of interest. On any given day there are 5,000 plus people traveling through the City – people from many states on their way to Las Vegas, the Grand Canyon, Phoenix, California, etc.

The town is also a major crossroads of two national railroad companies. Burlington Northern Santa Fe Railway has more than 100 trains passing through the town daily. Amtrak services Flagstaff twice daily connecting from Los Angeles and Chicago.



Flagstaff is also serviced by Flagstaff Pulliam Airport, which is a 7,000-foot runway public airport located four miles south of the central business district of Flagstaff. The airport's flights are operated by US Airways, providing connecting trips to Phoenix's Sky Harbor.



PARKS AND OUTDOOR RECREATION

Flagstaff's proximity to the Grand Canyon, about 75 miles north of the city, has made it a popular tourist destination. Other tourist attractions include Walnut Canyon National Monument, Sunset Crater Volcano National Monument, Wupatki National Monument, and Barringer Crater.

Flagstaff is considered a destination for outdoor enthusiasts. The city's varied terrain, high elevation and

amenable weather are major factors that attract campers, climbers and travelers to the region. Flagstaff's extensive network of trails for skiing, hiking and cycling connects the downtown area with nearby parks. Flagstaff is also headquarters to several river running operators organizing Grand Canyon and Colorado River expeditions.



AREA ATTRACTIONS

Arizona Snowbowl – Alpine ski resort located on the scenic San Francisco Peaks.

Meteor Crater - Four observation areas behind the Learning Center allow views of the crater from inside the rim.

Coconino National Forest The world's largest contiguous ponderosa pine forest surrounds Flagstaff. With elevations from 2,600 to 12,633 feet, the forest ranges from desert cactus to alpine tundra and is home to a variety of wildlife.

Flagstaff Symphony Orchestra - Six concerts from September through April form the core of the Symphony's season. Regular concerts are held in the 1,500-seat Ardrey Auditorium on the campus of NAU.

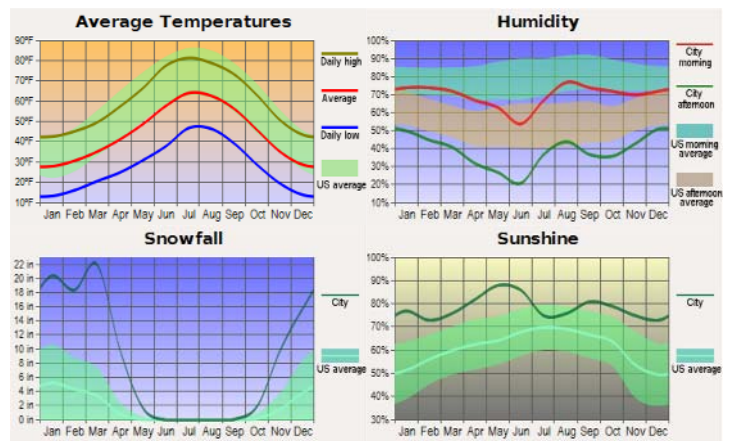
Lowell Observatory - Best known for the discovery of Pluto, Lowell Observatory is also where astronomer V.M. Slipher gathered the first evidence that the universe is expanding. Each year, about 70,000 people visit the Observatory to learn about astronomy.

Riordan Mansion State Historic Park - Completed in 1904 in the Arts and Crafts style of architecture, the historic mansion is expansive, with over 40 rooms and 13,000 square feet of living area and servants' quarters.

The Museum of Northern Arizona – Features exhibits in archeology, ethnology, geology, biology, and fine art of the Colorado Plateau.

CLIMATE

Flagstaff has a highland semi-arid climate with four distinct seasons. The city's high altitude and low humidity provide mild weather conditions most of the year. However, winter temperatures can be very cold. Flagstaff's cyclonic and frontal nature cause periodic and widespread snowfall followed by extended periods of fair weather. The annual snowfall averages 100 inches, but due to Flagstaff's low latitude and plentiful winter sunshine, the snow quickly melts. Summer temperatures are moderate and hover around 80°F. Summer months, especially July and August, also witness brief, but intense, afternoon rain showers and dramatic thunderstorms.



RESIDENTIAL MARKET

Housing costs in Flagstaff run higher than the national average with the typical rent for a two-bedroom apartment costing nearly \$850 per month. With a population that is increasing over 3% annually, there is demand for residential housing. Most homebuyers in Flagstaff are from California or second home buyers looking for a cool getaway.

2006 Average Housing Prices	
1,250 SF Condo	\$267,000
1,250 SF Townhouse	\$280,000
1,500 SF Townhouse	\$320,000
1,800 SF Townhouse	\$350,000

High-Density Residential

The high-density parcel is the northwest portion of the property bordering Turquoise and Forest Avenue. There are nearly 23 gross acres of high-density residential land with almost 16 acres of net buildable land. The parcel allows for approximately 30 dwelling units per acre but 20 units per acre would be feasible, so roughly 320 units could be built on this high-density parcel. With the lack of modern apartments in the community, the location will

be ideal for an apartment complex or condos which would fulfill this need.

Medium-Density Residential

The medium-density residential parcel is located centrally within the project with more than 7 acres of buildable land. This parcel could contain 72 dwelling units, including about 10 units per acre. This area would allow larger units to be built, containing more square footage than the units in the high-density residential parcel. With the ability to build larger units, the parcel is better-suited for purchase by an upscale residential developer.

Single-Family Residential

There are currently 7 acres of vacant land zoned for single-family residential in the southernmost portion of the development, with the potential for 22 lots to be sold with a small rezone. The lot comparables available within Flagstaff, ranging from 1/6 to 1/4 of an acre, are selling between \$160,000 and \$220,000. With the beautiful location and the accessibility to downtown, the lots are positioned to sell at the higher end of the price range.

COMMERCIAL MARKET

Currently, most offices in the Flagstaff market are actual homes or older buildings. The small amount of existing office space in Flagstaff is almost at full capacity. Based on the current office market in the Flagstaff community, smaller office buildings (10,000-20,000 square feet) may be more marketable than larger office buildings (80,000-150,000 square feet).

Rental rates within the Flagstaff market vary due to the difference in the type of office space available. Some of the older space has rental rates as low as \$15 per square foot NNN while newly constructed office space has rental rates as high as \$26 per square foot NNN.

Business Park

The 52-acre portion of the property zoned as business park runs North and East along Forest Avenue. It is an assembly of five separate parcels that could contain approximately 780,000 square feet of office space with the potential for further uses including retail. Each parcel is available to be purchased separately or the business park property can be sold as a whole. The traffic counts and location near downtown make the business park parcels desirable especially when compared to current properties available in Flagstaff.

Suburban Commercial

There are nearly 8 acres of suburban commercial land located centrally within the development. This zoning allows for either 66,000 square feet of retail or 100,000 square feet of office space. This type of commercial property is in high demand amongst the Flagstaff real estate market especially in this area. The location facing the beautiful San Francisco Peaks along busy Forest Avenue should be premium property for retail customers. With residential development inside the project and the Flagstaff Medical Center one block away, the parcel should interest retail developers.

EXPERIENCED MANAGEMENT TEAM

MMV Devco, LLC benefits from the extensive experience of its management team, which has more than 50 years of combined experience and a proven track record in this specialized field. Cavan Real Estate Investments, the parent company of MMV Devco, is headed by founder and president David V. Cavan. Since its inception in 1976, Cavan Real Estate Investments has developed a strong reputation as a visionary in the development of successful upscale projects throughout the Southwest.

FOR MORE INFORMATION:

Jim Cordello
jcordello@cavan.net
or
Denny Matthew
dmatthew@cavan.net

MCMILLAN MESA VILLAGE

CAVAN[®]
Real Estate Investments

CAVAN REAL ESTATE INVESTMENTS
15333 N Pima Rd, Ste 305 Scottsdale, AZ 85260
Phone 480.627.7000 Fax 480.627.7008
www.cavan.net