

APPRAISAL REPORT

PREPARED FOR: Mr. Jim Rossi
Real Estate Administrator
City of Tucson Real Estate Division
201 N. Stone Avenue, Sixth Floor
Tucson, AZ 85701

PREPARED BY: Beverly Weissenborn, MAI
Weissenborn Appraisal, LLC
326 South Convent Avenue
Tucson, AZ 85701

DATE OF VALUE: October 17, 2017

DATE OF REPORT: November 3, 2017

WA FILE NUMBER: 03-17-28-L

OWNER: Pima County

PROPERTY: 16.126 acres vacant land

LOCATION: North of Aerospace Parkway
West of Raytheon Parkway
Tucson, Pima County, Arizona

TRS: Township 15 South, Range 14 East,
Section 31

**ASSESSOR
PARCEL
NUMBER:** Portion of 140-52-001G



November 3, 2017

Mr. Jim Rossi
Real Estate Administrator
City of Tucson Real Estate Division
201 N. Stone Avenue, Sixth Floor
Tucson, AZ 85701

RE: Appraiser's File No.: 03-17-28-L

Dear Mr. Rossi:

At your request, I have developed an opinion of market value of 16.126 acres of vacant land located north of Aerospace Parkway, west of Raytheon Parkway and adjacent south of the closed Hughes Access Road in Tucson, Pima County, Arizona. As agreed upon by the City of Tucson and Pima County, the property is appraised as a stand-alone parcel that is subject to the restrictions associated with the Raytheon Range Impact Analysis Area.

The date of value is October 17, 2017, the date of the most recent property inspection.

The intended use of the appraisal is to provide a valuation basis for the potential acquisition of the property by the City of Tucson. The client and intended user of the appraisal is City of Tucson and/or designated assignees. By virtue of its ownership, Pima County representatives may also rely on these findings. Furthermore, I acknowledge that upon review and acceptance of the report, the appraisal will be public record.

This Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the 2016/17 Uniform Standards of Professional Appraisal Practice. The appraisal is presented in a narrative format with full discussions of the data, reasoning, and analyses that were used in this appraisal to develop the appraiser's opinion of value.

This report is being prepared for the City of Tucson. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given, or relied on by any other person other than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

Based upon my judgment and the data and discussions contained in this report, my opinion of the market value for the subject property is as follows:

**OPINION OF MARKET VALUE OF
THE SUBJECT PROPERTY \$32,500**

Extraordinary Assumptions:

- **The preceding valuation reflects the restrictions and design parameters to be enforced on lands within the Raytheon Range Impact Analysis Area and Pima County's intent to maintain these lands as buffer/open space. These restrictions severely limit the development potential and marketability of the subject property. Should there be a change in the enforcement and/or intent of these restrictions, the preceding valuation is subject to change.**
- In the absence of an environmental assessment on the subject site and considering the proximity of several landfills within a one mile radius of the property, this appraisal assumes there is no environmental contamination from any other source that would require costly mitigation.
- A recent survey of the right-of-way for Aerospace Parkway revealed the presence of Pima Pineapple Cactus (PPC). A survey of the subject parcel was not conducted, and the population and location of the species is unknown. If regulated portions of the property were to require mitigation, then transplantation, planting of cacti from seed, or purchase of mitigation land bank credits might be required. The appraiser is not qualified to survey the property for PPC, and it is beyond the scope of the appraisal to determine the effect, if any, of PPC on value. Therefore, an extraordinary assumption has been made that the presence of PPC, if any, would not result in costly mitigation.

The use of these extraordinary assumptions could impact the assignment results.

I hereby certify that to the best of my knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the appraisal referred to herein.

Thank you for this opportunity to be of service.



Beverly Weissenborn, MAI
*Arizona Certified General
Real Estate Appraiser #30125*

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CONTINGENT AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

This report is being prepared for my client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given or relied on by any other person than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership, competent management and adequate marketing typical for that type of property.

The Appraiser has made no survey of the property. Any sketch or map in the report may show approximate dimensions and is included for illustrative purposes only. It is the responsibility of a certified engineer, architect or registered surveyor to show by a site plan the exact location of the subject property or any improvements or any proposed improvements thereon, or the exact measurements or calculations of estimated area of the site. In the absence of such a survey, the Appraiser may have utilized Tax Assessor's maps or other maps provided by the client which may not represent the exact measurements of the subject property or other comparable information utilized to determine the value of the subject property. Any variation in dimensions or calculations based thereon may alter the opinions of value contained within the report.

In determining the opinion of value of the subject property and in analyzing comparable information, the Appraiser has relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans and the like. In the opinion of market value, the Appraiser may consider the extent to which a knowledgeable and informed purchaser or seller, as of the date of the appraisal, would reflect the reasonable probability of changes in such land uses becoming actualized in the future. To the extent that these plans may change, the value opinions of this report may also change.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraiser assumes no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless prior arrangements have been made and confirmed in writing.

Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used.

The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such factors. To the extent that published data from public agencies is available on the above, the Appraiser has made an effort to consult this information.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the appraiser. The Appraiser assumes, and the client warrants, that no such materials adversely affect the utility, usability or developability of the property to the best of their knowledge. The Appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas or other potentially hazardous materials may affect the opinion of value of the property. The value opinion has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous materials or substances are discovered, the Appraiser reserves the right, for an additional agreed upon fee, to re-analyze and re-value said property, taking into account the discovery of such factor or factors and their effects on the value of the subject property.

Information, estimates and opinions furnished to the Appraiser and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraiser can be attributed to the Appraiser.

Disclosures of the contents of the report by the Appraiser are governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.

On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraiser.

The appraiser has not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which is identified as an endangered or threatened species by the U.S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraiser is not qualified to detect or analyze such plants and wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since the appraiser has no direct evidence relating to this issue, possible endangered or threatened species were not considered in valuing the property.

The use of this report or its analysis and conclusions by the client or any other party constitutes acceptance of all the above limiting conditions.

Hypothetical Condition: None.

Extraordinary Assumptions:

- **The preceding valuation reflects the restrictions and design parameters to be enforced on lands within the Raytheon Range Impact Analysis Area and Pima County's intent to maintain these lands as buffer/open space. These restrictions severely limit the development potential and marketability of the subject property. Should there be a change in the enforcement and/or intent of these restrictions, the preceding valuation is subject to change.**
- In the absence of an environmental assessment on the subject site and considering the proximity of several landfills within a one mile radius of the property, this appraisal assumes there is no environmental contamination from any other source that would require costly mitigation.
- A recent survey of the right-of-way for Aerospace Parkway revealed the presence of Pima Pineapple Cactus (PPC). A survey of the subject parcel was not conducted, and the population and location of the species is unknown. If regulated portions of the property were to require mitigation, then transplantation, planting of cacti from seed, or purchase of mitigation land bank credits might be required. The appraiser is not qualified to survey the property for PPC, and it is beyond the scope of the appraisal to determine the effect, if any, of PPC on value. Therefore, an extraordinary assumption has been made that the presence of PPC, if any, would not result in costly mitigation.

The use of these extraordinary assumptions could impact the assignment results.

SUMMARY OF SALIENT FACTS

Subject Property:	16.126 acres of vacant land
Location:	North of Aerospace Parkway, west of Raytheon Parkway and adjacent south of the recently closed Hughes Access Road, Tucson, Pima County, Arizona.
Assessor Parcel Nos.:	A portion of 140-52-001G
Owner of Record:	Pima County
Purpose of the Assignment:	To develop an opinion of market value of the subject site as a stand-alone property, subject to restrictions associated with the Raytheon Range Impact Analysis Area.
Interest Appraised:	Fee Simple
Client:	Mr. Jim Rossi, Real Estate Administrator, City of Tucson
Intended User:	City of Tucson and/or designated assignees. By virtue of its ownership, Pima County representatives may also rely on the findings in this report.
Intended Use:	To assist the City of Tucson with the potential acquisition of the subject property.
Effective Date of Value:	October 17, 2017, the date of the property inspection
Date of the Report:	November 3, 2017
Scope of the Appraisal:	Work on the appraisal was not limited in scope and was intended to conform to the 2016-17 Uniform Standards of Professional Appraisal Practice (USPAP). My findings are conveyed via a Real Property Appraisal Report.
Site Description:	The subject property is located in the Aerospace, Defense and Technology (ADT) Research and Business Park, which is south of the Tucson International Airport and adjacent south of the Raytheon Missiles Systems facility. It consists of a 16.126 acre, triangular shaped parcel with native desert vegetation. The northeast corner is bisected by a man-made drainageway and segment of Raytheon Parkway.
Access:	Raytheon Parkway, a two-lane paved road, has recently been under construction in conjunction with the development of the Aerospace Defense & Technology (ADT) Research and Business Park and realignment of the entrance to the Raytheon facility. Future ingress/egress from Raytheon Parkway will have to be approved by Raytheon.

- Utilities:** Electric and telephone are available. Water and sewer are about 900 feet south.
- Site Improvements:** Minimal; Raytheon Parkway and drainage improvements have been completed across the northeast corner of the subject property.
- Floodplain:** Hughes Wash Study Area, a regulatory floodplain crosses the northeast corner of the parcel. Floodplain restrictions impact about 55% of site.
- Zoning:** I-2; Heavy Industrial; City of Tucson
The subject property is within the Raytheon Range Impact Analysis Area and subject to additional restrictions that greatly restrict the development potential.
- Highest and Best Use:** Limited industrial, habitat enhancement/mitigation, buffer or tenure control.
- Exposure Time:** 12 months

OPINION OF MARKET VALUE OF THE SUBJECT PROPERTY \$32,500

Hypothetical Condition: None.

Extraordinary Assumptions:

- **The preceding valuation reflects the restrictions and design parameters to be enforced on lands within the Raytheon Range Impact Analysis Area and Pima County’s intent to maintain these lands as buffer/open space. These restrictions severely limit the development potential and marketability of the subject property. Should there be a change in the enforcement and/or intent of these restrictions, the preceding valuation is subject to change.**
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recentVALUATION PROCESS

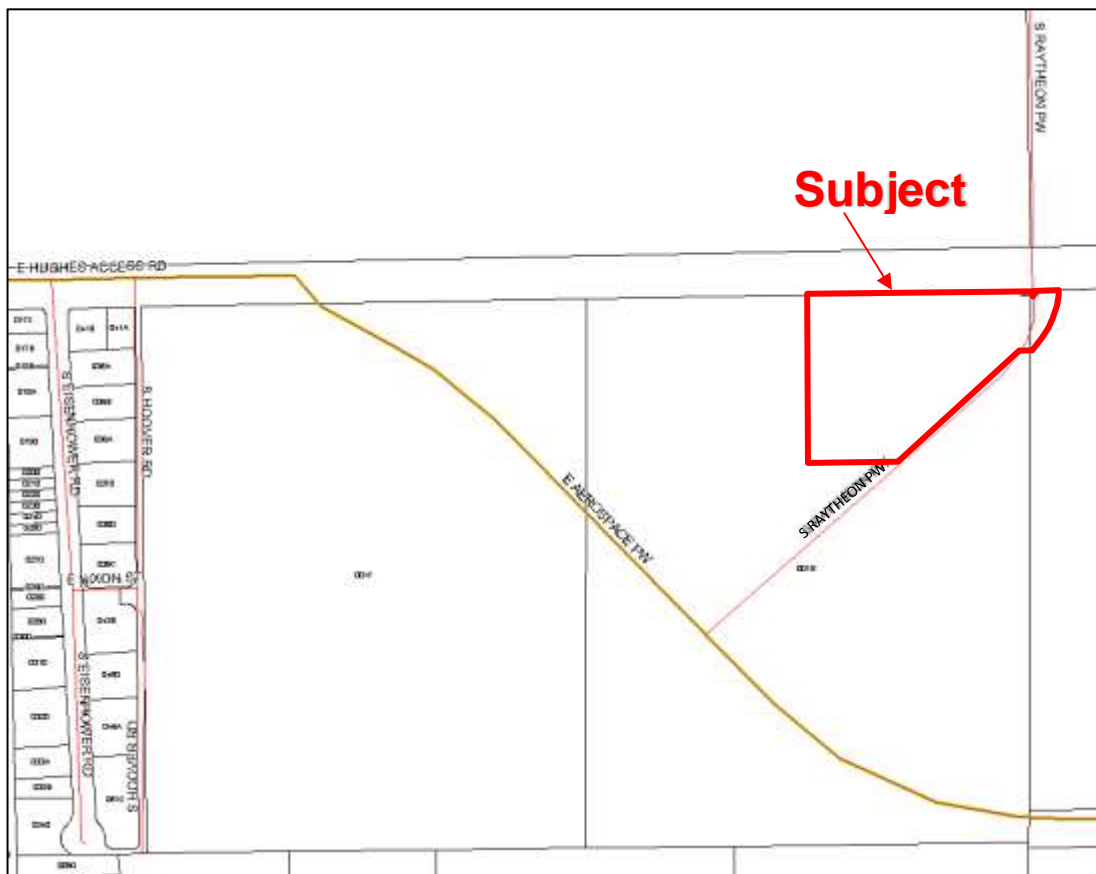
An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social and economic forces.

The front section of the appraisal will include the Property Identification, Purpose of the Appraisal, Scope of the Appraisal, Neighborhood Data, Site Description and Zoning. The second portion of the appraisal will include Highest and Best Use and the Sales Comparison Approach.

The three traditional approaches to value are considered. Since the site is vacant, the only applicable approach to value is the Sales Comparison Approach. In the Sales Comparison Approach, recent sales of similar properties, known as "comparables," are analyzed and adjusted to the subject properties. This approach best represents the actions of buyers and sellers in the market for this type of property.

PROPERTY IDENTIFICATION

The subject property is a triangular shaped site that consists of 16.167 acres of vacant land. It is located north of Aerospace Parkway, west of Raytheon Parkway and south of Hughes Access Road which has recently been closed to the public. The exact dimensions and legal description are included in the addenda.



PURPOSE OF THE APPRAISAL

Purpose of the Appraisal:	Develop an opinion of market value of a 16.126 acre site located in the Aerospace Defense and Technology Research and Business Park.
Intended Use of the Appraisal:	To assist the City of Tucson with the potential acquisition of the subject property.
Client:	Mr. Jim Rossi, Real Estate Administrator, City of Tucson Real Estate Division
Intended User:	City of Tucson and/or designated assignees. By virtue of its ownership, Pima County representatives may also rely on the findings in this report. The appraiser recognizes that, upon acceptance, the appraisal will become public record.
Date of Valuation:	October 17, 2017
Date of Inspection:	October 17, 2017
Date of the Report:	November 3, 2017

DEFINITION OF MARKET VALUE

Market value, as utilized in this appraisal, and pursuant to Arizona Revised Statutes Sec. 3, Section 12-1122, C, is defined as follows:

“Value shall be determined by ascertaining the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.”

INTEREST TO BE APPRAISED

The interest to be appraised is the fee simple estate which is defined as:

“This interest in the fee is a fee without limitations to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power, and taxation. The property is appraised as if free and clear and without any restrictions or encumbrances which would limit the marketability of the property.”

OWNERSHIP AND PROPERTY HISTORY

Title to the subject property is vested in Pima County. The property was acquired as part of a larger, 221.81-acre parcel that sold for \$3,730,000 or \$16,816 per acre. The sale was recorded in Document Number 2012-0890518 on March 29, 2012. Pima County purchased

the property, in part, to provide a buffer to the Raytheon Missile Systems facility and to improve access and employment opportunities in the area. The seller had owned the site for a number of years prior.

In an effort to increase the number of high paying jobs in the community, Pima County is marketing surrounding land within the proposed ADT Research and Business Park to companies in the aerospace and defense industries. Various parcels are available for sale or lease. Specific asking prices and site configurations have not been determined and will be based on individual negotiations.

Due to the changes to the subject property that have occurred since the sale, a comparison and/or analysis of the earlier sale is inappropriate.

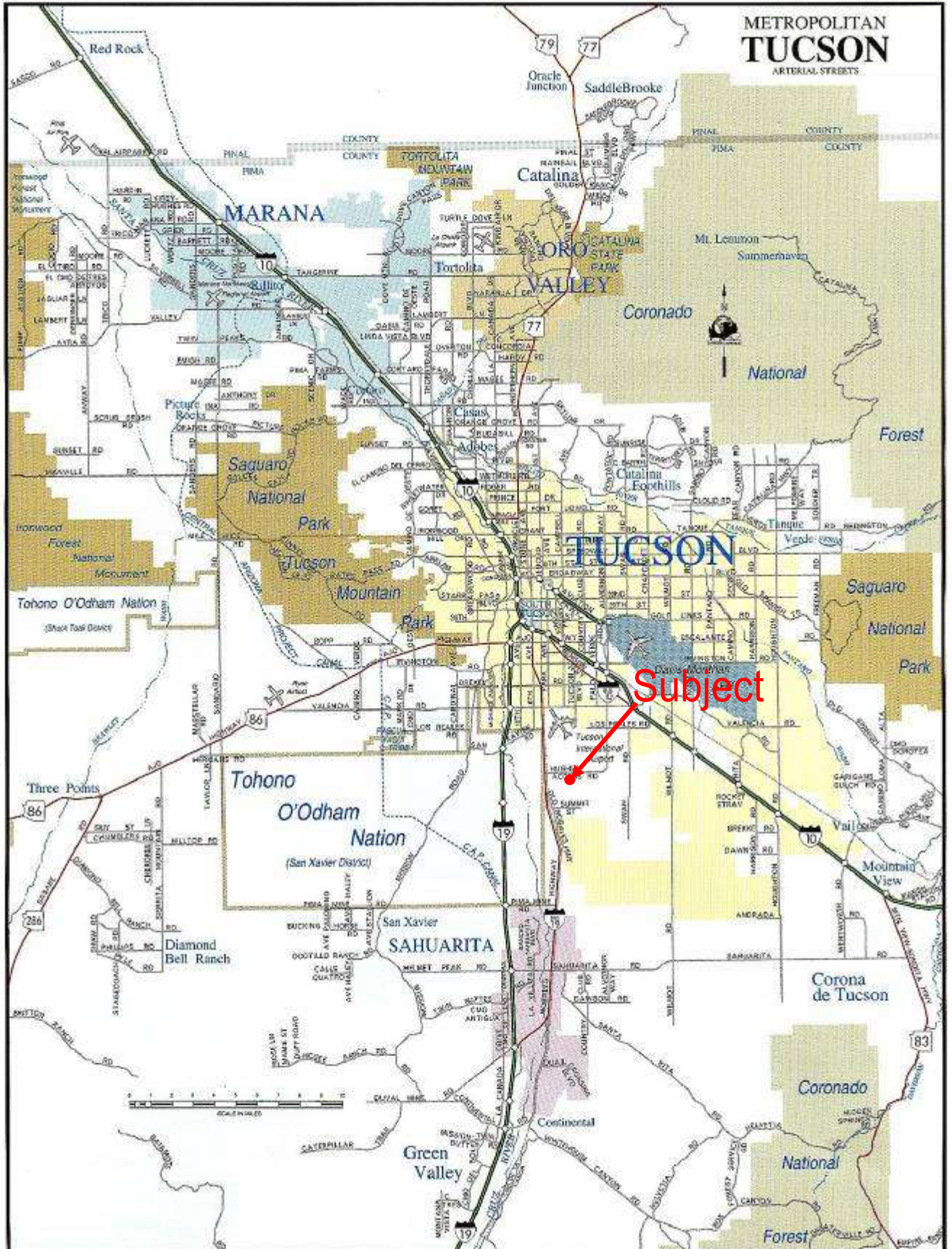
SCOPE OF THE APPRAISAL

In preparing this appraisal report, the appraiser:

- Previously appraised the subject property in 2016. At that time a thorough inspection of the property was conducted. Mr. David Every, contract review appraiser for the City of Tucson, accompanied the appraiser on that inspection which was made on October 13, 2016.
- As part of a new assignment, the appraiser revisited the property and observed no significant changes. Due to security restrictions associated with Raytheon, the photographs in this report are from the original inspection one year ago. Mr. Every was not present at the more recent inspection.
- Researched local real estate and economic conditions, including the effects of physical, social, economic, and governmental trends. For each approach used, factual data and the analysis and reasoning leading to the value conclusion are summarized. The Sales Comparison Approach was the only applicable approach to value.
- Interviewed buyers, sellers and agents active in the local market for this type of property
- As part of a community-wide effort to encourage Raytheon to expand its existing facilities, Pima County has agreed to enforce specific regulations for development of the subject property and all lands within the Raytheon Range Impact Analysis Area. Restrictions specific to the subject property include prohibiting any structures within 400-600 feet of the current Hughes Access Road, potentially barring access off Raytheon Parkway (formerly South Access Road) and requiring development approval by Raytheon. Such restrictions effectively limit the market for the subject property to an adjacent property owner (Raytheon) or other entity with similar high level security requirements. No other users will be allowed

With about 55% of the subject site within the 100-year floodplain of Hughes Wash and considering the onerous restrictions controlled by Raytheon, the subject property is best compared to sales of floodprone land or other land, like the subject, that has very limited utility and marketability in the open market. To find these sales I have conducted a search of CoStar, MLS and my own data base. I attempted to find recent sales with similar restrictions that are comparable in terms of size and zoning. Based on these parameters, six sales have been selected for comparison to the subject.

CITY OF TUCSON MAP



NEIGHBORHOOD DATA

The subject property is located in the southern portion of metropolitan Tucson, south of the Tucson International Airport in the southwest Tucson/Airport industrial sector. The neighborhood is generally bound by Wilmot Road on the east, 36th Street and Davis Monthan Air Force Base on the north, I-19 on the west, and Sahuarita Road on the south.

Transportation Infrastructure

Interstate 19 lies on a north-south axis across the 101 kilometers between Tucson and Nogales, on the Mexican border. It runs roughly 13 kilometers through the western portion of the San Xavier District, which abuts the City of Tucson corporate limit on the Los Reales Road alignment. To the south of the Reservation boundary, it passes through the communities of Sahuarita and Green Valley before crossing into Santa Cruz County at Arivaca Junction.

The northern terminus of I-19 is at Tucson, where it joins Interstate 10. That freeway provides transcontinental passage between Santa Monica, California, and Jacksonville, Florida. The southern terminus is at Nogales, Arizona, from where the main southerly route is via Federal Highway 15, which accesses Magdalena and Hermosillo, Mexico.

Nogales Highway, which is a two-lane paved road runs parallel east of I-19, just off the Reservation boundary, provides access to businesses and neighborhoods between the Tucson International Airport and Green Valley.

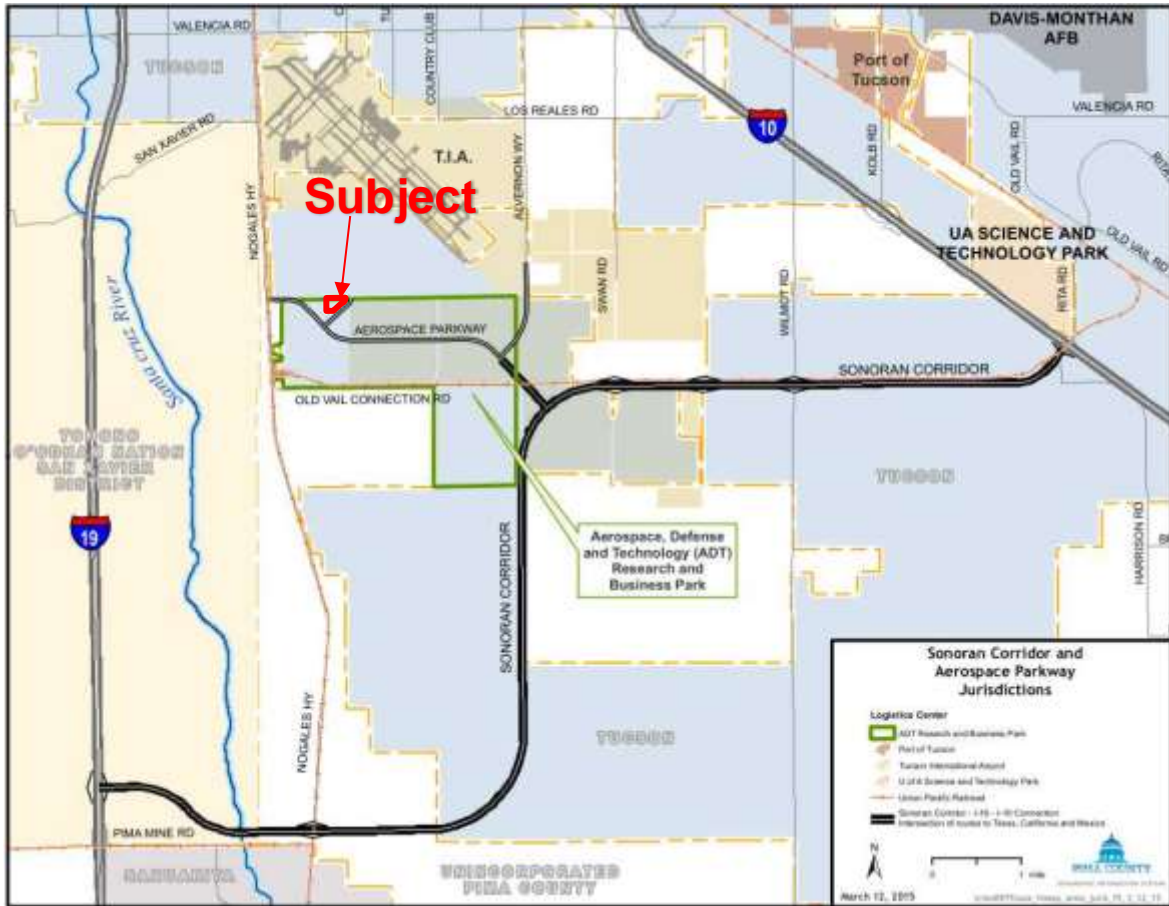
Recent and planned road improvements in the vicinity of the subject, south of Tucson International Airport, will augment the long-standing road infrastructure. A new road known as Aerospace Parkway has been constructed around the south end of TIA. It replaces Hughes Access Road, which historically provided access to the Raytheon Missiles System manufacturing facility south of the airport. That road has been closed in an effort to provide additional buffer to the Raytheon facility.

Also of importance is the joint commitment by Pima County and the City of Tucson to develop an auxiliary highway, known as the Sonoran Corridor, which will provide an alternative route between Interstate 19 and Interstate 10. Current plans show a 16+/- mile stretch of road that would intersect with I-19 just north of Pima Mine Road and head directly east before turning north to a point near the recently completed Aerospace Parkway. It would then turn east along the existing alignment of Old Vail Connection Road and continue a distance of nearly seven miles, ultimately intersecting with Interstate 10 at Rita Road. This new freeway would allow truck traffic heading to the eastern U.S. from Mexico to bypass the more congested segments of I-10 and I-19 in metropolitan Tucson. It is also intended to help spur economic development south of the airport.

A Union Pacific Railroad line parallels Nogales Highway, providing service between Tucson and Nogales. Spurs that originate near Pima Mine Road and Sahuarita Road provide service to the copper mines west of the freeway.

Passenger air service is available at Tucson International Airport.

The map on the following page shows the new and planned road improvements in the vicinity of the subject.



Economy:

Within the past 12 to 24 months, the broader economy in Tucson has steadily improved. Job growth in the Tucson MSA accelerated significantly last year, from 0.8% in 2015 to 1.3% in 2016; with Tucson adding 4,700 jobs. Job growth has leveled off so far in 2017, as year-over-year growth was reported at 0.4% in August 2017. The current Tucson unemployment rate is 4.5% (August 2017), down from 5.2% one year ago. The unemployment rate in Arizona is 5.0%.

Reports of job growth include, but are not limited to, Caterpillar moving 600 jobs to Tucson, ADP adding 400 jobs, Comcast with 1,100 jobs, Accelerated Diagnostics with 120 jobs. Samsung SmartThings has added 80 jobs and Tucson Medical Center plans to add another 61 jobs. At a recent speaking engagement Mr. Joe Snell, President of Sun Corridor, Inc., stated the number of jobs at the new Caterpillar is likely to be closer to 1,000.

Job growth near Tucson International Airport includes 900 new jobs at HomeGoods and 400 new jobs planned at World View. Other recent announcements include Vector Space Systems who has negotiated with Pima County to lease 15 acres in the ADT Research and Business Park. Over the next three years the company expects to provide roughly 200 jobs. And last, but not least, a recent announcement was made regarding the potential expansion of Raytheon that would add nearly 2,000 jobs. Building permits have been pulled for a new facility and construction plans are underway. Mr. Snell also reported the actual increase in jobs at Raytheon is likely to be closer to 4,000.

The corporate and public entities with the greatest influence on the subject neighborhood include Tucson International Airport, Davis Monthan Air Force Base, Raytheon Missile Systems, three federal and state prisons located on Wilmot Road, and tribal casinos associated with Desert Diamond and Casino del Sol.

Following is a discussion of these industries.

Tucson International Airport: The Tucson International Airport (TIA) is located east of I-19 and south of Valencia, just north of the subject property. Six airlines operate from TIA. Together they provide nonstop service to 18 destination airports and one-stop connections to more than 350 cities. TIA also supports the 162nd Wing of the Air National Guard, which conducts the nation's largest training operations for the F-16 Fighting Falcon.

Tucson International Airport 10-year History of Passenger Statistics

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
ENPLANED	2,202,373	1,837,175	1,855,615	1,841,834	1,826,046	1,655,617	1,621,231	1,590,321	1,618,304	1,711,518
DEPLANED	2,192,832	1,832,749	1,853,563	1,835,060	1,823,737	1,651,003	1,618,618	1,591,580	1,610,085	1,701,933
TOTAL	4,395,205	3,669,924	3,709,178	3,676,894	3,649,783	3,308,620	3,239,849	3,181,901	3,228,389	3,413,451

Fiscal year is Sept. to Sept.

The airport plays a vital role in the economic health of Tucson and Pima County. A 2012 study put the total economic impact to our region at \$3.2 billion annually, with the airport supporting 35,000 jobs. A \$28.3 million renovation project is underway that will eliminate empty airline ticket counter space at the east and west ends of the terminal and open them up to be used as the new Transportation Security Administration (TSA) checkpoint areas. Looking further out into the future, TAA is in the process of planning a \$180 million airfield safety enhancement project that will include upgrading a runway parallel to the main runway to commercial standards, as well as adding and improving taxiways.

Airport operations take up only about 2,000 acres of the 8,000 acres owned by the Tucson Airport Authority. Several parcels adjacent to the airfield are ready for development and the airport authority is marketing some parcels to the south of the existing runway for aviation-related use.

Military activity at commercial airports has experienced a slow decline in the past 25 years. Air National Guard units around the country, including at TIA, comprise the bulk of military activity at commercial airports. Since the beginning of the recent military engagements, deployment activity in these units has increased slightly. At TIA, the Arizona National Guard has a base. However, their number of annual operations is capped for the foreseeable future.

Davis-Monthan Air Force Base: Davis-Monthan Air Force Base is situated on 10,633 acres on Tucson's southeast side. It has a major impact on the neighborhood with an annual regional economic impact of \$1.5 billion. Davis-Monthan Air Force Base employs 7,541 military and 3,076 civilians (*2015 Economic Impact Analysis, Davis-Monthan Air Force Base*).

2015 Economic Impact Analysis	
Expense Category	Line Amount
Base Personnel	
- Active Duty Military	6,794
- Reserve / Air National Guard	747
- Dependents	5,991
- Appropriated Funds Civilians	1,612
- Non-Appropriated Funds Civilians	302
- On-Site Contract Civilians	294
- Other Civilians (DMAG, Base Exchange, Private Businesses)	868
Base Payroll	
- Active Duty Military	\$387.3M
- Reserve / Air National Guard	\$31.8M
- Appropriated Funds Civilians	\$99.2M
- Non-Appropriated Funds, DMAG, & On-Site Contract Civilians	\$78.6M
Expenditures/Estimated Financial Impacts	
- Annual Retiree Payroll	\$521.6M
- Annual Base Expenditures	\$199.0M
- Estimated Dollar Value of Jobs Created	\$195.6M
Total Impact:	\$1.513B

2015 Economic Impact Analysis, Davis-Monthan Air Force Base

Raytheon: Raytheon is located south of Tucson International Airport. With 10,363 full time employees, it is the region's largest private employer. Clearly, local officials are eager to accommodate the company and encourage expansion of those operations.

A 2009 annexation of 1,621 acres adjacent the airport by the City of Tucson is projected to generate about \$16.8 million in additional tax revenues over the next 10 years. Of that, \$8.0 million has been set aside in a reserve account to fund public projects that will benefit Raytheon and the City of Tucson.

In 2010, subsequent to the annexation, Raytheon chose to build a new missile facility in Alabama rather than Tucson, due to the lack of a development-ready site for expansion of the Tucson facility. As a result of that decision by Raytheon, Pima County purchased land south of the existing Raytheon site, on the airport's southwest side. Hughes Access Road, which historically served Raytheon's main plant, has been closed and the right of way abandoned. Access to Raytheon and other areas south of the airport has been replaced by the newly constructed Aerospace Parkway, which parallels the original alignment, a half-mile to the south.

The land between the old Hughes Access Road and the new Aerospace Parkway will be used, in part, to provide a buffer zone to Raytheon. In addition, Pima County and TIA are

collaborating on development of the Aerospace, Defense and Technology (ADT) Research and Business Park.

The efforts to protect Raytheon and provide better access to the area have been successful. In late 2016, Raytheon announced a planned expansion that could bring up to 4,000 high paying jobs to Tucson. Other employers to locate in the ADT Research and Business Park include World View and Vector Space Systems.

Prisons: There are three prisons located on Wilmot Road, about four miles east of the subject property. The Federal Bureau of Prisons operates a high security U.S. penitentiary with 1,374 inmates and an adjacent minimum security satellite campus with 135 inmates. There is a second medium security federal correctional institution with a detention center. This facility houses 622 inmates. The Arizona Department of Corrections operates a third facility with a 4,965 population (as of June 2017).

Casinos: The Tohono O'odham Nation operates three casinos under the name of Desert Diamond. Two are within the San Xavier District. Desert Diamond Casino-Sahuarita is located at the northeast corner of I-10 and Pima Mine Road. This facility has gaming, dining, banquet facilities, retail, nightlife and live entertainment. Desert Diamond–Tucson, located at the southwest corner of Nogales Highway and Los Reales Road, has similar amenities, but also includes a 148-room hotel. The table below summarizes the facilities at each of the casino properties operated by the Tohono O'odham Nation.

Characteristics of Indian Gaming in Arizona

2014

	Gaming Machines	Table Games	Poker Tables	Total Positions	Bingo Seats	Square Feet	Hotel Rooms	Restau- rants	Jobs
Tohono O'odham Nation									
<i>Desert Diamond Casinos & Entertainment Sahuarita</i>	685	5	1	727	0	185,000	0	5	591
<i>Desert Diamond Casinos & Entertainment Tucson</i>	1,089	13	13	1,271	270	165,000	148	10	1,300
<i>Desert Diamond Casinos & Entertainment Why</i>	55	0	0	55	0	5,000	0	1	31
subtotal	1,829	18	14	2,053	270	355,000	148	16	1,922

Farmers Investment Company: Also noteworthy are recent developments in the master planning process for thousands of acres of irrigated land owned by Farmers Investment Company (FICO). The property abuts Pima Mine Road, across from the Tohono O'odham Reservation boundary, and runs all the way south to the Canoa Land Grant, at the southern end of Green Valley.

FICO owns approximately 7,000 acres, the majority of which is currently planted in pecans. The company has developed a master plan for a mixed use community that also provides for the restoration/preservation of a 12-mile reach of the Santa Cruz River.

The Sahuarita-Green Valley area is one of several designated regional growth areas (Pima Association of Governments) and this property lies at the core of that area. With approximately 5,300 acres within the Town of Sahuarita, FICO accounts for nearly one-third of the total land area of that community. Another 1,095 acres or so lie outside of Town limits, in unincorporated Pima County.

FICO's master plan incorporates a variety of housing types with commercial, retail, employment and light manufacturing facilities, as well as open space and recreational opportunities configured in a manner that provides for orderly development of cohesive neighborhoods, with high quality infrastructure and services. On October 17, 2015, the

Sahuarita Town Council unanimously approved the Sahuarita Farms Specific Plan and Development Agreement which will guide the development of the FICO farmland as it transitions over the next 40 to 50 years.

Real Estate Market Sectors

Presented here are summaries of the industrial, commercial and residential sectors of the broader regional market. A discussion of the office sector has been omitted, as it has very little impact on the subject neighborhood.

Industrial Development: As an employment base for the southern portion of Tucson, demand for industrial properties is a major factor in determining the area's future. Though there is still a large amount of industrially zoned land available in the broader subject locale, the overall market has tightened over the past several years—though recent statistics suggest the industrial sector has recently slowed.

According to the *CoStar Third Quarter 2017 Industrial Report*, the Southwest Tucson/Airport Industrial sub-market had a vacancy rate of 16.0% which is up from the second quarter 2017 rate of 14.4% and up from 15.1% posted in Third Quarter 2016. The Southwest/Airport area has over 9 million square feet of inventory and has experienced negative absorption of 131,289 square feet, year-to-date 2017.

CoStar reports a city-wide vacancy of 8.3% up slightly from 8% posted in the second quarter 2017 but down from a peak of 12.8% in 2011. Overall, CoStar reports year-to-date net absorption of negative (194,387) square feet. Year-to-date a total of four buildings were delivered to the market totaling 53,721 square feet. At this time, one 230,134 square foot industrial building is under construction.

Total Industrial Market Statistics

Third Quarter 2017

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total RBA	# Blds	Total RBA	Rates
2017 3q	2,549	42,098,935	3,418,391	3,511,652	8.3%	(123,464)	0	0	1	230,134	\$6.79
2017 2q	2,549	42,098,935	3,284,862	3,388,188	8.0%	(147,362)	4	53,721	1	230,134	\$6.69
2017 1q	2,545	42,045,214	3,133,379	3,187,105	7.6%	76,439	0	0	4	53,721	\$6.72
2016 4q	2,545	42,045,214	3,227,332	3,263,544	7.8%	231,618	1	140,000	3	43,721	\$6.83
2016 3q	2,544	41,905,214	3,312,550	3,355,162	8.0%	1,003,641	2	868,446	3	179,971	\$6.86
2016 2q	2,542	41,036,768	3,434,945	3,490,357	8.5%	245,174	1	5,200	3	1,008,446	\$6.84
2016 1q	2,542	41,082,077	3,653,957	3,780,840	9.2%	(10,168)	0	0	3	873,646	\$6.79
2015	2,542	41,082,077	3,633,029	3,770,672	9.2%	676,173	2	270,000	2	863,488	\$6.80
2014	2,540	40,812,077	4,072,217	4,176,845	10.2%	338,612	2	59,751	1	210,000	\$6.49
2013	2,538	40,752,326	4,408,903	4,455,706	10.9%	627,601	4	40,515	0	0	\$6.31
2012	2,534	40,711,811	4,551,852	5,042,792	12.4%	352,519	5	185,754	3	26,301	\$6.20
2011	2,528	40,505,057	4,709,526	5,188,557	12.8%	(285,001)	5	128,984	3	79,153	\$6.34
2010	2,523	40,376,073	4,207,854	4,774,572	11.8%	(193,143)	5	29,635	1	70,000	\$6.51
2009	2,514	40,339,408	4,327,420	4,544,764	11.3%	(757,515)	13	289,180	8	42,013	\$6.92
2008	2,483	39,783,090	3,141,381	3,230,931	8.1%	728,940	35	1,592,600	14	232,034	\$8.10
2007	2,434	37,923,333	1,979,744	2,100,114	5.5%	149,328	31	563,265	33	1,380,258	\$8.37

Source: CoStar Property®

Commercial Development: Nearly all of the commercial development in the broader subject locale is located north of the airport, or along I-10 in Sahuarita. Following the

housing collapse of 2006 and the subsequent economic recession that officially began in 2007, the commercial real estate market struggled. However, statistics reported in 2013 through year-to-date 2017 suggest the commercial sector has improved.

The following statistics were taken from the Retail Market Report published by CoStar in the Third Quarter 2017. The retail vacancy rate has remained basically flat since 2015 at 6.2%-6.4%, except for a dip to 6.1% in the 3rd quarter of 2016. The current vacancy rate is 6.2%.

Net absorption over the past quarter, was positive at 262,186 square feet. Vacant sublease space has trended down over the past four quarters; currently, there are 65,283 square feet vacant in the market. Quoted rental rates increased 2.82% from the third quarter 2016 to the current level of \$15.24 per square foot.

Total Retail Submarket Statistics

Third Quarter 2017

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central East Ret	1,167	8,518,331	636,705	657,985	7.7%	82,695	66,917	6,000	\$14.07
Central West Ret	761	7,009,785	380,280	394,196	5.6%	23,651	1,760	0	\$12.76
Downtown Tucson Ret	315	1,822,482	100,185	100,185	5.5%	7,001	2,640	0	\$19.36
East Tucson Ret	774	9,843,877	572,379	575,052	5.8%	177,177	23,113	6,500	\$14.33
Foothills Ret	285	5,111,638	235,728	237,928	4.7%	13,253	0	18,043	\$20.60
North/Oro Valley Ret	180	2,512,243	166,914	166,914	6.6%	57,448	9,862	69,000	\$18.48
Northeast Tucson Ret	25	353,098	35,239	35,239	10.0%	(1,841)	0	0	\$19.19
Northwest Tucson Ret	271	4,084,236	200,908	200,908	4.9%	125,264	125,000	40,831	\$16.59
South Tucson Ret	982	6,504,087	481,590	481,590	7.4%	(82,855)	56,835	2,844	\$13.90
South/SW Outlying Ret	136	1,683,474	118,316	118,316	7.0%	(19,628)	0	0	\$13.55
Southeast Tucson Ret	115	1,526,276	101,588	101,588	6.7%	46,760	63,000	6,000	\$19.31
Southwest Tucson Ret	175	2,557,483	122,550	122,550	4.8%	20,541	43,407	0	\$10.53
West Tucson Ret	133	867,605	44,717	49,161	5.7%	(22,269)	0	0	\$17.21
Totals	5,319	52,394,615	3,197,099	3,241,612	6.2%	427,197	392,534	149,218	\$15.24

Source: CoStar Property®

Residential Development: The bulk of the private land in the vicinity of the subject site is zoned for residential occupancy. As such, it is appropriate to report the residential statistics on a region-wide basis. After peaking at 11,762 new home permits in 2005, construction in metropolitan Tucson dropped each year through 2011. Statistics published by Bright Future Business Consultants indicate that the trend reversed in 2012 and has generally been upward since. A summary of the year-end statistics is tabulated on the following page.

Year	Number of Permits	% Change
2005	11,762	N/A
2006	8,579	-27.0%
2007	5,098	-40.6%
2008	3,018	-40.8%
2009	2,077	-31.2%
2010	1,865	-10.2%
2011	1,438	-23.0%
2012	2,040	+41.9%
2013	2,250	+10.3%
2014	2,284	+1.5%
2015	2,158	-5.5%
2016	2,697	+24.2%
2017*	1,886*	+17%*

* Through July 2017 and relative to same period in 2016

The graphic clearly shows the market bottomed out in 2011 and began a recovery in 2012. The stagnation in 2014 and 2015 is attributed, in part, to satisfied pent-up demand from the recession, as well as higher prices for new homes. 2016 marked the strongest reporting period since 2008. In July 2017, homebuilders pulled 277 single-family residential permits in Pima County. That was a 16.9 percent jump from 2016 and the highest permit volume since 2008, year-to-date (Arizona Daily Star 9/10/2017). That trend is expected to continue into 2018.

The market for existing homes has also improved, but on a somewhat delayed timeline. Resale volume was down 5.4% year-over-year in 2013 and 2014. It jumped in 2015 and has continued on an upward trend since. As of September 2017, a total of 13,388 units have sold which represents an increase of 4% from year-to-date statistics posted in September 2016.

Inventory is 2.9 months up slightly from a 2.8-month supply one year ago. The median home price in September 2017 was \$204,000, up 10% from the prior year. With recent job announcements, housing professionals are optimistic for continued improvement.

Conclusion

In general, the outlook for Tucson is upbeat. Recent announcements for an increase in the number of high paying jobs are having a positive impact. Assuming these come to fruition, the ripple effect on the local economy, as a whole, would be positive—barring any unforeseen occurrences on a regional or national scale. The long-term outlook is for urban expansion to the south of I-10 and east of I-19, with the primary limitations being the lack of privately owned land and the relative poor quality/availability of infrastructure.

SITE DESCRIPTION

Location:

The subject property is located at the southwest corner of Hughes Access Road and Raytheon Parkway. It is adjacent south of the south entrance to Raytheon Missile Systems.

Site Area and Shape:

According to the legal description and map prepared by Pima County, the subject site consists of 16.126 acres. Except along the south boundary, the site is triangular in shape. The newly aligned Raytheon Parkway bisects the northeast corner. The legal description, size calculation and map are included in the addenda.

Topography/Vegetation:

The terrain is generally level with a slight slope to the north. A man-made earthen drainageway has been developed across the northeast corner of the site that is designed to carry runoff from the southeast to the northwest toward Hughes Wash. An earthen drainageway also parallels the north boundary adjacent south of Hughes Access Road. The vegetation is native consisting primarily of creosote with scattered mesquite trees, saguaro, acacia, palo verde, and other smaller shrubs.

Flood Control:

According to the Flood Insurance Rate Map Panel 04019C 2880L, dated June 16, 2011, the site is located in Zone X, outside the 100-year floodplain. However, Mr. Eric Shepp, with Pima County Regional Flood Control District recently completed a study of Hughes Wash and its tributaries. Hughes Wash is a regulatory wash north of the subject property with an estimated flow of 2,000 to 5,000 cfs. According to Mr. Shepp, the man-made drainageway that parallels the south side of Hughes Access Road east of the subject property carries roughly 740 cfs at peak discharge but the drainageway and culvert under Raytheon Parkway are only designed for 200 cfs. Thus, in a 100-year event, water will flow outside the channel and over the top of the road creating an area subject to 100-year flooding across the northeast corner of Section 31. As depicted on the map that follows, the floodplain impacts about 55% of subject property.

Access/Visibility:

In an effort to promote economic development in the area and help facilitate future expansion of Raytheon, Hughes Access Road which forms the north boundary of the subject site, has been closed and the right-of-way will be abandoned. Hughes Access Road has been replaced by Aerospace Parkway, a two-lane asphalt paved road that is about 900 feet south of the south boundary of the subject property. Aerospace Parkway now serves as the primary road around the southern portion of the airport and connects Nogales Highway and Alvernon Way. Ultimately, an extension of Aerospace Parkway will veer to the southeast and connect with the proposed Sonoran Corridor.

Recent road improvements also included the construction of Raytheon Parkway and the realignment of the south entrance to Raytheon. Raytheon Parkway forms the east boundary of the subject property and clips the northeast corner of the site isolating a small area east of the road. Roughly 900 feet south of the south boundary, Raytheon Parkway intersects with Aerospace Parkway at a signalized intersection.

Despite the seemingly improved access to the subject property, access restrictions will be enforced due to the high level security needed at the Raytheon facility. As part of the project, community leaders have agreed to self-impose restrictions on adjacent lands including the subject property and require approval from Raytheon before any development is allowed. These restrictions include discouraging ingress and egress from Raytheon Parkway (formerly South Access Road).

In conclusion, specific approval must be granted from Pima County and Raytheon before access to Raytheon Parkway will be permitted.

Utilities:

There are overhead electric and telephone lines along the north side of the property parallel to Hughes Access Road. Electricity is provided by Tucson Electric Power Company and telecommunications are provided by Century Link. A 12" water line and an 8" sewer line have been extend along Aerospace Parkway. There is no water or sewer along Raytheon Parkway. The closest lines are roughly 900 feet south.

Surrounding Uses:

The subject property is located south of Tucson International Airport and adjacent south of the Raytheon facility. It is situated in the northern portion of the Aerospace Defense and Technology (ADT) Research and Business Park that is being developed by Pima County. Recent development in the area includes a 12-acre site northeast of Aerospace Parkway and Raytheon Parkway that has been improved with a 120,000 square foot building occupied by World View. A launch pad has been constructed on the 15+/- acre parcel to the north of World View across Raytheon Parkway from the subject site. In addition, Pima County signed a ground lease with Vector Space Systems on a 15+/- acre site southwest of the subject property. Tucson Airport Authority owns most of the vacant land in Section 32 and is marketing portions of the property for industrial development.

Easements/Restrictions:

A Title Report was not available. There is an apparent easement associated with the overhead lines along the north boundary. In addition, if the subject site were sold in the open market, easements could be retained by Pima County for the Raytheon Parkway right-of-way and for the newly constructed drainage improvements both of which are located near the northeast corner of the site.

As discussed in the Zoning section, certain development restrictions will be enforced due to the proximity of the Raytheon Missile Systems facility.

Airport Environs Zone (AEZ):

The subject property is not located in the Airport Environs Zone.

Endangered Species:

A plant survey of the right-of-way for Aerospace Parkway revealed the presence of Pima Pineapple Cactus. Although it is likely there are Pima Pineapple Cactus on Section 31, which could necessitate the purchase of mitigation land, an extraordinary assumption has been made that there are no Pima Pineapple Cactus that would require mitigation if the site were developed.

Land Conservation System:

About 37% of the subject property is identified as an Important Riparian Area (IRA) which is a regulated area that would require a mitigation plan and Board approval if more than 1/3 of an acre or more per parcel is disturbed. Mitigation can be handled onsite or offsite but must be approved by the Pima County Regional Flood Control District and the Flood Control District Board of Directors. If onsite mitigation is not feasible, offsite mitigation may be approved under one of the following three options.

- (1) Restoration of disturbed or degraded Regulated Riparian Habitat (RRH) on another parcel of land that provides comparable or superior biological function similar to the RRH proposed for disturbance, with appropriate long-term protection measures.
- (2) Land transfer proposals; and
- (3) Payment in an in-lieu fee

According to Pima County Map Guide about 6 acres or roughly 37% of the subject site is designated Xeroriparian C.

Environmental Hazards and Nuisances:

There are no known environmental issues impacting the subject property. However, Pima County Map Guide reports two closed landfills that were operational from 1965 to 1970 located within a one-mile radius of the subject property. Though groundwater may be contaminated, this is not expected to be an issue with the availability of potable water along Aerospace Parkway by Tucson Water. It is also noted that there has been some wildcat dumping on the property. This appraisal assumes no significant expense would be incurred for environmental remediation.

Archaeological:

The presence of any archaeological features is unknown. This appraisal assumes there are no features that would require costly mitigation.

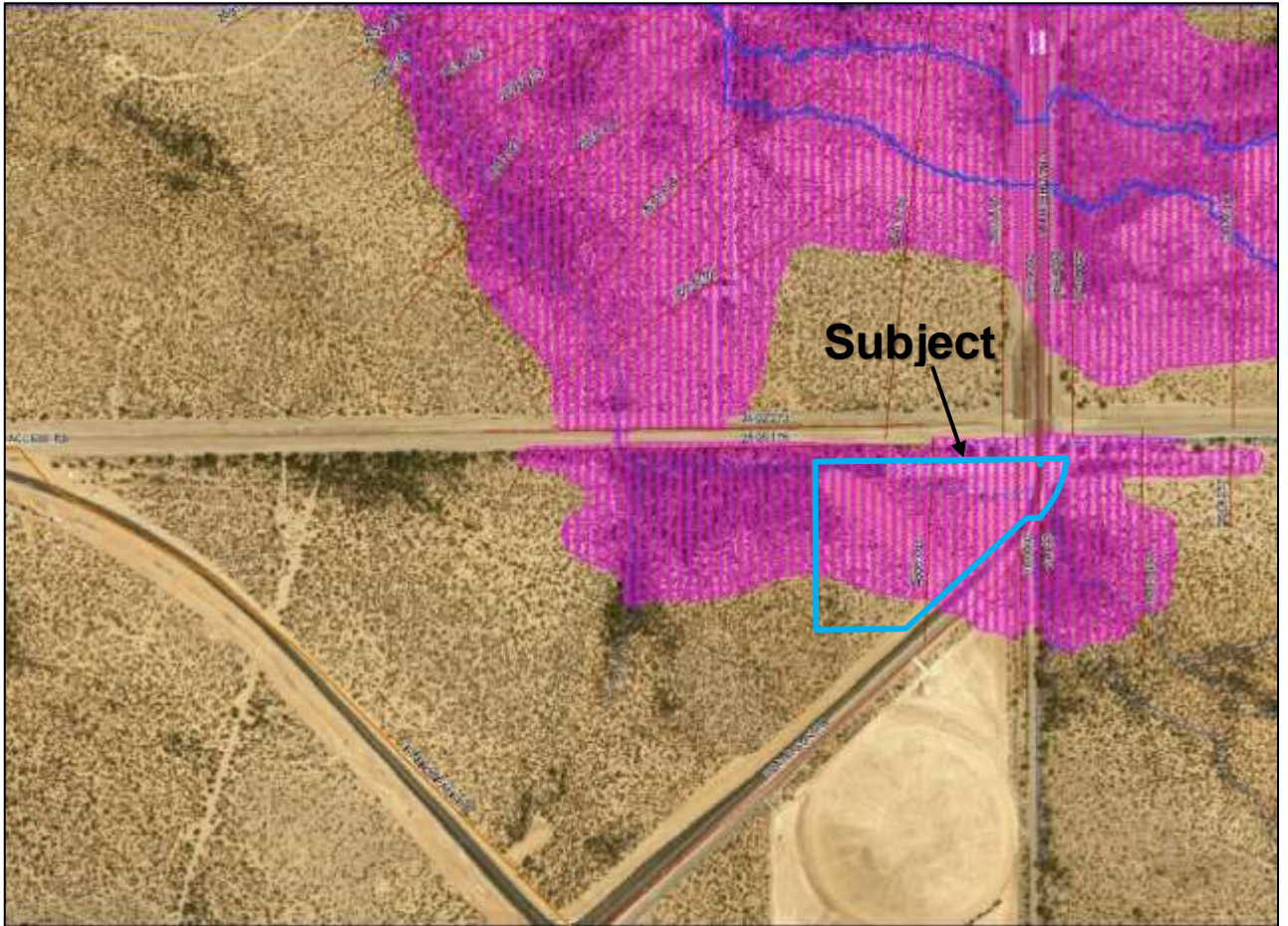
Tax Data and Assessed Valuation:

The subject property is assessed as part of Pima County Tax Parcel Number 140-52-001G. The following table summarizes the full cash value. Because the parcel is owned by Pima County, real estate taxes are not assessed.

APN	2017 Full Cash Value*	2017 Limited Value*
Part of 140-52-001G*	\$610,556	\$573,923

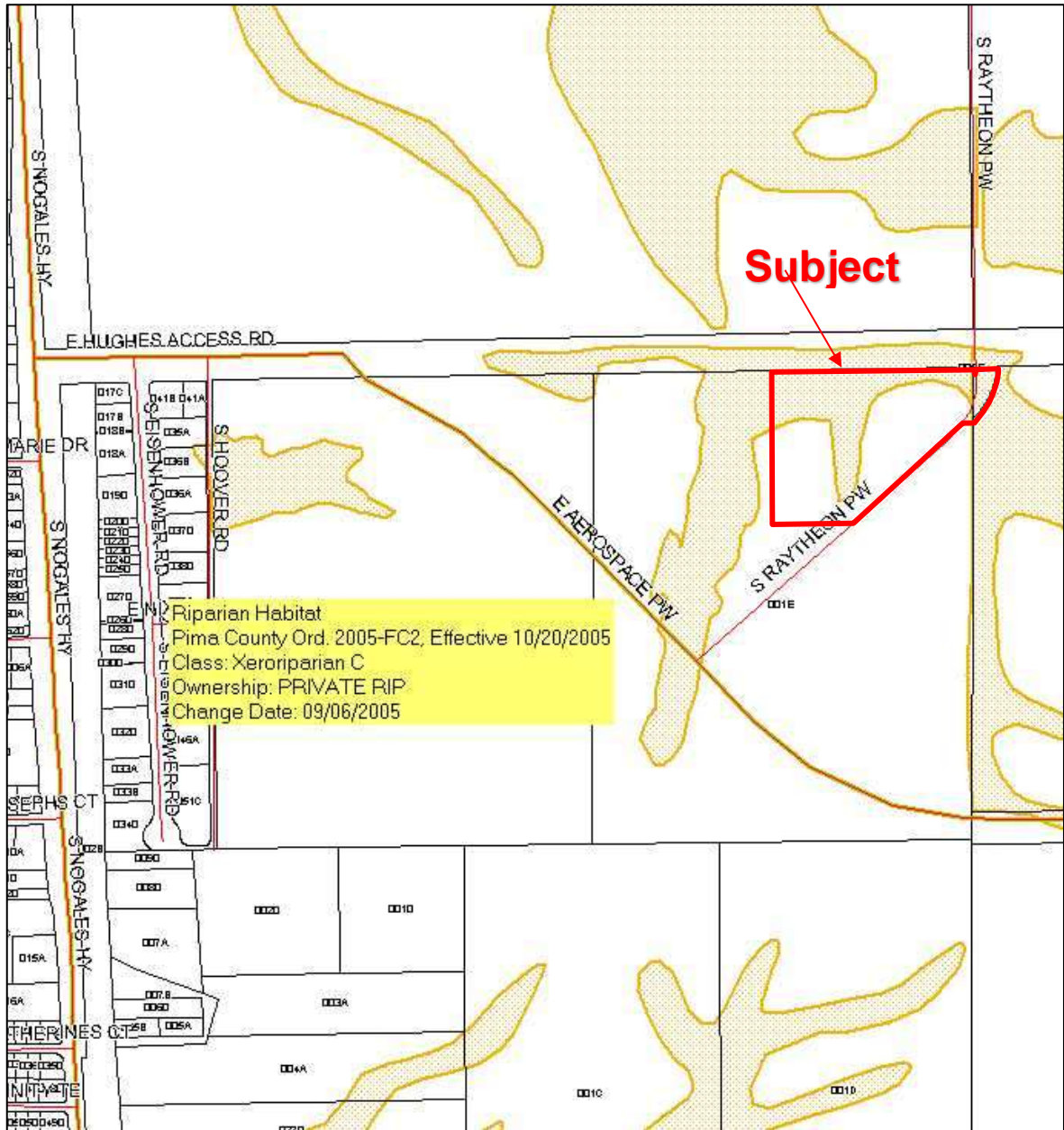
*Based on 76.31 acres

FLOODPLAIN MAP PROVIDED BY PIMA COUNTY



Boundaries Are Approximate

RIPARIAN MAP



**LOOKING SOUTHWEST ACROSS THE SUBJECT PROPERTY FROM THE
NORTHEAST CORNER**



DRAINAGE IMPROVEMENTS NEAR THE NORTHEAST CORNER



LOOKING WEST ON HUGHES ACCESS ROAD WHICH EXTENDS ALONG THE NORTH BOUNDARY



LOOKING EAST ACROSS THE SUBJECT PROPERTY FROM THE NORTHEAST CORNER



LOOKING WEST ALONG THE DRAINAGEWAY THAT BISECTS THE SUBJECT PROPERTY



LOOKING NORTHWEST ACROSS THE SUBJECT PROPERTY



EASTERN PORTION OF THE SUBJECT PROPERTY



LOOKING NORTHEAST ALONG RAYTHEON PARKWAY



LOOKING SOUTHWEST ALONG RAYTHEON PARKWAY

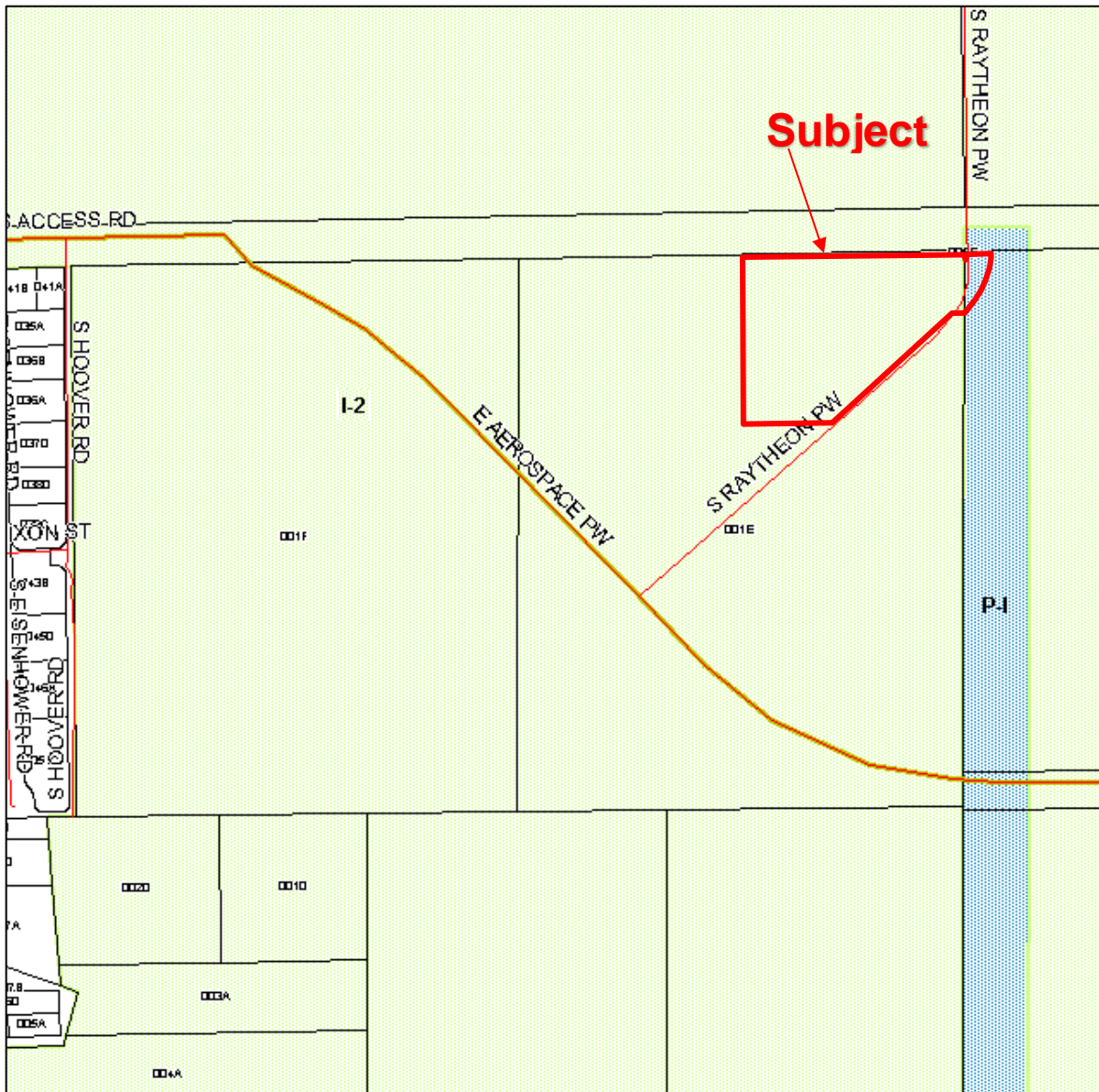


NORTHEAST CORNER OF THE SUBJECT PROPERTY



ZONING

The subject site is zoned I-2, a heavy industrial zoning in the City of Tucson. According to the City of Tucson Land Use Code, permitted uses include general and heavy manufacturing, salvage and recycling, and processing and cleaning. Allowable commercial uses also include administrative and professional offices, automotive service and repair, financial services, food service, research and product development and trade services. Retail trade allowed includes construction materials site, heavy equipment sales, swap meets, vehicle rental and sales and medical marijuana dispensaries. Commercial storage, personal storage and utilities are permitted. The I-2 zoning is a fairly liberal zoning that allows a variety of uses.



RAYTHEON RANGE IMPACT ANALYSIS AREA

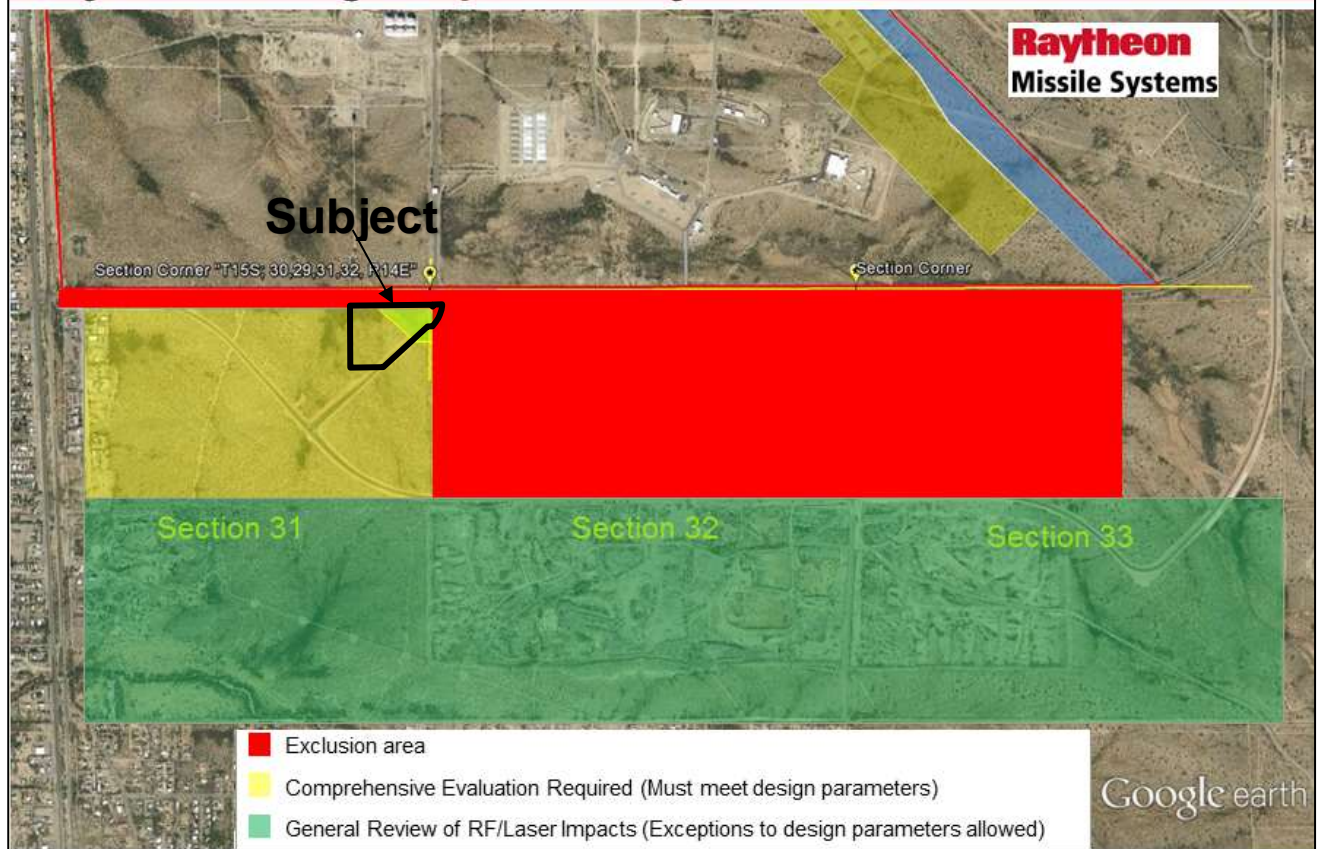
In addition to the zoning restrictions, the subject site is located in an area that Pima County has identified as the "Raytheon Range Impact Analysis Area". As can be seen on the following map, Pima County will self-impose strict development restrictions for security and buffer to the Raytheon facility. This means all uses must be approved by Raytheon.

In an effort to clarify the restrictions and fully understand the impact on the future development potential of the subject property, I have consulted with Mr. John Moffatt, Strategic Planning Director at Pima County. As stated in an email included in the Addenda,

"The area north of Aerospace Parkway and west of Raytheon Parkway is so close to the Raytheon facility that the restrictions agreed to between Pima County and Raytheon will limit any kind of general development of the area other than for Raytheon or something with similar security requirements. Pima County does not plan to actively market those parcels unless to Raytheon or another high security level entity. Additionally the height restrictions that will be imposed in this area will limit development of most types of buildings unless they are placed underground."

The conditions on the following page, together with the statement above, have not been recorded but are being enforced and should be considered enforceable according to Mr. Moffatt.

Raytheon Range Impact Analysis Area



A&D Park - Design Parameters

Raytheon
Missile Systems

- Line of Sight interference from tall buildings
 - Buildings should not exceed **40 feet AGL** within in first $\frac{1}{2}$ mile of RTN south property line (exceptions require review and approval by Raytheon).
- Interference caused by radar sources/reflective buildings
 - Facing walls of any structure shall not be within **15 degrees** of perpendicularity to the west corner of Building 849
 - Inside corners of structures shall face to the south (away from Raytheon Facility)
 - Site RF emissions must be reviewed by RTN Review Team
- Security issues with visibility into AFP44 operations
 - No structures within **200 to 400 feet** of the current Hughes Access Road
 - Buildings should not exceed **40 feet AGL** or have any elevated activities with extended line of site into the Raytheon Facility
 - No Foreign Owned / Non-NATO country based Businesses/Corporations
- Impact to future testing abilities if our customers see the development as a security/performance issue
 - Well planned /strong coordination with neighbors will minimize this concern.
- Site Access/Traffic Interference
 - A&D Park facilities, parking lots, access points should not be fed off of South Access Road
- Compatibility with ITF Operations
 - No structures or activities within **1500 ft** of ITF structures.

Deviations may be discussed with RTN review team

HIGHEST AND BEST USE

Highest and best use is defined in the 14th Edition of The Appraisal of Real Estate, published by the Appraisal Institute, as:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value." (Page 333)

Physically Possible:

The subject property is a 16.126-acre, triangular shaped parcel of vacant land located north of Aerospace Parkway and adjacent west of Raytheon Parkway. Hughes Access Road, which is now closed, forms the north boundary.

Recent road improvements in the area include the construction of Raytheon Parkway, a two lane road that extends north of Aerospace Parkway and provides direct access to the south entrance of the Raytheon Missiles facility. The south boundary of the subject site is roughly 900 feet north of Aerospace Parkway which serves as the substitute to Hughes Access Road for access around the southern portion of TIA between Old Nogales Highway and Alvernon Way. It will eventually connect to the Sonoran Corridor, a planned freeway between I-10 and I-19.

Permission from Pima County and Raytheon will have to be obtained in order to access the subject property off Raytheon Parkway.

As part of the overall improvement of the area, a 12" water line and an 8" sewer have been extended along Aerospace Parkway to service the World View facility located southeast of the subject property. The lines have been extended about 850 feet east of the intersection of Aerospace Parkway and Raytheon Parkway, but they have not been extended north of the intersection. Thus, water and sewer are about 900 feet south of the south boundary of the subject site. Electric and telephone extend east-west across the northern boundary, adjacent south of Hughes Access Road as it currently exists.

The site is generally level with native desert vegetation consisting primarily of creosote with scattered mesquite, palo verde, saguaro and acacia. It is diagonally bisected by an earthen drainageway that was installed to carry runoff from the site of the new Space Port and World View.

The site is not within a FEMA designated floodplain. However, Hughes Wash and its tributaries are considered part of a regulatory floodway based on a recent study completed by Pima County Flood Control District. According to Eric Shepp with Flood Control the earthen drainageway along the south side of Hughes Access Road carries 740 cfs and has a 50 foot setback. The newly constructed drainageway that bisects the subject site has a 200 cfs discharge in a 100-year event and a 25 foot setback. In total, about 55% of the subject property along the north and northeast boundaries is subject to floodplain regulations.

Though much of the surrounding land is currently vacant due to the influences from the airport and the Tohono O’Odham Nation, there are changes underway. Approximately 500 acres of County-owned land, which includes the subject property, are part of the Aerospace, Defense and Technology (ADT) Business and Research Park. The land is being marketed to businesses in the aerospace industry. In fact, a 12-acre site southeast of the subject fronting Aerospace Parkway has been improved with a 120,000 square foot building leased and occupied by World View Enterprises. The +/-15-acre parcel north of World View also east of the subject, has been improved with a 700-foot diameter launch pad. Vector Space Systems has negotiated a ground lease on a 15+/- acre parcel south of the subject to open a Tucson headquarters. And, lastly, Raytheon plans an expansion of their facility. Initial reports stated 2,000 jobs would be added. At a recent speaking engagement, Mr. Joe Snell with Sun Corridor, Inc. reported up to 4,000 could be added.

Physically, the subject site could accommodate industrial, residential and/or commercial development on the areas outside the floodplain. But given the location south of the airport and adjacent to the Raytheon facility, and considering the nearby development that is underway, industrial development seems most probable. Residential and commercial uses are highly unlikely.

Legally Permissible:

The subject site is zoned I-2, Heavy Industrial. Permitted uses include commercial, industrial, warehousing and manufacturing uses.

The site is in an area that is part of the Raytheon Range Impact Analysis. In response to the 2010 decision by Raytheon to expand operations in Alabama rather than Tucson, community leaders have come together in an effort to eliminate obstacles to future expansion of Raytheon who is the largest private employer in Tucson. These efforts include the County purchase of additional land south of the existing facility, the permanent closure of Hughes Access Road, and the construction of Aerospace Parkway which serves as the alternate route around the airport.

In addition, community leaders and those leaders at Raytheon have agreed to development restrictions associated primarily with maintaining security at the Raytheon plant. While these have not been formalized, Mr. John Moffatt has indicated that Pima County is self-imposing these restrictions. From a practical standpoint, Mr. Moffatt stated that “the area north of Aerospace Parkway and west of Raytheon Parkway is so close to the Raytheon facility that the restrictions agreed to between Pima County and Raytheon will limit any kind of general development of that area other than for Raytheon or something with similar security requirements...Additionally the height restrictions that will be imposed in this area will limit development of most types of building unless they are place underground.”

Based on zoning, restrictions and design parameters, the only legally permissible use for the subject parcel is for limited industrial development or designation as buffer/open space.

Financially Feasible/Maximally Productive:

Realistically, there are only a few, if any, industrial users in the entire universe that would be compatible with Raytheon. The value of the subject property to Raytheon or alternatively acceptable user is so specific that the value would not meet the definition of “market value” as defined on page 7. Instead, such a value would be defined as “use value” or value to a specific user.

Since this appraisal assignment is based on market value, that is the value in the open market subject to the restrictions outlined above, the sales selected for comparison to the subject are limited purpose properties. These types of properties are often purchased for recreational purposes, as mitigation/set aside land or by adjacent property owners for tenure control. With restrictions on development, these properties tend to trade at a base price level that reflects the legal restrictions on use and the limited number of potential buyers.

In conclusion, lacking any realistic potential for development, the highest and best use of the subject property is for mitigation, recreation or tenure control. The following sales were selected accordingly.

SALES COMPARISON APPROACH

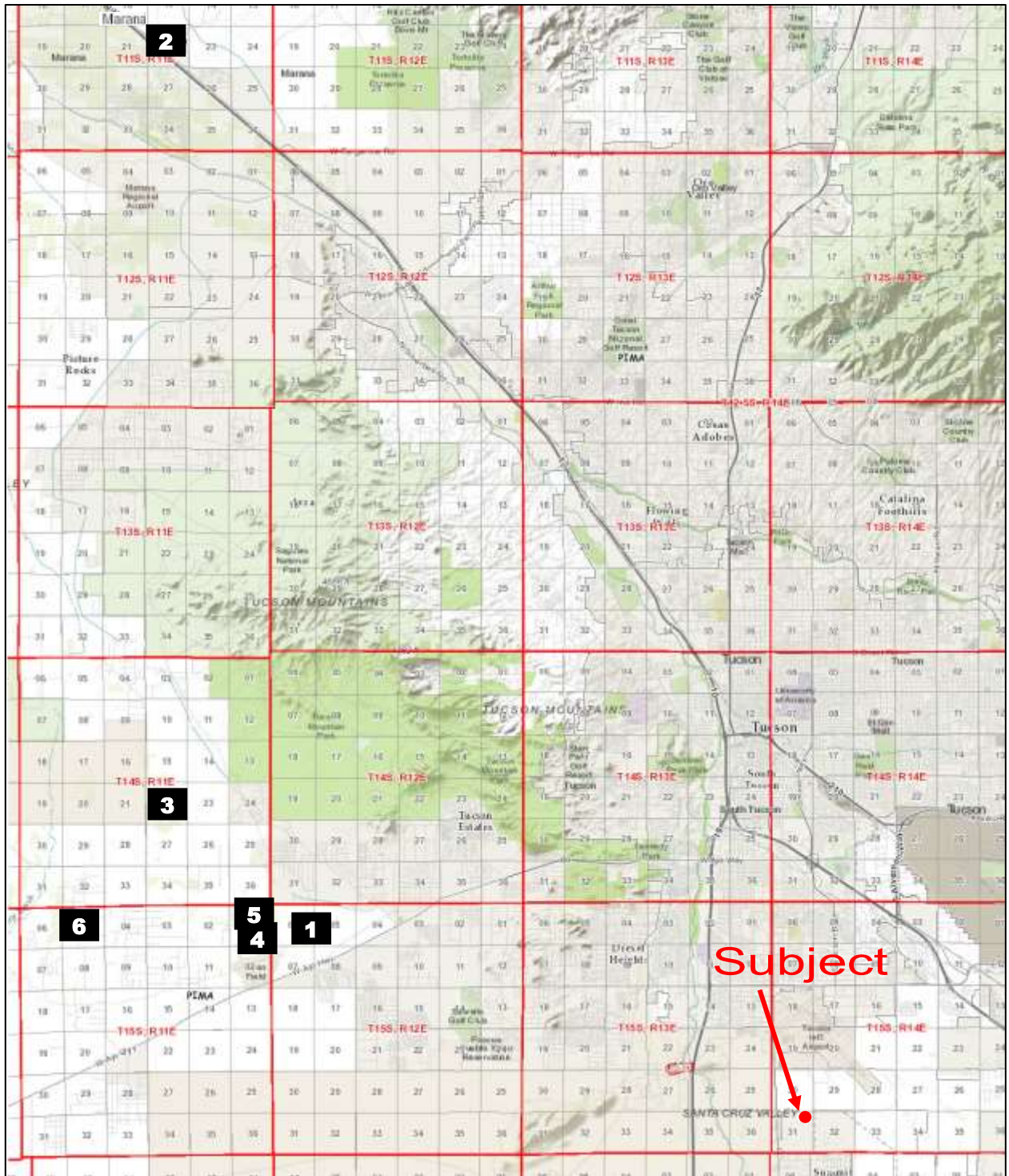
The Sales Comparison Approach is used to form an opinion of market value of the subject property. In the Sales Comparison Approach, sales of similar properties in the subject area are compared and adjusted to the subject property. This approach applies the principle of substitution which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property without undue or costly delay.

The following tabulation summarizes the comparable sales used in the valuation of the subject property. An overall map, detailed descriptions of the sales and photographs follow.

LAND SALES TABULATION

SALE	DATE	LOCATION	SALE PRICE	SITE SIZE (ACRES)	SALE PRICE PER ACRE	COMMENTS	ZONING COMP PLAN
1	02/08/12	NW of Ajo Hwy, S of Snyder Hill Rd. W of San Joaquin, Pima Cty	\$25,000	38.22	\$654	2 non-contiguous parcels; 100% in Black Wash floodway. Difficult access Electric & phone nearby Bought by Tucson Trap & Skeet Club	RH RT
2	12/07/12	SWc of Postvale & Adonis Rds Marana	\$200,000	44.10	\$4,535	Triangular shaped site; 59% floodprone Circuitous access; Electric & phone water & sewer nearby Investment; Paintball field is interim use	E Transportation Corridor
3	03/21/16	East of Sandario Rd. N of Donaldson Ranch Rd. Pima Cty	\$30,000	19.76	\$1,518	Entirely within Black Wash floodway 1/4 mile from electric & phone Pima County bought under FLAP	RH LIR
4	01/25/17	SWc Airline Rd & Nebraska St 1/4 mile N of Ryan Airfield, Pima Cty	\$79,000	64.52	\$1,224	No utilites except 21" main sewer trunk line at northeast corner. Difficult access 77% Black Wash floodway Pima County bought under FLAP	CI-2 LIR
5	04/10/17	W sd of Airline Rd. S of Snyder Hill Rd., Pima Cty	\$14,000	9.19	\$1,523	No utilites except 21" main sewer trunk along east boundary. Difficult access Black Wash floodway Pima County bought under FLAP	CI-2 LIR
6	05/04/17	West end of Snyder Hill Rd. West of Sandario Rd.	\$42,500	41.15	\$1,033	Electric & phone within 300 ft, No water Rough access via private dirt road 100% AO-2; Adj east of Brawley Wash Buyer plans a residential use	RH LIR
Subject Property	10/17/2017 Date of Value	W of Raytheon Pkwy, N of Aerospace Pkwy, S of Hughes Access Rd (closed)	N/A	16.126	N/A	Generally level; 50% floodprone Electric & phone; Legal access must be secured cross adj parcel	I-2 Raytheon Restrictions

OVERALL LAND SALES MAP



COMPARABLE LAND SALE

Comparable Sale: 1

Location: Northwest of Old Ajo Highway, south of Snyder Hill Road and west of San Joaquin Road, Pima County, Arizona

Legal Description: A portion of the northeast quarter of the southeast quarter of Section 6 and a triangular portion of the west half of the southwest quarter of Section 5 in Township 15 South, Range 12 East, Pima County, Arizona

Tax Code Numbers: 210-12-009C and 210-13-004C

Records: Instrument: Special Warranty Deed
Date Recorded: February 8, 2012
Recording No: 2012-0390007

Seller: Title Security Trust No. 912 c/o Tucson Mountain Ranch

Buyer: Tucson Trap and Skeet Club, Inc.

Sale Price: \$25,000

Terms: Cash

Site Size: 38.22 acres

Sale Price Per Acre: \$654

Zoning: RH, Residential Homestead, Pima County

Comprehensive Plan: RT (Resource Transition)

Conservation Lands System: Important Riparian Areas 5.5% (2.31 Ac)

Physical Description:

Topography/Shape: Level / Two irregular shaped, non-contiguous parcels

Flood Zone: 100% Zone AO-1, according to FEMA Map #04019C-2245L, dated June 16, 2011. In the Black Wash Administrative Floodway.

Utilities: Electric and phone nearby.

Access: Physical access from the south off Old Ajo Highway; legal access from the north off Snyder Hill Road.

Three Year History: No sales in the prior three years.

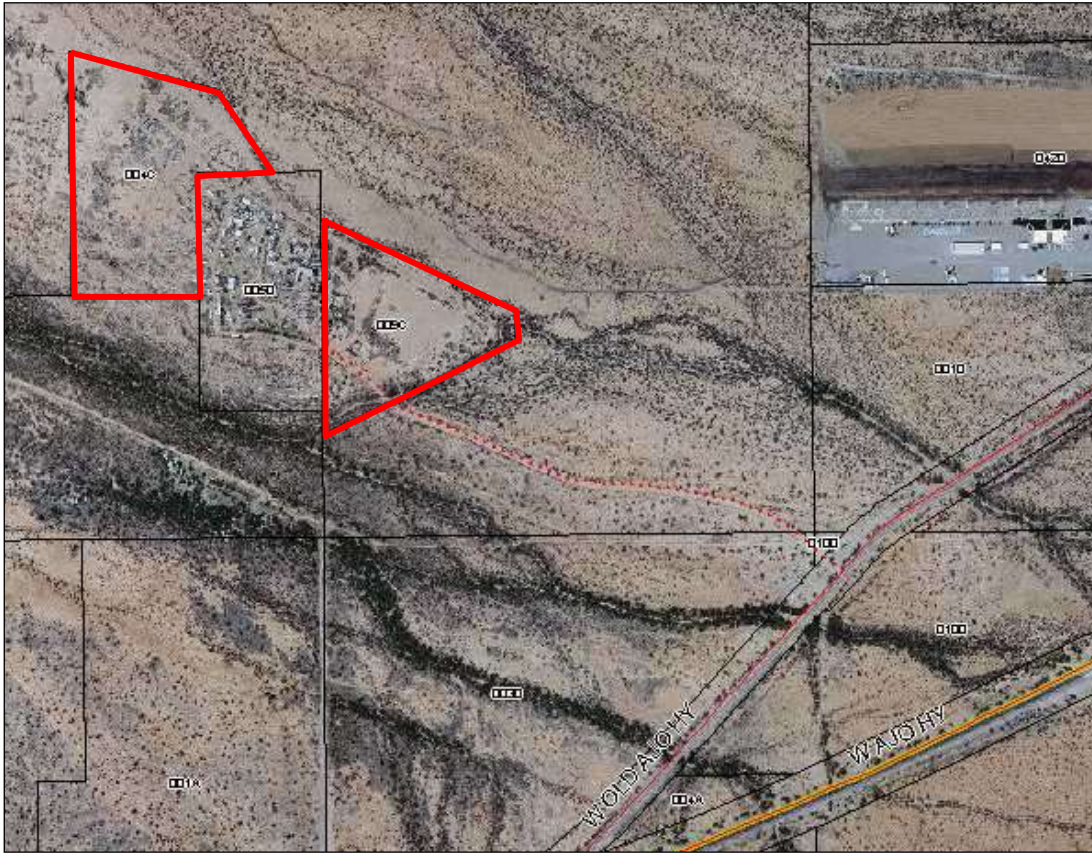
Confirmed By: Lee Bachman – Tucson Trap & Skeet Club 883-6426 and Michael Racy; Seller's representative 906-4646

Date Confirmed: May 2012

Comments: The buyer recently signed a long-term lease with Pima County on the land adjacent east. The acquisition of these two parcels increased the total area controlled by the Tucson Trap and Skeet Club. A prior Phase I Environmental report recommended a Phase II Study due to a strong likelihood of contamination from the adjacent junk yard. Buyer paid closing costs, environmental & appraisal fee.



COMPARABLE LAND SALE ONE



MAP NUMBER
04019C2245L
MAP REVISED
JUNE 16, 2011

Boundaries Are Approximate

COMPARABLE LAND SALE

Comparable Sale:	2
Location:	Southwest corner of Postvale and Adonis Roads, east of Interstate 10, Marana, Pima County, Arizona
Legal Description:	A portion of the south half of the southeast quarter lying northeasterly and adjacent to the Union Pacific railroad in Section 22, Township 11 South, Range 11 East, Pima County, Arizona
Tax Code Number:	217-29-005A
Records:	Instrument: Special Warranty Deed Date Recorded: December 7, 2012 Recording No: 2012-3420282
Seller:	Wells Fargo Bank
Buyer:	Disruptive Products, Inc.
Sale Price:	\$200,000
Terms:	Cash
Site Size:	44.10 acres
Sale Price Per Acre:	\$4,535
Zoning:	E, Transportation Corridor Zone, Town of Marana
Conservation Lands System:	Important Riparian Areas – 1.99% (about 0.83 acres) Xeroriparian C
Physical Description:	
Topography/Shape:	Level / Triangular
Flood Zone:	41% Zone AH, 23% Zone AO-2 and 36% Zone X according to FEMA Map #04019C-1030L, dated June 16, 2011.
Utilities:	Electric and phone. Water and sewer are just north of the property.
Access:	Via Adonis Road and Postvale from the Marana interchange which is ½ mile north.
Three Year History:	No sales in the prior three years.

Confirmed By:

Chuck Corriere KW Commercial

Date Confirmed:

July 2013

Comments:

The buyer plans to develop a paintball field on a portion of the property and hold the balance for investment.



COMPARABLE LAND SALE

Comparable Sale: 3

Location: East of Sandario Road, north of Donaldson Ranch Road, Pima County, Arizona.

Legal Description: North half of the southwest quarter of the northeast quarter of Section 22 in Township 14 South, Range 11 East

Tax Code Number: 211-25-0050

Records: Instrument: Warranty Deed
Date Recorded: July 21, 2016
Document No.: 2016-030108

Seller: Charles A. Weeks

Buyer: Pima County Flood Control District

Sale Price: \$30,000

Terms: Cash

Site Size: 19.76 acres

Sale Price Per Acre: \$1,518

Zoning: RH

Comprehensive Plan: LIR, Low Intensity Rural, 0.3 RAC

Conservation Lands System: Important Riparian Area - Hydromesoriparian or Mesoriparian H, (10.34% or about 2.05 acres)

PHYSICAL DESCRIPTION:

Shape / Topography: Rectangular / Level

Floodplain: Entirely within the Black Wash Floodway. According to FEMA Map No. 04019C-2500L, dated June 16, 2011, the site is in:

Zone AO 1	41.67%	About 8.25 acres
Zone AO 2	52.12%	About 10.33 acres
Zone AO 3	6.04%	About 1.2 acres
Zone X	0.17%	About 1,455 sf

Utilities: Electric and phone within ¼ mile; no water or sewer.

Access: No developed physical access. Legal access via an easement that connects to an existing road ¼ mile north.

Three Year History: No sales in the prior three years.

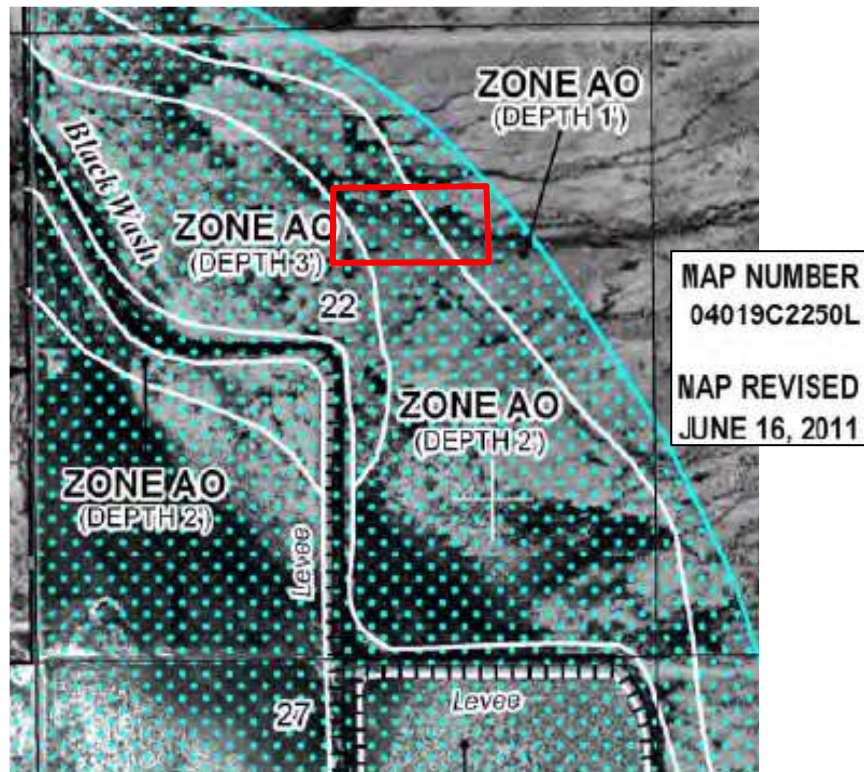
Exposure Time: 6 months

Confirmed With: Jeff Teplitsky, Pima County
Date Confirmed: November 2017
Comments: The site has limited development potential due to floodplain constraints.

View toward Sale Three.



COMPARABLE LAND SALE THREE



COMPARABLE LAND SALE

Comparable Sale: 4

Location: Southwest corner of Airline Road and Nebraska Street, ¼ mile north of Ryan Airfield, Pima County, Arizona.

Legal Description: Portion of Block 3 in Millstone Industrial District No. 1 in Section 1, Township 15 South, Range 11 East, Pima County, Arizona.

Tax Code Numbers: 209-01-0910 and -0930

Records: Instrument: Warranty Deed
Date Recorded: January 25, 2017
Document No.: 2017-0250779

Seller: Ryan Field Associates

Buyer: Pima County Flood Control District

Sale Price: \$79,000

Terms: Cash

Site Size: 64.52 acres

Sale Price Per Acre: \$1,224

Zoning: CI-2, General Industrial

Comprehensive Plan: LIR, Low Intensity Rural, 0.3 RAC

Conservation Lands System: Multiple Use Management Areas (71.90% or about 46.39 acres).
Important Riparian Areas: Hydromesoriparian or Mesoriparian H, (28.29% or about 18.25 acres).

PHYSICAL DESCRIPTION:

Shape / Topography: "L" shaped / Level

Floodplain: According to FEMA Map No. 04019C-2245L, dated June 16, 2011, the site is entirely in Zone AO-1, within the 100-year floodplain to a depth of 1 foot. 77% in the Black Wash Floodway.

Utilities: No electric; 21" sewer trunk line at the northeast corner of Airline and Nebraska.

Access: Airline Road extends south from Snyder Hill Road. It is an un-maintained road subject to flooding.

Three Year History: No sales in the prior three years.

Exposure Time: 9 months

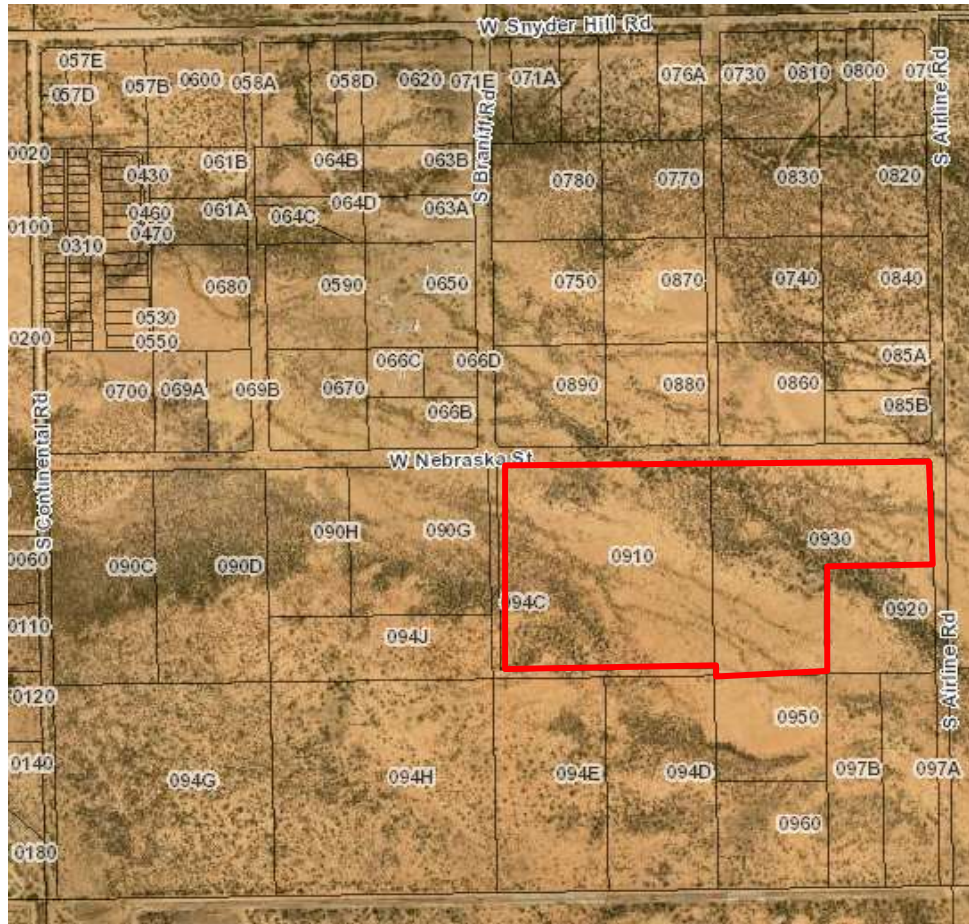
Confirmed With: Carl Mickler, Long Realty, and Jeff Teplitsky, Pima County

Date Confirmed: November 2017

Comments: The site is in the Ryan Field Airport Environs Zone. It has limited development potential due to floodplain regulations.



COMPARABLE LAND SALE FOUR



COMPARABLE LAND SALE

Comparable Sale: 5

Location: West side of Airline Road, ¼ mile south of Snyder Hill Road, Pima County, Arizona.

Legal Description: The northeast corner of Lot 3 in Block 2 of Millstone Industrial District No. 1 in Section 1, Township 15 South, Range 11 East, Pima County, Arizona.

Tax Code Number: 209-01-0840

Records: Instrument: Warranty Deed
Date Recorded: April 10, 2017
Document No.: 2017-1000573

Seller: Czerny Trust

Buyer: Pima County Flood Control District.

Sale Price: \$14,000

Terms: Cash

Site Size: 9.19 acres

Sale Price Per Acre: \$1,523

Zoning: CI-2, General Industrial

Comprehensive Plan: LIR, Low Intensity Rural, 0.3 RAC

Conservation Lands System: Multiple Use Management Areas: (36.48% or about 3.33 acres).

Important Riparian Areas: Hydromesoriparian or Mesoriparian H, (63.52% or about 5.79 acres).

PHYSICAL DESCRIPTION:

Shape / Topography: Square / Level

Floodplain: Entirely within the Black Wash Floodway. According to FEMA Map No. 04019C-2245L, dated June 16, 2011, the site is within the 100-year floodplain:

Zone AO 1	96.11%	About 8.77 acres
Zone AO 2	3.89%	About 0.355 acres

Utilities: Electric and phone about ¼ mile north; 21" main sewer line along east boundary.

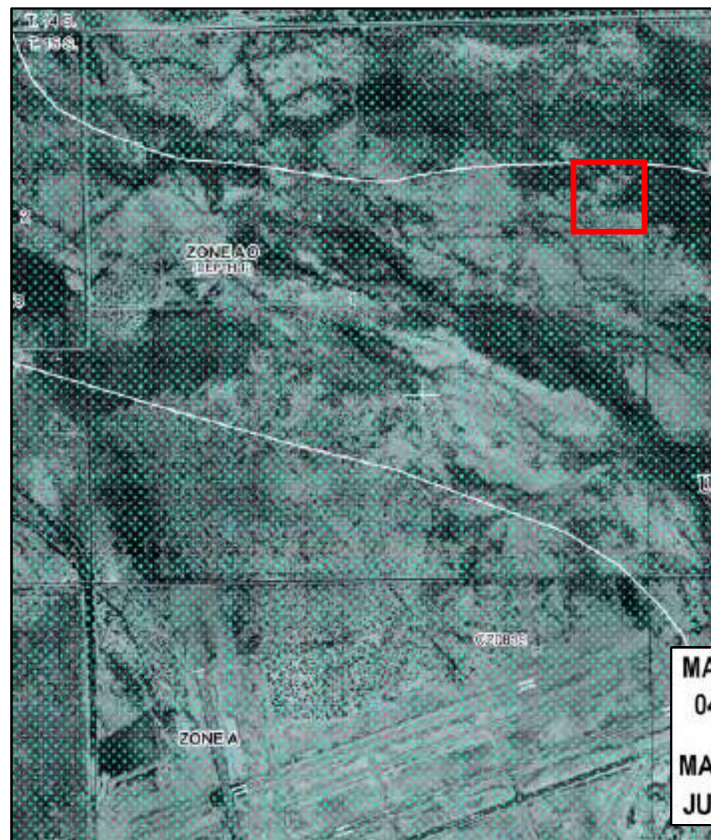
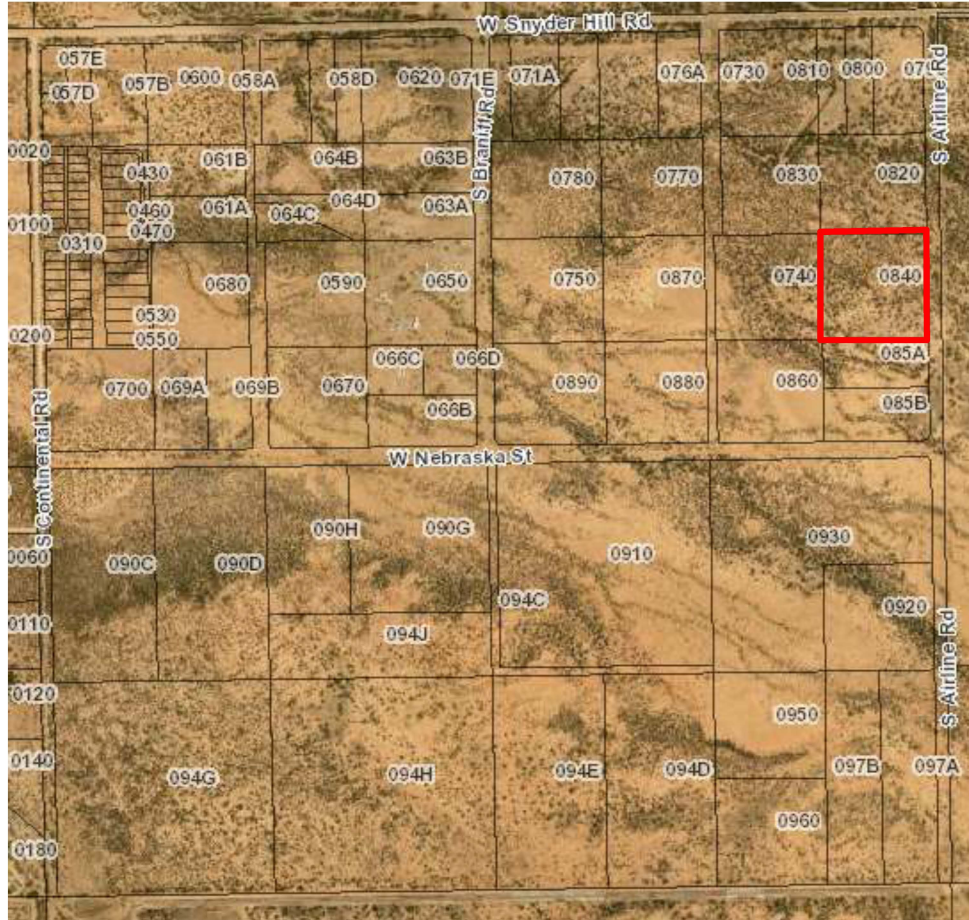
Access: Airline Road extends south from Snyder Hill Road. It is an un-maintained road subject to flooding.

Three Year History: No sales in the prior three years.

Exposure Time: 6 months
Confirmed With: Carl Mickler, Long Realty, and Jeff Teplitsky, Pima County
Date Confirmed: November 2017
Comments: The site is in the Ryan Field Airport Environs Zone. It has limited development potential due to floodplain constraints.



COMPARABLE LAND SALE FIVE



COMPARABLE LAND SALE

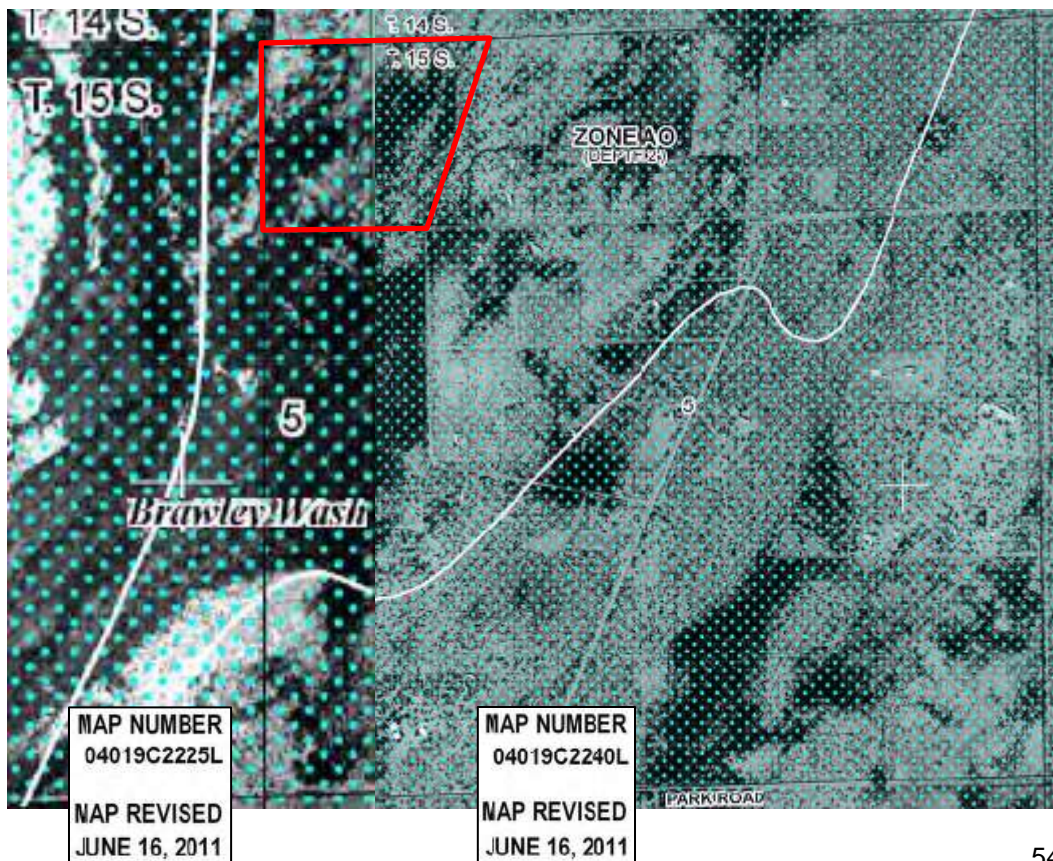
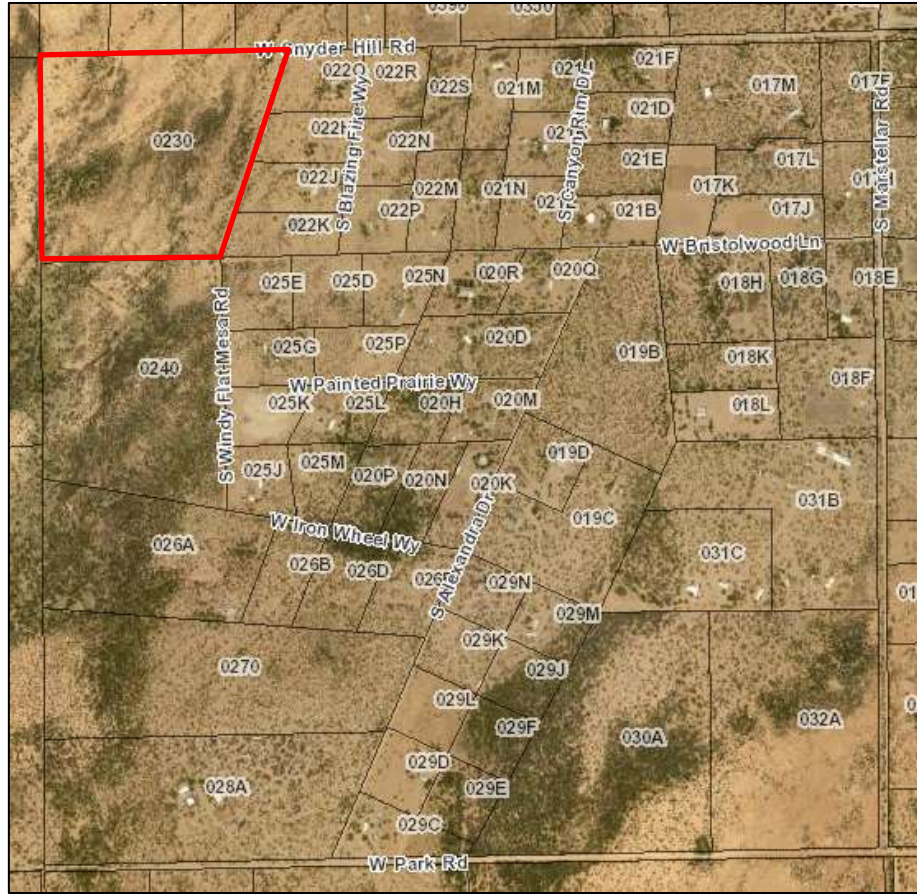
Comparable Sale:	6
Location:	West end of Snyder Hill Road, west of Sandario Road, Pima County, Arizona.
Legal Description:	Lot 36 of Tucson West, located in Section 5, Township 15 South, Range 11 East
Tax Code Number:	209-06-0230
Records:	Instrument: Special Warranty Deed Date Recorded: May 4, 2017 Document No.: 2017-1240153
Seller:	Brisinger Fund 1 LLC
Buyer:	Stanton S. Scott, Jr.
Sale Price:	\$42,500
Terms:	\$7,000 down (16.47%), SCB balance, terms unknown
Site Size:	41.15 acres
Sale Price Per Acre:	\$1,033
Zoning:	RH, Residential Homestead
Comprehensive Plan:	LIR, Low Intensity Rural, 0.3 RAC
Conservation Lands System:	76% Biological Core 24% Important Riparian
PHYSICAL DESCRIPTION:	
Shape / Topography:	Rectangular / Level
Floodplain:	According to FEMA Map Nos. 04019C-2225L and -2240L, dated June 16, 2011, the site is entirely in Zone AO 2, within the 100-year floodplain to a depth of 2 feet. It is just east of the Brawley Wash.
Utilities:	Phone and electric within 100 yards; no water. Septic required.
Access:	Property is at the west end of Snyder Hill Road. Primitive dirt road $\frac{3}{4}$ mile from Marstellar, 1 mile good dirt road to Sandario Road.
Three Year History:	No sales in the prior three years.
Exposure Time:	6 months
Confirmed With:	Susan Swanne, sales agent with Long Realty
Date Confirmed:	August 2017

Comments:

Low density/low-intensity use. Agent reports buyers purchased property for personal residential use, but without much due diligence regarding flood issues. Buyer still intends to develop a residential site.



COMPARABLE LAND SALE SIX



LAND VALUATION ANALYSIS

To develop an opinion of market value of the subject property, I searched for recent land sales that are similar in terms of size, location, zoning and potential use. Again it is noted that the restrictions associated with the location adjacent south of Raytheon severely impact the potential use of the subject. Purchase of the subject would be motivated by the need for open space, mitigation and tenure control.

There were no sales found that have the same limitations as the subject. However, a search of the market revealed an adequate sampling of sales that are relegated to open space type uses due to floodplain restrictions. Since these restrictions are similar to those imposed by Raytheon, these sales are considered reasonably comparable to the subject.

Comparable Sales Overview:

As can be seen on the tabulation presented on page 35, the sales have been arranged by date from oldest to most recent.

Sale One includes two non-contiguous parcels that were purchased by the Tucson Trap and Skeet Club. The Club had recently signed a long-term lease with Pima County on the land adjacent to their existing facility and this property. Though the buyer is effectively an adjacent property owner, they did not pay a premium price for the sites. The two parcels were basically land locked and, as a result, the Trap and Skeet Club was the only logical buyer.

Access to the two parcels is reasonably good via existing dirt roads from the Old Ajo Highway. Electricity and telephone service are nearby. There was no developed water supply or sewage disposal systems.

The property is entirely within Zone AO-1 and the Black Wash floodway. In addition, there was considerable concern regarding hazardous waste from an adjoining property that was once a guest ranch, popular around the turn of last century, but had more recently served as a junk-yard.

The sale closed on February 8, 2012, at a price of \$25,000, or \$654 per acre. As part of the deal, the club agreed to pay for a Phase 1 environmental assessment, as well as an appraisal and all closing costs. In this case, their out of pocket costs were well above the stated sale price. I do not have information on the specific amounts paid by the club for those additional items, but it is clear that their total cost was above the nominal sale price.

Sale Two is located on the east side of I-10 in Marana. It has good visibility but access is circuitous and the freeway interchange at Marana Road is about a half mile away. The buyer is an investor who subsequently opened a paintball field as an interim use. The site is now vacant. It is zoned E, Transportation Corridor which allows a variety of commercial and industrial uses.

Electric and phone are adjacent. Water and sewer are a short distance to the north. About 64% of the property is floodprone.

This site consists of 44.10 acres and sold in December 2012 for \$4,535 per acre.

Sales Three, Four and Five were purchased by Pima County under the Floodplain Land Acquisition Program (FLAP). It is recognized that the County-driven sales may be

considered by some appraisers to be marginal for fair valuation analysis. But the Regional Flood Control District is a major player in this market segment. Floodprone lands purchased by the County are voluntary. The prices are based on appraised value with no negotiations.

Sale Three is an interior parcel east of Sandario Road. Utilities and developed access are about ¼ mile away. The site is entirely within the Black Wash floodway. The property is similar in size to the subject, consisting of 19.76 acres, and was purchased in March 2016 for \$1,518 per acre, cash.

Sales Four and Five are both located north of Ryan Airfield south of Snyder Hill Road. Both are zoned CI-2, a heavy industrial zoning in Pima County that is similar to the I-2 zoning of the subject which is within the Tucson city limits. Electric, phone and sewer are nearby. Both sites have legal access off Airline Road which is not regularly maintained. Both are located in the Black Wash floodway and, like the subject, have limited development potential.

Sale Four consists of 64.52 acres and sold in January 2017 for \$1,224 per acre, cash. Sale Five consists of 9.19 acres and sold in April 2017 for \$1,523 per acre, cash. The difference in price between the two is attributed to the size difference.

Sale Six is off the west end of Snyder Hill Road, about 1.75 miles from Sandario Road. Access includes a mile of reasonably good quality dirt road; and ¾ mile of minimally developed dirt road. Electricity is in place at adjoining residential sites, which are dependent on wells and septic systems for domestic water and sewage disposal.

The Brawley Wash runs through the eastern portion of this site, which is 100% within FEMA Flood Hazard Zone AO-2. Vegetative cover includes mesquite and desertscrub.

The property had only been listed for a few months before it sold in May, 2017 for \$42,500, or \$1,033 per acre. The buyer made a down payment of \$7,000 (16.47%) and the seller financed the balance. The agent did not recall the specific terms of the financing, or whether they significantly impacted the sale price. It is quite possible the seller terms facilitated the quick sale at the asking price; but lacking any indication to the contrary, the sale is viewed on a cash-equivalent basis.

Analysis of the Sales One through Six – Elements of Comparison:

The elements of value are segregated into two general categories. The first includes factors related to the sale transaction. These are:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Expenditures Made Immediately After Purchase
- Market conditions

The second category includes factors related to the property. Those are:

- Location
- Physical Characteristics
- Economic Characteristics
- Legal Characteristics
- Non-realty Components of Value Included in the Sale

Unit of Comparison:

The analysis is made on the basis of price per acre, which is a common measure of comparison for this class of property. This is equal to the sale price divided by the total acreage of the property. When adequate market data exists from which to develop adjustments, quantified adjustments are made. In other cases, when the data is inadequate or inconclusive, the adjustments are qualitative and upward (+) or downward (-) adjustments are reported on the Adjustment Grid that follows the analysis.

Transactional Characteristics:

The first five sections of the analysis consider *transaction*-related factors that may have impacted the prices paid for the comparable sales.

Property Rights Conveyed:

The sale price of a property is always predicated on the property rights conveyed. The interest appraised is the fee simple estate subject to known reservations and encumbrances. Since all of the sales represent the transfer of the fee simple ownership, no adjustments are necessary.

Financing Terms:

In accordance with the definition of market value, adjustments for financing terms are made on an all cash basis or cash plus institutional financing at the prevailing market interest rate. All of the sales, except Sale Six, sold for cash. No adjustments are made to Sales One through Five.

Sale Six sold for \$42,500. The buyer made a down payment of \$7,000 or 16.47% of the purchase price. The seller financed the balance. In verifying the sale, the agent reported that she did not recall the specific terms of financing, or whether they significantly impacted the sale price. The property had only been listed for a few months prior to the sale closing—at the asking price. It is possible that the terms of the seller-financing facilitated the quick sale at the asking price; but I am reluctant to apply an adjustment based solely on the limited information available. It is noted that the \$1,003 per acre unit price is at the lower end of the range of the sales. Thus, no adjustment is applied.

Conditions of Sale:

The definition of market value requires that the resulting value opinion reflect “... a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming that the price is not affected by undue stimulus.”

The definition continues to include the following conditions:

1. *buyer and seller are typically motivated;*
2. *both parties are well informed or well advised, and each acting in what he or she considers his or her best interest;*
3. *a reasonable time is allowed for exposure in the open market;*

An adjustment for conditions of sale considers any unusual circumstances that may have affected the sale prices. Examples include the purchase by an adjacent property owner, a seller under duress, or a related buyer and seller.

Sale One includes two non-contiguous parcels that were purchased by the Tucson Trap and Skeet Club. The club had recently signed a long-term lease with Pima County on the land between their existing facility and Comparable One. Though the buyer is effectively an adjacent property owner, they did not pay a premium. The two parcels were basically land-locked and, as a result, the Trap and Skeet Club was the only logical buyer. No adjustment is made.

Sale Two was an REO sale. The agent involved indicated the site was on the market at least seven months. At the time of sale, the list price was \$295,000. The property sold for \$200,000 which was an appropriate price considering the restrictions and circuity of access. No adjustment is made for conditions of sale.

Sales Three, Four and Five were purchased by Pima County. In all three cases, the properties were actively listed in MLS by local real estate agents. Sale Three was on the market six months at a price of \$50,000. It sold for \$30,000. Sale Four was on the market nine months at a price of \$130,000. It sold for \$79,000. Sale Five was listed for six months at \$18,000. It sold for \$14,000. In all three cases, the prices paid were based on the appraised values of \$1,224 to \$1,523 per acre, with the difference attributable to differences in size.

Expenditures Made Immediately After Purchase:

Knowledgeable buyers will typically account for any expenditure to be made immediately after purchase, in order to place the property on the same competitive plain as others in its class, as a part of the overall price. These costs may cover such items as deferred maintenance, demolition, environmental remediation, etc.

Sale One was the only sale in which the buyer had expenses in excess of the sale price. As part of the negotiations, the buyer agreed to pay the closing costs, the appraisal fee and the environmental studies that were completed prior to closing. Since these expenses are commonly shared between the two parties an upward adjustment of 20% is made. This is equal to a cost of \$131 per acre or a total additional cost of about \$5,000 that was paid by the buyer outside of escrow.

Market Conditions:

An adjustment for changes in market conditions may be appropriate when there are changes in property values that occur between the date of the oldest sale and the valuation date of the subject property. The effective date of value for the subject property is October 17, 2017. Two of the sales closed in 2012. The other four sales occurred in 2016 and 2017.

The market for developmentally-challenged properties like these sales does not fluctuate significantly over time. With significant restrictions, these types of property generally represent the bottom of the market due to the limited number of allowable uses and the lack of overall demand. While there have been significant changes in the industrial market since 2012, particularly in the vicinity of the subject property, these changes have not improved the marketability of the subject.

In the absence of market data in support of a change in value over time, no adjustments are developed or applied to any of the sales for changes in market conditions.

Property Adjustments

Location/Access:

The subject property is located at the southwest corner of Hughes Access Road (now closed) and Raytheon Parkway. The south boundary is about 900 feet north of Aerospace Parkway. The most logical point of access is from Raytheon Parkway, a two-lane paved street that extends along the east boundary. However, the design parameters agreed upon between Raytheon and Pima County recommend prohibiting access from South Access Road (now Raytheon Parkway). Without access off Raytheon Parkway the subject site has no legal means of access unless specific approval is granted by Raytheon. This restriction provides significant risk to the development potential of the subject property.

Five of the six sales are located in Avra Valley. Sale Two is in Marana. Though the general locations differ from that of the subject, the sales were selected, in part, for the difficulty of access to each.

Sale One consists of two non-contiguous interior lots sandwiched between Old Ajo Highway and Snyder Hill Road. Physical access is across the adjoining parcel while legal access is from the north.

Sale Two is situated on the east side of I-10, but it is at least ½ mile from a freeway interchange. Adonis Road, a paved street, zigs and zags through the neighborhoods to the north providing access to the property.

Sale Three is an interior lot. It has no developed access but reportedly there is a recorded easement granting legal access off a private road ¼ mile away.

Sales Four and Five have legal access off Snyder Hill Road via Airline Road. But Airline Road is basically a dirt trail with several potential wash-outs during the monsoon season.

Sale Six is located 1.75 miles west of Sandario Road, at the west end of Snyder Hill Road. The first mile of Snyder Hill Road, west of Sandario, is a reasonably good quality gravel road. The last three-quarters of a mile is a primitive, minimally maintained dirt road. The \$1,033 per acre unit price, at the lower end of the range, likely reflects the lesser quality access.

Though the physical road improvements to the subject are far superior to those at the sale properties, the uncertainty surrounding the potential legal restrictions to access the subject property cloud the issue and make it difficult to compare the sales to the subject. The view taken here is that, like the subject, each sale has challenges regarding access and these challenges are reflected in the sale prices. No adjustments are made.

Physical Characteristics:

Size – Typically a smaller property will sell for a higher price on a per acre basis than a larger, but otherwise similar property. Conversely, a larger property generally sells for a lower price. The subject site consists of 16.126 acres. The sales range in size from 9.19 acres to 64.52 acres.

The comparison of Sales Three, Four and Five provide some indication of an appropriate adjustment for differences in size. All three have similar floodplain restrictions and similar proximity to utilities. All are located in Avra Valley and have difficult access.

Sale 2:	19.76 acres	\$1,518/Ac.
Sale 3:	64.52 acres	\$1,224/Ac.
Difference:		\$ 294/Ac / \$1,224 /Ac. = 24%

Sale 5:	9.19 acres	\$1,523/Ac.
Sale 3:	64.52 acres	\$1,224/Ac.
Difference:		\$ 299/Ac / \$1,224 /Ac.. = 24.4%

Sale 4:	9.19 acres	\$1,523/Ac.
Sale 2:	19.76 acres	\$1,518/Ac.
Difference:		\$ 5/Ac / \$1,518 /Ac. = (0.33%)

The preceding comparisons suggest an adjustment is appropriate for a size difference between an approximate 20-acre parcel and a 65-acre parcel. Little to no adjustment is indicated for a size difference between a 9-acre parcel and a 20-acre parcel.

Based on these indications, upward adjustments are applied to Sales One, Two, Four and Six for the larger sizes. Comparing the sizes of Sales One, Two and Six which are in the 40-acre range, to the subject which consists of 16.126 acres, an upward adjustment of 10% is made. Compared to Sale Three with a total area of 64.52 acres, an upward adjustment of 24% is applied. No adjustments are made to Sales Three and Five which are reasonably similar in size to the subject.

Topography/Shape: The subject is generally level and basically triangular in shape. It has some drainage issues particularly at the northeast corner and along the north boundary. These will be addressed under "floodplain".

All of the sales, like the subject, are level and have a regular, usable shapes. Most have washes and are subject to flooding. Again this characteristic will be addressed separately under "floodplain".

Utilities: The subject property has electric and phone adjacent. There is a 8" sewer line and a 12" water line about 900 feet south of the south boundary.

All of the sales, except Sale Two, are located in Avra Valley and lack municipal infrastructure that is available within close proximity to the subject. Under most circumstances, this difference would significantly impact value. However, due to the restrictions associated with the proximity to Raytheon, the subject is relegated to an open space type use. Without the potential for development, the lack of infrastructure at the sales properties relative to the subject is not so significant. Only nominal upward adjustments are applied.

Sale Two, like the subject, has electric and phone to the property boundaries and water and sewer infrastructure a short distance to the north. No adjustment is made.

Floodplain and Use Restrictions: As summarized by Mr. John Moffatt, Pima County and Raytheon officials have agreed that any potential development of lands north of Aerospace Parkway and west of Raytheon Parkway must be vetted by Raytheon. From a practical standpoint, Mr. Moffatt believes these lands, which include the subject property, will be set aside as a buffer/open space and never developed. Given the lack of development potential on the subject property, floodplain sales, which also lack any real development potential, are used as a proxy to measure the impact on value attributed to this use restriction. So while there are differences in the amount of floodprone land between the subject property

and the sales, the adjustments that are made pertain specifically to the development restrictions.

Sale One consists of two non-contiguous parcels adjacent to land leased from Pima County by Tucson Trap and Skeet. Both parcels are within the Black Wash Administrative Floodway with no potential for development of habitable structures. The Trap and Skeet Club purchased the property for recreation use. No adjustment is made.

Sale Two is the only sale that has a realistic chance of being developed. About 36% of the site is outside the floodplain and could be developed. The property was purchased for long-term investment and used as a paintball field on an interim basis. A downward adjustment of 35% is made.

Sales Three, Four and Five were privately owned parcels located in the Black Wash Administrative Floodway. All three were purchased by Pima County Flood Control District for tenure control. Reportedly, it was highly unlikely that Pima County would issue a building permit on these parcels. No adjustments are necessary.

Sale Six is located just east of the Brawley Wash and within FEMA Zone AO-2. If allowed, development of habitable structure will have to be elevated 1 foot above the base flood elevation or a total of 3 feet. According to the agent, the buyer purchased the property for personal residential use, but without much due diligence on floodplain related issues. Given the AO-2 designation, he faces significant challenges to obtaining a building permit. Again, no adjustment is made.

Economic Characteristics:

Economic characteristics include all the attributes of a property that directly affect its income. This element of comparison is usually applied to income-producing properties. Since the subject property is vacant and each of the sales was vacant at the time of sale, no adjustments are necessary.

Zoning:

The subject site is zoned I-2, Heavy Industrial. Three of the six sales are zoned for industrial use. The other three sales are zoned for rural residential development.

Because of the overriding limitations associated with either the Raytheon restrictions and/or floodplain restrictions, the difference in zoning of the sales has little to no impact on the prices that were paid. Since adjustments have already been applied for allowable uses, no additional adjustments are made.

Non-Realty Components:

Adjustments for non-realty components are necessary when a sale includes chattel, business concerns or other items that do not constitute real property but are included in either the sale price of the comparable property or in the ownership interest of the subject property. Since the subject property and none of the sales included non-realty components, no adjustments are necessary.

Here follows an Adjustment Grid summarizing the adjustments as they apply to the sales

LAND SALES ADJUSTMENT GRID

ELEMENTS OF COMPARISON	LARGER PARCEL		SALE 1		SALE 2		SALE 3		SALE 4		SALE 5		SALE 6	
	W sd of Raytheon Pkwy N of Aerospace Pkwy	SALE PRICE PER ACRE	W sd of Postvale & Adams Rd, Marana	SALE PRICE PER ACRE	East of Sandario Rd N of Donaldson Ranch Rd.	SALE PRICE PER ACRE	SWc of Airline Rd & Nebraska St, N of Ryan Airfield	SALE PRICE PER ACRE	W sd of Airline Rd, N of Nebraska, N of Ryan Airfield	SALE PRICE PER ACRE	W end of Snyder Hill Rd, 1.75 miles W of Sandario	SALE PRICE PER ACRE	SALE PRICE PER ACRE	
PROPERTY RIGHTS CONVEYED	Fee Simple	\$654	Fee Simple	\$4,535	Fee Simple	\$1,518	Fee Simple	\$1,224	Fee Simple	\$1,523	Fee Simple	\$1,033		
FINANCING TERMS	Assume cash to seller	\$0	Cash	\$4,535	Cash	\$1,518	Cash	\$1,224	Cash	\$1,523	16.47% Cash; SCB terms unknown	\$0		
ADJUSTMENT		\$654		\$4,535		\$1,518		\$1,224		\$1,523		\$1,033		
CONDITIONS OF SALE	Market	\$0	REO - Adeq marketing	\$0	Market	\$0	Market	\$0	Market	\$0	Market	\$0		
ADJUSTMENT		\$0		\$0		\$0		\$0		\$0		\$0		
EXPENDITURES AFTER PURCHASE	None	\$131	Note	\$0	None	\$0	None	\$0	None	\$0	None	\$0		
ADJUSTMENT		\$131		\$0		\$0		\$0		\$0		\$0		
MARKET CONDITIONS	October 17, 2017 (Date of Value)	\$785	December 7, 2012	\$4,535	March 21, 2016	\$1,518	January 25, 207	\$1,224	April 11, 2017	\$1,523	May 4, 2017	\$1,033		
ADJUSTMENT		\$785		\$4,535		\$1,518		\$1,224		\$1,523		\$1,033		
ADJUSTED SALE PRICE / ACRE		\$863		\$3,401		\$1,518		\$1,518		\$1,523		\$1,033		
LOCATION	Adjacent South of Raytheon South of TIA Legal access questionable from Raytheon Pkwy	Southwest Interior Dirt trail off Ajo Way Legal access fm Snyder Hill Rd	Marana Freeway visibility Adams Rd	West - Avra Valley Interior Unimproved easement	West - Avra Valley Interior, N of Ryan Airfield Unmaintained road	West - Avra Valley Interior, N of Ryan Airfield Unmaintained road	West - Avra Valley Interior, N of Ryan Airfield Unmaintained road	West - Avra Valley Interior, N of Ryan Airfield Unmaintained road	West - Avra Valley Interior, N of Ryan Airfield Unmaintained road	West - Avra Valley Interior, N of Ryan Airfield Unmaintained road	West - Avra Valley Interior, N of Ryan Airfield Unmaintained road	West - Avra Valley Interior, N of Ryan Airfield Unmaintained road		
ACCESS	16.126 Acres	38.22 Acres	44.10 Acres	19.76 Acres	64.52 Acres	19.19 Acres	64.52 Acres	19.19 Acres	41.15 Acres	41.15 Acres	41.15 Acres	41.15 Acres		
NET LOCATION ADJUSTMENT		10%	10%	0%	24%	0%	24%	0%	10%	10%	10%	10%		
PHYSICAL CHARACTERISTICS	Level; Basically triangular	Level / Triangular	Level / Basically triangular	Level / Rectangular	Level / L-shaped	Level / Square	Level / L-shaped	Level / Square	Level / Trapezoid	Level / Trapezoid	Level / Trapezoid	Level / Trapezoid		
ADJUSTMENT		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
UTILITIES	Electric & phone Water & sewer 900' south of sewer boundary	Electric & phone nearby	Electric & phone water & sewer just north	Electric & phone 1/4 mile north	Electric & phone 1/2 mile north sewer nearby	Electric & phone 1/4 mile north sewer nearby	Electric & phone 1/2 mile north sewer nearby	Electric & phone 1/4 mile north sewer nearby	Electric & phone nearby No water or sewer	Electric & phone nearby No water or sewer	Electric & phone nearby No water or sewer	Electric & phone nearby No water or sewer		
ADJUSTMENT		+	+	+	+	+	+	+	+	+	+	+		
FLOODPLAIN & OTHER RESTRICTIONS	55% in floodplain of Hughes Wash Use restrictions associated with Raytheon	100% AO-1; Black Wash Administrative Floodway	41% AH, 23% AO-2 36% Zone X -35%	41% AO-1, 52% AO-2 & 6% AO-3; Black Wash Fldwy	100% AO-1 Black Wash Adm. Floodway	96% AO-1, 4% AO-2 Black Wash Adm. Floodway	100% AO-1 Black Wash Adm. Floodway	96% AO-1, 4% AO-2 Black Wash Adm. Floodway	100% AO-2 Brawley Wash just west	100% AO-2 Brawley Wash just west	100% AO-2 Brawley Wash just west	100% AO-2 Brawley Wash just west		
ADJUSTMENT		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
ECONOMIC CHARACTERISTICS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
ADJUSTMENT		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
ZONING / GENERAL PLAN / USE	I-2 / Industrial Mitigation / Buffer / Open Space Recreation	Tucson Temp & Sheet	E / Industrial or Comm Investment; Paintball field	RH / LHR	CI-2 / LJR	CI-2 / LJR	CI-2 / LJR	CI-2 / LJR	CI-2 / LJR	CI-2 / LJR	CI-2 / LJR	CI-2 / LJR		
ADJUSTMENT		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
NON-REALTY COMPONENTS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
ADJUSTMENT		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
ADJUSTED S. P. / ACRE		\$863	\$3,401	\$1,518	\$1,518	\$1,518	\$1,518	\$1,518	\$1,518	\$1,523	\$1,033	\$1,033		
		Greater than	Less than	Greater than	Greater than	Greater than	Greater than	Greater than	Greater than	Greater than	Greater than	Greater than		

Conclusion: The sales were selected specifically for their lack of development potential, like the subject. So while other differences exist, these are marginalized by the use restrictions.

All of the sales, except Sale Two, have little to no development potential due to floodplain restrictions. These are rural properties that lack good quality access and municipal infrastructure. They suggest a value greater than \$1,523 per acre.

Sale Two is a more urban property located on the east side of I-10 in Marana. In many ways, it is more comparable to the subject, but 36% of the site is outside a designated floodplain and future development is more likely than the subject. After adjustments, Sale Two suggests a market value less than \$3,401 per acre.

With greater weight given to the floodprone sales and some weight accorded to Sale Two, the market value of the subject property is estimated to be \$2,000 per acre. That is \$2,000 per acre multiplied by 16.126 acres equals \$32,252 rounded to \$32,500.

OPINION OF MARKET VALUE OF THE SUBJECT PROPERTY \$32,500

The preceding valuation reflects the restrictions and design parameters to be enforced on lands within the Raytheon Range Impact Analysis Area and Pima County’s intent to maintain these lands as buffer/open space. Should there be a change in the enforcement and/or intent of these restrictions, the preceding valuation is subject to change.

EXPOSURE TIME/MARKETING TIME

Exposure time is the estimated 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 market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Since all the sales were on the market for 12 months or less, the exposure time for the sale of the subject property is projected to be one year.

Marketing time differs from exposure time. It is defined as “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.” In a market that is trending downward, the marketing time is often longer than the exposure time. The current market has been improving which is expected to continue in the foreseeable future. Thus, the marketing time for the subject is projected to be 12± months.

CERTIFICATION

THE APPRAISER CERTIFIES TO THE BEST OF MY KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

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.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this appraisal assignment was not contingent upon developing or reporting predetermined results.

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.

My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the person(s) signing this report, except as stated in the report. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser."

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice (USPAP).

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

I appraised approximately 18 acres of which the subject property is a part of on October 13, 2016. The parameters for the earlier valuation were significantly different.



Beverly Weissenborn, MAI
Certified General Real
Estate Appraiser #30125

QUALIFICATIONS OF BEVERLY WEISSENBORN, MAI**Formal Education:**

Bachelor of Science Degree in Business Administration, Northern Arizona University, 1980,
Concentration: Finance.

Professional Affiliations:

Member of the Appraisal Institute, (MAI), Certification Number 8972. I have completed the requirements under the continuing education program of the Appraisal Institute. Currently certified through December 31, 2021.

Arizona Certified General Real Estate Appraiser Number 30125. Currently certified through August 31, 2018.

President, Southern Arizona Chapter, The Appraisal Institute, 2004

Member, Board of Directors, Southern Arizona Chapter of Appraisal Institute, 2005-07

Appointment to the Arizona State Board of Equalization; March 2007 to current

Current Member of CREW – Commercial Real Estate Women (Board of Directors 2012-2015)

Current Member of IRWA – International Right-of-Way Association

Professional Experience:

2014 to current	Owner, Weissenborn Appraisal, LLC
2005 – 2013	Partner, Burke Weissenborn, LLC
1982-2005:	Associate Appraiser with Southwest Appraisal Associates, Inc.

Experience includes valuation of most types of real property: vacant land, subdivisions, multi-family residential, commercial and industrial. Experience also includes valuation of special purpose properties, flood prone properties, easements, leased fee and leasehold estates. Geographical areas of experience include Southern Arizona, specifically Pima, Pinal, Santa Cruz, Cochise, Graham, Greenlee, La Paz and Yuma Counties. Areas of experience also outside of Southern Arizona include Gila County, Navajo County, Apache County, Coconino County and rural Maricopa County.

Professional Education:

Successful completion of all courses related to the MAI designation given by the American Institute of Real Estate Appraisers or The Appraisal Institute between 1982 and 1991. Successful completion of the Comprehensive Examination for the MAI Designation, February, 1991.

Recently attended courses and seminars given by the Appraisal Institute:

Understanding Limited Appraisals, September 1994
Subdivision Analysis, March 1996
Highest and Best Use Applications, June 1996
Litigation Skills for the Appraiser: An Overview, April 1997
Acquisitions & Appraisals of State Lands, April 1998
Attacking & Defending an Appraisal in Litigation, January 2000
Partial Interest Valuation – Undivided, March 2000
Conservation Easements – June 2001
Appraisal Consulting – October 2003
Reappraising, Readdressing and Reassigning Appraisals – May 2005
Scope of Work – May 2005
Case Studies in Commercial Highest and Best – May 2007
Condemnation Appraising: Advanced Topics & Applications - March 2008
Appraisal Curriculum Overview - January 2009
Litigation Appraising; Specialized Topics and Applications, April 2011
Fundamentals of Separating Real Property, Personal Property & Intangible
Business Assets – March 2012
Appraising the Appraisal; Appraisal Review-General – September 2012
Complex Litigation Appraisal Case Studies – March 2013
Business Practices and Ethics – August 2016
Advanced Land Valuation: Sound Solutions to Perplexing Problems – August 2017

Uniform Standards of Professional Appraisal Practice – 15 Hours, January 2004
Uniform Standards of Professional Appraisal Practice – 7 Hours, January 2016
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) – 15
hours, May 2017

Recently attended courses and seminars given by the International Right of Way
Association (IRWA):

Eminent Domain & Right-of-Way Symposium, October 2010
Ethics and the Right-of-Way Profession, April 2011

Expert Witness:

Goodeagle, et al., vs. United States of America; Bear, et al., vs. United States of America;
and Quapaw Tribe of Oklahoma vs. United States of America; Deposition, July 2016

The Chickasaw Nation and The Choctaw Nation vs. The Department of Interior; Deposition,
April 2015

ADDENDA

FEMA FLOODPLAIN MAP



MAP NUMBER
04019C2880L
MAP REVISED
JUNE 16, 2011



26 July 2017

EXHIBIT "A"
LEGAL DESCRIPTION

All that portion of the Northeast Quarter of Section 31 and the Northwest Quarter of Section 32, Township 15 South, Range 14 East, Gila & Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the North Section corner common to said Sections 31 and 32, a 2 ¼" Steel capped pipe with associated section references, to which the Quarter corner common to Sections 31 and 32, a 1 ½" ACP with associated section references, bears South 00°13'54" East a distance of 2670.77 feet;

THENCE along the line common to Sections 31 and 32 South 00°13'54" East a distance of 200.01 feet to the **POINT OF BEGINNING**;

THENCE continuing along said common line South 00°13'54" East a distance of 40.89 feet to the beginning of a non-tangent curve concave to the northwest having a radius of 311.00 feet, a central angle of 07°40'21", and to which a radial line bears South 76°15'55" East;

THENCE along the arc of said curve to the left a distance of 41.65 feet to a point on a line 200 feet south of and parallel with the north line of said Section 32;

THENCE along said parallel line, North 89°11'27" East a distance of 120.63 feet to the beginning of a non-tangent curve concave to the west having a radius of 431.00 feet, a central angle of 41°10'37", and to which a radial line bears South 85°51'19" East;

THENCE along the arc of said curve to the right a distance of 309.75 feet to a point on the west line of Section 32;

THENCE along said west line South 00°13'54" East a distance of 10.50 feet to a point on a line 484 feet south of and parallel with the north line of said Section 31;

THENCE along said parallel line South 89°11'12" West a distance of 65.28 feet to a point on a line 24 feet southeasterly of and parallel with the centerline of Raytheon Parkway as shown on the Right of Way plans for Pima County Improvement Project #4HARDR;

THENCE along said parallel line South 47°26'06" West a distance of 783.90 feet to a point on a line 1006 feet south of and parallel with the north line of said Section 31;

THENCE along said parallel line South 89°11'12" West a distance of 428.25 feet to a point on a line 1073 feet west of and parallel with the east line of said Section 31;

1 of 3

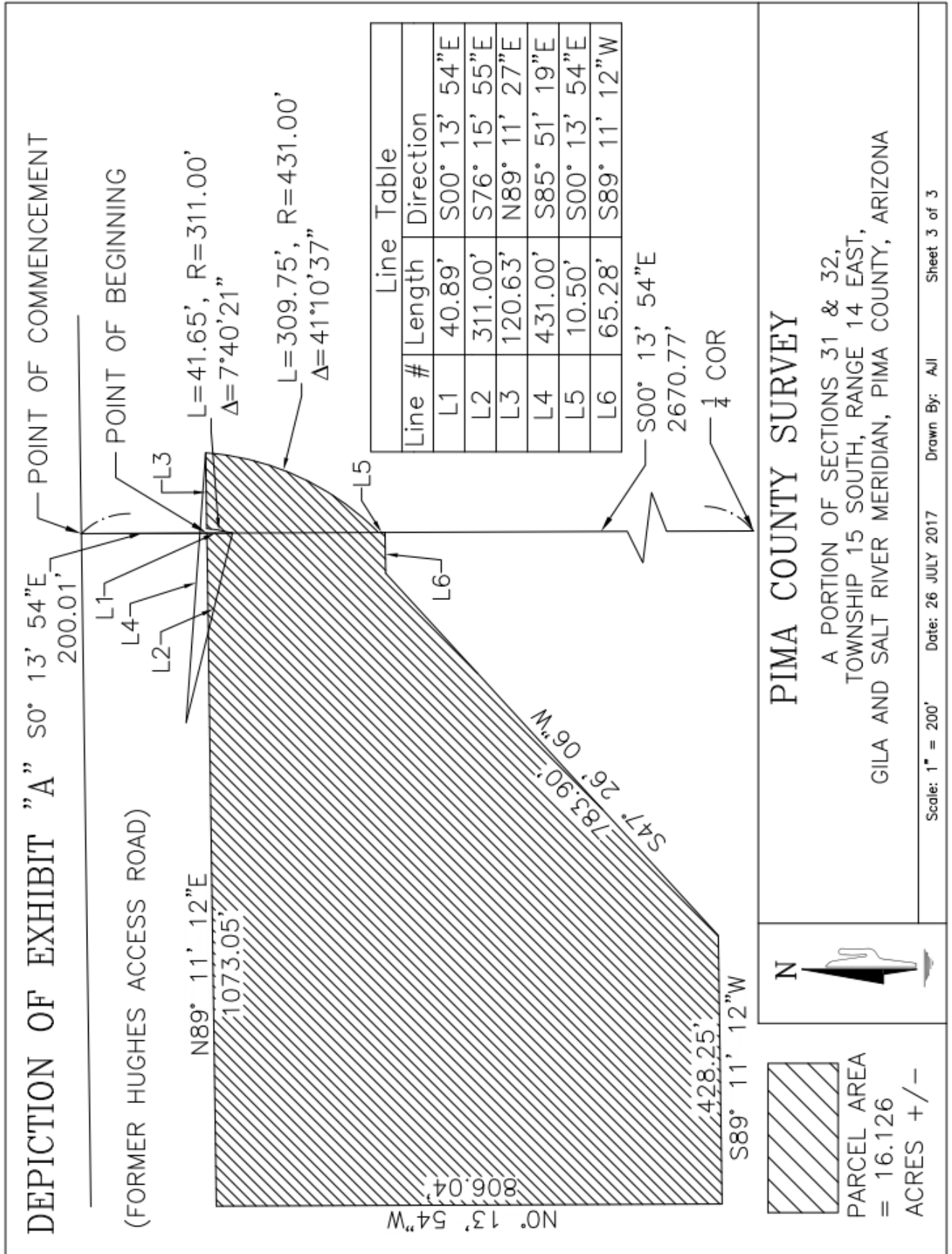
THENCE along said parallel line North 00°13'54" West a distance of 806.04 feet to a point on a line 200 feet south of and parallel with the north line of said Section 31;

THENCE along said parallel line North 89°11'12" East a distance of 1073.05 feet to the **POINT OF BEGINNING**.



Expires 31 March 2018

2 of 3



From: John Moffatt
Sent: Wednesday, October 25, 2017 2:32 PM
To: Nancy Cole <Nancy.Cole@pima.gov>; Jeffrey Teplitsky <Jeffrey.Teplitsky@pima.gov>
Cc: Neil Konigsberg <Neil.Konigsberg@pima.gov>
Subject: RE: Raytheon Range Impact Analysis Area

The map shown below in this email string does not reflect some of the planned uses in the area. I am assuming the questions relate to the attached document that Pima County requested from Raytheon so the County could comply with the original reason we purchased the land in the first place – To protect the Raytheon Radar Test Facilities from encroachment. Nancy hit most of the key factors and details. My additional answers are shown below in purple.

From: Nancy Cole
Sent: Tuesday, October 24, 2017 12:45 PM
To: Jeffrey Teplitsky <Jeffrey.Teplitsky@pima.gov>
Cc: Neil Konigsberg <Neil.Konigsberg@pima.gov>; John Moffatt <John.Moffatt@pima.gov>
Subject: RE: Raytheon Range Impact Analysis Area

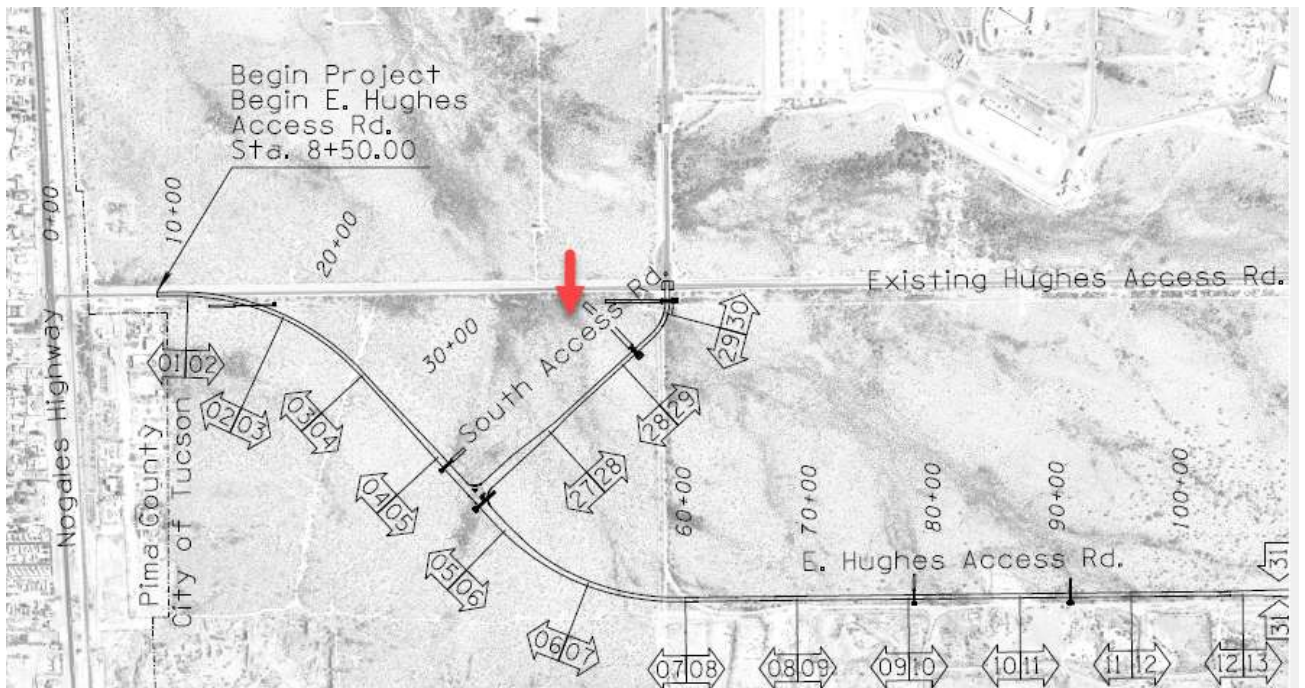
Jeff,
 I believe we need to confirm with John Moffatt.
 I believe this is the responses below, but I'd hesitate to send externally without confirmation.

1. **In reference to the attached map, what is the current status of these restrictions? Are they enforceable or just proposed?** John - are these enforceable? I know we confirm with Raytheon prior to development to avoid conflicts as noted, but I'm not sure that these are recorded restrictions against the parcels in question. The conditions identified in the attachment to this email will be enforced by Pima County on all leased land (Vector Lease has it) and will be recorded as a Codicil or Deed Restrictions to any land that is sold. So yes, they should be considered enforceable. The attachment is the document that is included in all proposals to any prospective users for the Aerospace Research Campus. One additional note, the area north of Aerospace Parkway and west of Raytheon Parkway is so close to the Raytheon facility that the restrictions agreed to between Pima County and Raytheon will limit any kind of general development of that area other than for Raytheon or something with similar security requirements. Pima County does not plan to actively market those parcels unless to Raytheon or another high security level entity. Additionally the height restrictions that will be imposed in this area will limit development of most types of buildings unless they are placed underground.
2. **I am particularly interested in the second to the last restriction that refers to the "access points should not be fed off of South Access Road". Does this impact the 16.126 acres at Hughes Access Road and Raytheon Parkway that the County owns?** The County has restricted access from the Aerospace Parkway and Alvernon Way per controlled access ordinance 2017-010 here:

http://onbase.pima.gov/publicaccess/TR_TE/PublicAccessProvider.ashx?action=ViewDocument&overrideFormat=PDF and here http://onbase.pima.gov/publicaccess/TR_TE/PublicAccessProvider.ashx?action=ViewDocument&overrideFormat=PDF . This is purposeful because Aerospace Parkway is intended as a Parkway and these restrictions were added to avoid having significant traffic entering and leaving directly but instead use a network of collector streets. Raytheon Parkway, (formerly called South Access Road) does not have restrictions recorded against it. Once this land is purchased, the public ROW would stop short of the Raytheon Site, but connect to the planned Raytheon entry facility. There is also a planned entry point to the County owned Spaceport Tucson that will be accessed off of the South Raytheon Parkway just prior to entering the Raytheon Entry Control Facility. The access to the site on the corner that is located just west of World View has been designed as sharing the entry way between this parcel and World View off of Aerospace Parkway.

3. **Where is South Access Road? Is it now Raytheon Parkway? Or is it Aerospace Parkway?** South Access Road is the former name of what is currently called Raytheon Parkway, per the roadway plans when the old Hughes Access road shifted south. This road has become the access point to the Raytheon site. See map below from the original roadway plans. The old Hughes Access Road as shown on the map is totally shut off and will be abandoned back to the Tucson Airport Authority for exchange to the Air Force as a part of the Multi-Party Land Agreement between TAA, Raytheon, US Air Force , and Pima County.

4. **Who is RTN? (Cited in last block “Deviations may be discussed with RTN review team”)** RTN is the abbreviation for Raytheon (Stock exchange) Agree



Nancy Cole
 Project Management Office, Pima County
 520-724-6312 – Office

From: Jeffrey Teplitsky
Sent: Tuesday, October 24, 2017 10:27 AM
To: Nancy Cole <Nancy.Cole@pima.gov>
Cc: Neil Konigsberg <Neil.Konigsberg@pima.gov>; Beverly Weissenborn
(bev@weissenbornappraisal.com) <bev@weissenbornappraisal.com>
Subject: FW: Raytheon Range Impact Analysis Area

Hi Nancy:

Not sure if you are the person to contact regarding the City of Tucson/Raytheon entrance change parcel of land. I received an inquiry from Bev Weissenborn, appraiser for the project. Bev asked some questions that I am not able to answer (see below in red). She needs these questions answered so she can complete her appraisal for the City of Tucson.

If you are the person will you please respond to the inquiry and return answers to both Bev and me. If you are not the right person to ask these questions to please let me know who that person might be.

Thank you

From: Beverly Weissenborn [<mailto:bev@weissenbornappraisal.com>]
Sent: Tuesday, October 24, 2017 10:14 AM
To: Jeffrey Teplitsky <Jeffrey.Teplitsky@pima.gov>
Subject: Raytheon Range Impact Analysis Area

Hi Jeff

1. In reference to the attached map, what is the current status of these restrictions? Are they enforceable or just proposed?
2. I am particularly interested in the second to the last restriction that refers to the "access points should not be fed off of South Access Road". Does this impact the 16.126 acres at Hughes Access Road and Raytheon Parkway that the County owns?
3. Where is South Access Road? Is it now Raytheon Parkway? Or is it Aerospace Parkway?
4. Who is RTN? (Cited in last block "Deviations may be discussed with RTN review team")

Thanks for your help!

Bev
Beverly Weissenborn, MAI
Weissenborn Appraisal, LLC
326 S. Convent Ave.
Tucson, AZ 85701
(520) 792-8200
bev@weissenbornappraisal.com