

CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

ELECTRIC LINE EASEMENTS
NORTH SIDE OF OLD VAIL CONNECTION ROAD, EAST
OF NOGALES HIGHWAY
TUCSON, ARIZONA 85756
CBRE GROUP, INC. FILE NO. CB23US097878-1

PIMA COUNTY REAL PROPERTY SERVICES

CBRE

October 31, 2023

Mr. Jeff Teplitsky
Director
PIMA COUNTY REAL PROPERTY SERVICES
201 North Stone Avenue - 6th Floor
Tucson, Arizona 85701

RE: Appraisal of: Electric Line Easements
North side of Old Vail Connection Road, east of Nogales Highway
Tucson, Pima County, Arizona
CBRE, Inc. File No. CB23US097878-1

Dear Mr. Teplitsky:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject property involves the movement of an existing overhead electrical line easement in fee simple within the larger 337.72-acre site located along the northside of Old Vail Connection Road, east of Nogales Highway and the Union Pacific Railroad, surrounding the intersection of Aerospace Parkway and Raytheon Parkway, in Tucson, Pima County, Arizona. The easements are located on the southern portion of the larger parcel and just south of the intersection. The proposed project consists of the movement of an existing overhead electrical line easement from the middle of the southern section of the larger parcel to the southwest area of the larger parcel creating greater functionality for the larger parcel. The overall property is zoned I-2, Heavy Industrial, by the City of Tucson. The subject property is more fully described, physically and legally, within the enclosed report.

The purpose of this appraisal is to develop opinions of: (1) the "as is" market value of the fee simple interest in the existing 8.74 acre electrical easement that will be abandoned; and (2) the "as is" market value of the fee simple interest in the proposed 12.23 acre electrical easement that will be acquired. The appraised property was inspected on October 27, 2023, which represents the effective date of value for both valuation scenarios. The intended use of this report is to assist the client in disposition/acquisition purposes. The client and intended user of this report is the Pima County Real Property Services.

Based on the analysis contained in the following report, the appraiser's opinion of total compensation is concluded as follows:

CONCLUDED MARKET VALUE		
	Market Value	Compensation
Larger Parcel (Land and Affected Improvements)	\$31,628,900	
Existing Easement - Part Being Abandoned - 8.74 Acres		\$613,900
Proposed Easement - Part Being Acquired - 12.23 Acres		\$572,690
Remainder Before Consideration of Damages	\$31,056,210	
Remainder After Consideration of Damages	\$31,056,210	
Net Damages or Benefits		\$0
Temporary Easements		\$0
Total Difference		\$41,210

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The appraisal problem, as applied to the subject, is to determine the property's market value. "Market Value is the price which the property would bring when it is offered for sale by one who desires, but is not obligated to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future." *City of Austin v. Cannizzo*, 267 S.W.2d 808 (Tex. 1954)

The intended use and user of our report are specifically identified in our report as agreed upon in my contract for services and/or reliance language retained in the appraiser's workfile. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

The report is not the appraisal but is the reporting of the appraisal to the named client or named intended user. Anyone else who attempts to rely on an appraisal report that is not a named user may be misled by the report. If you are not the client, you have no way of knowing if a later appraisal was done that replaces this report. Any changes will result in a different report date. Accordingly, this document may no longer contain the appraisers' opinions. Any subsequent reports, with a later report date, voids this document even to the client or intended user.

November 3, 2023

Page 3

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



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Subject Aerial – Larger Parcel



Aerial View of Subject – Larger Parcel

Table of Contents

Subject Aerial – Larger Parcel	1
Table of Contents	2
Certification	3
Scope of Work.....	9
Area Analysis	11
Neighborhood Analysis	22
Site Analysis – Larger Parcel	28
Zoning	35
Tax and Assessment Data	36
Highest and Best Use	43
Appraisal Methodology	44
Land Value – Larger Parcel	45
Part to be Abandoned	50
Part to be Acquired	54
Remainder After Analysis.....	62
Assumptions and Limiting Conditions	64
ADDENDA	
A Land Sale Data Sheets	
B Contract Letter	
C Legal Descriptions	
D Qualifications	

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our 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.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Arizona.
7. 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 Standards of Professional Appraisal Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, Byron Bridges, MAI, MRICS and Jo Dance, MAI, CCIM have completed the continuing education program for Designated Members of the Appraisal Institute.
10. Byron Bridges, MAI, MRICS has and Jo Dance, MAI, CCIM has not made a personal inspection of the property that is the subject of this report.
11. No one provided significant real property appraisal assistance to the persons signing this report.
12. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
13. Byron Bridges, MAI, MRICS and Jo Dance, MAI, CCIM have provided services, as appraisers, regarding the property that is the subject of this report within the three-year period immediately preceding agreement to perform this assignment.



Byron Bridges, MAI, MRICS
Director
Arizona Certified General Real
Estate Appraiser No. 31173



Jo Dance, MAI, CCIM
Managing Director
Arizona Certified General Real
Estate Appraiser No. 30249

INTRODUCTION	
CBRE File No.:	CB23US097878-1
Effective Date	October 26, 2023
Valuation Date Type	Current
Client Name	Pima County Real Property Services
Representative	Mr. Jeff Teplitsky, Director
Address	201 North Stone Avenue - 6th Floor Tucson, AZ 85701
Subject Location	North side of Old Vail Connection Road, east of Nogales Highway Proximate to Tucson, Pima County, AZ
Owner	Pima County
Legal Description	See tract plat maps in report
Assessor IDs (Impacted Only)	
Property Rights Appraised	Fee Simple Estate subject to existing encumbrances
Rights Being Acquired/Abandoned	Easement
Current Use of Subject	Vacant land
Highest and Best Use	
As Vacant	Industrial, time and circumstances warranting
of Acquisition	As part of the Whole Property
Estimated Exposure Time	6 - 12 Months
Improvement Type	Land (Spec-Holding)
Number of Buildings	0
Buyer Profile	Speculator
LAND AREAS	
Whole Property*	337.721 AC 14,711,116 SF
Part Acquired	
Existing easement to be abandoned	8.740 AC 380,714 SF
Proposed easement	12.230 AC 532,739 SF
Remainder Property	
Remainder Total Size	325.491 AC 14,178,377 SF

MARKET VOLATILITY

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

CURRENT ECONOMIC CONDITIONS

At its September 2023 meeting, the Federal Reserve held the federal funds rate at a range of 5.25% to 5.50% as expected. Additionally, the Fed affirmed that balance sheet reductions would continue as planned. Compared with its earlier outlook for 2023, the Fed now expects stronger

GDP growth (2.1% vs 1.0% previously), lower unemployment (3.8% vs. 4.1%), modestly higher headline inflation (3.3% vs. 3.2%) and lower core inflation (3.7% vs. 3.9%) at year-end.

Although the labor market remains tight, average monthly job growth has slowed to 150,000 over the past three months from 312,000 in Q1 2023 and 400,000 in Q4 2022. Additionally, core inflation is up by just 2.4% on an annualized basis over the past three months. We expect the downward trend in core inflation to continue as the core Producer Price Index has fallen below 2.0% and consumer spending is likely to weaken as excess savings are depleted.

While opinions vary on future economic issues, the general market consensus at the time of this appraisal is the anticipation of moderating inflation as higher interest rates cool demand. Tighter lending conditions and a weakening economy will keep capital markets activity subdued and reduce leasing demand in the short to medium term. Amid this uncertain and dynamic environment, investment market performance will be uneven across property types.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”¹

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.”²

The use of extraordinary assumptions and hypothetical conditions may affect assignment results.

¹ The Appraisal Foundation, USPAP, 2020-2021 (Effective January 1, 2021 through December 31, 2023)

² The Appraisal Foundation, USPAP, 2020-2021 (Effective January 1, 2021 through December 31, 2023)

SPECIAL ASSUMPTIONS

EXTRAORDINARY ASSUMPTIONS: uncertain information; could alter conclusions

- We have relied on exhibits provided by the client for the land area size utilized in this assignment and we assume this size to be correct.
- A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.
- It is assumed that any underground improvements or other improvements which are not visible to the appraiser will not be impacted by the project. Any impact to such improvements will require modification of this analysis or separate agreement between the property owner and the client.
- The valuation of subsurface mineral rights is outside the scope of this assignment. CBRE is aware that some properties in the area may benefit from the sub-surface mineral development. These potentially contain oil, natural gas and other resources which, if extracted, could contribute to the value of the property. We suggest the client contact an appropriate geological professional to determine the possible benefits, if any, of the subject's subsurface rights. The value conclusion(s) presented in this report, specifically exclude any subsurface mineral rights. The assumption is made that the comparable sales utilized in this report excluded mineral rights and/or value attributed to mineral rights, unless otherwise stated in the Discussion/Analysis of Sales section(s).
- The larger parcel, encompassing the subject area, totals 337.721 acres, and is not improved.

HYPOTHETICAL CONDITIONS: contrary to what is known but used for purpose of analysis

- It is a hypothetical condition that the property in the after condition is being appraised assuming the Pima County, electric line improvement project has been completed. The use of a hypothetical condition may affect the assignment results.
-

IDENTIFICATION OF THE SUBJECT

The subject property involves the movement of an existing overhead electrical line easement in fee simple within the larger 337.72-acre site located along the northside of Old Vail Connection Road, east of Nogales Highway and the Union Pacific Railroad, surrounding the intersection of Aerospace Parkway and Raytheon Parkway, in Tucson, Pima County, Arizona. The easements are located on the southern portion of the larger parcel and just south of the intersection. The proposed project consists of the movement of an existing overhead electrical line easement from the middle of the southern section of the larger parcel to the southwest area of the larger parcel creating greater functionality for the larger parcel. The overall property is zoned I-2, Heavy Industrial, by the City of Tucson.

Identification of the Larger Parcel

The value of a property cannot be estimated without a determination of the property to be appraised. In some cases, multiple tax parcels are utilized together in one use or a larger tract of land may be legally, economically and physically divisible into smaller economic units. The three tests to determine the "larger parcel" to be valued in an appraisal are:

- Unity of Title - control by a single entity, individual, or group. Title is largely a legal question. Title has to be identical to determine the larger parcel.
- Unity of Use - an integrated highest and best use separate from surrounding land. Multiple tracts can have the same use but be separate tracts, such as platted lots. Use is an economic question that is dependent upon supply and demand, availability of substitutes and other economic principles.
- Proximity - contiguous tracts or proximate tracts that are used together. Subordinate to Unity of Use.

In this case, the subject identified for valuation purposes of this assignment totals 8.74 acres (part being abandoned) and 12.23 acres (part being acquired) of land that is under the same owner and use.

The subject is part of a larger parent tract, under the specific entity of Pima County. This subject is a smaller economic unit based upon demand for such in this market, which is also legally permissible. Its size is an estimate of the appraiser but is supported by physical, legal, and economic parameters. This smaller economic unit is the subject that is discussed throughout this report.

The larger parcel, encompassing the subject area, totals 337.72 acres and is vacant land.

Larger Project

The Project for which both the Part Acquired and Part Abandoned is for the WAPA Vail to Tortolita Re-build Project. This reflects an electric line improvement project intended to relocate existing electric lines associated with the subject.

In acquiring property for an electric line purpose pursuant to article (City of Phoenix v. Claus, 869 P. 2d 1219, 1222 – Arizona 1994), when determining the market value of the property to be acquired and the market value of the remainder, if any, in the before condition, a decrease or increase in the market value of the real property prior to the date of valuation caused by the public project for which the property is to be acquired or by the likelihood that the property would be acquired for the project shall be disregarded.

In the case of a partial acquisition, using the before and after method of valuation, our opinion of the value of the remaining not-to-be-acquired portion of the property shall reflect any increase or decrease in value attributable to the project.

OWNERSHIP

Title to the subject is currently vested in the names of Pima County, who acquired title to the property more than three years ago according to the Pima County Recorder's records.

Portions of the larger parcel are under a lease-purchase agreement between Pima County (lessor) and American Battery factory, Inc. (lessee). The lease amount and option purchase agreement is based on a market value appraisal.

To the best of our knowledge, CBRE is unaware of any other arm's length ownership transfers of the property within three years of the date of appraisal.

Scope of Work

APPRAISAL ASSIGNMENT	
Guidance	- The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), USPAP reporting Standard 2-2, and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
Intended User	- This appraisal is to be used by Pima County Real Property Services, and no other user may rely on our report unless as specifically indicated in the report.
Intended Use	- This report is intended only for use in conjunction with property acquisition for the proposed project. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof). Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.

CLIENT

The client is the Pima County Real Property Services.

INTEREST APPRAISED

INTERESTS APPRAISED	
Fee Simple Estate	Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. Dictionary of Real Estate Appraisal, Seventh Edition, 2015, page 73. In practice, the interest appraised is that of the freeholder, which is limited by existing encumbrances and conditions.
Easement	The right to use another's land for a stated purpose. Dictionary of Real Estate Appraisal, Seventh Edition, 2022, page 58

The interest appraised includes the value of the rights to the fee owner, considering existing easements, encumbrances, and restrictions. The value of any mineral estate is excluded from this valuation, unless otherwise stated.

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description

Extent to Which the Property is Inspected

The extent of the inspection included a personal, on-site visit and photography. Inspections were conducted as follows:

Byron Bridges personally conducted an on-site inspection on October 27, 2023.

Effective Date

The effective date is the most recent date of inspection.

Type and Extent of the Data Researched

CBRE reviewed the following:

- title report
- applicable tax data
- zoning requirements
- flood zone status
- demographics
- comparable data

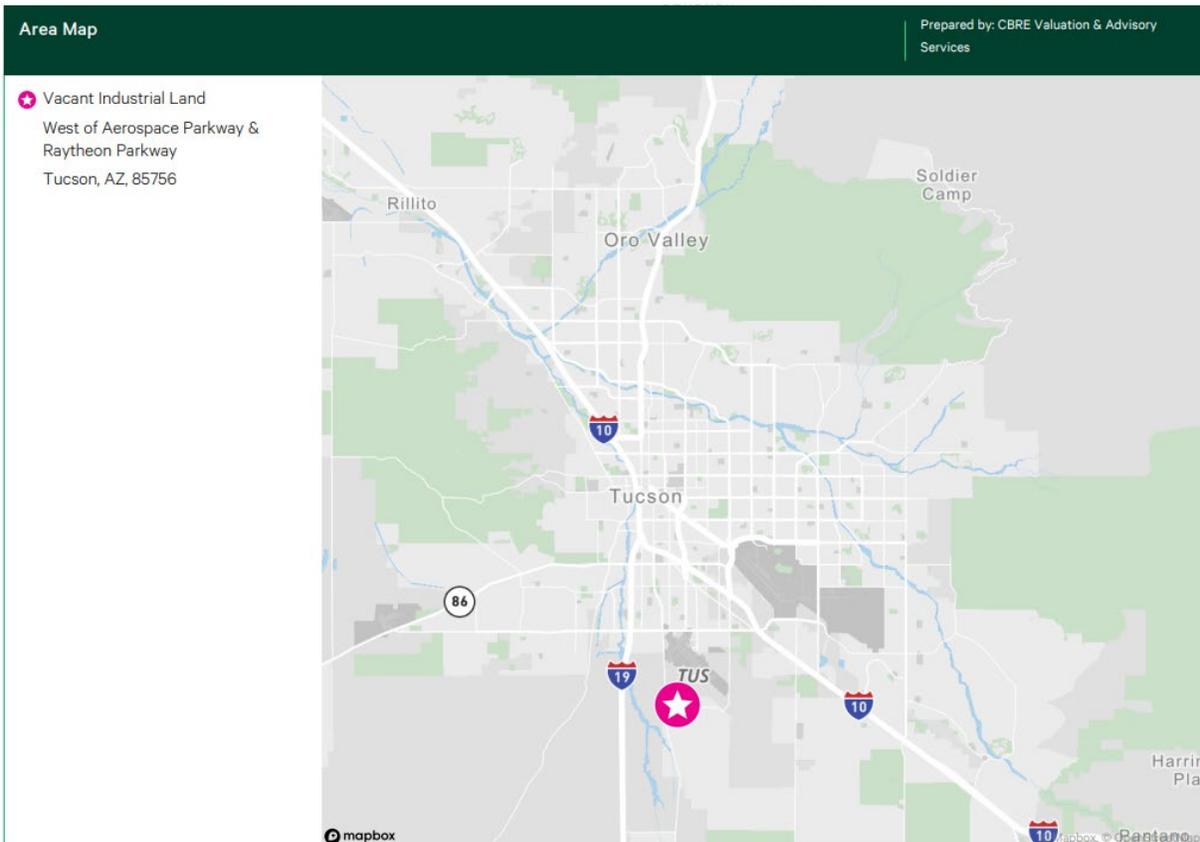
Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

Data Resources Utilized in the Analysis

DATA SOURCES	
<i>Item:</i>	<i>Source(s):</i>
Site Data	
Whole Property and Acquisition Size	Whole - Pima County Assessor; Part Being Acquired - Survey of Acquisition
Remainder Size	Pima County Assessor
Floodplain	FEMA
Zoning	Pima County
Easements	Title Commitment
Compiled by CBRE	

Area Analysis

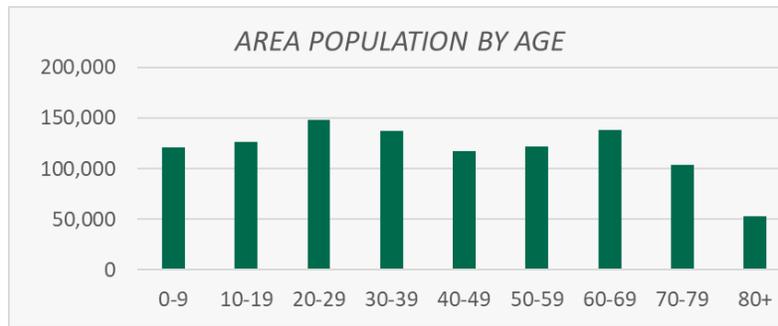


CBRE

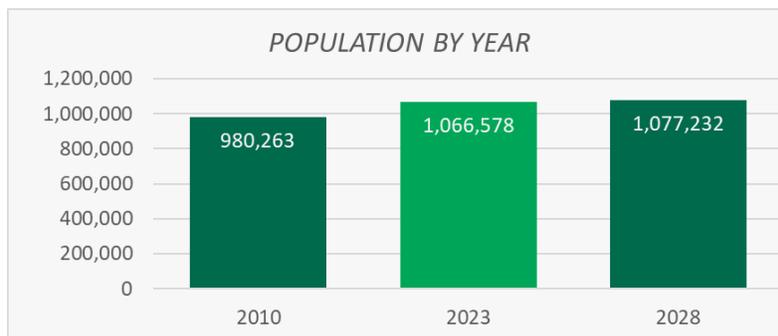
The subject property is located within the Tucson MSA, which is part of Pima County. Pima County is the second largest county by population in Arizona, and is located in the south-central portion of the state. Pertinent information pertaining to the Tucson MSA is provided below and on the following pages.

POPULATION

According to ESRI, the Tucson MSA (Pima County) has a 2023 estimated population of approximately 1.066 million and a median age of 40, with the largest population group in the 20-29 age range and the smallest population group in the 80 and over age range, as indicated in the following bar graph.

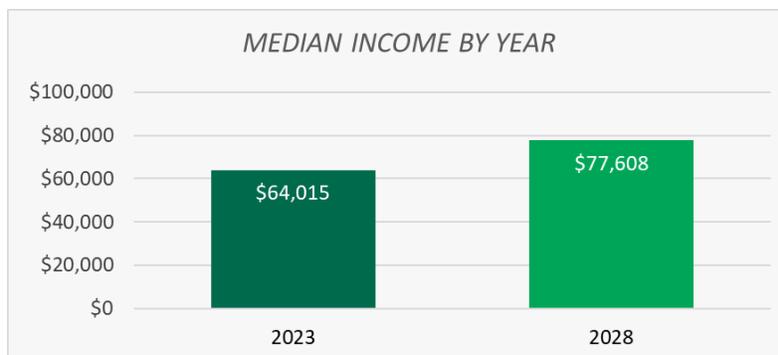


ESRI reports that Tucson’s population has increased by 86,315 since 2010, reflecting an annual increase of 0.7% during that timeframe. As shown below, Tucson’s overall population is projected to increase by 10,654 between 2023 and 2028, reflecting a 0.2% annual population growth.



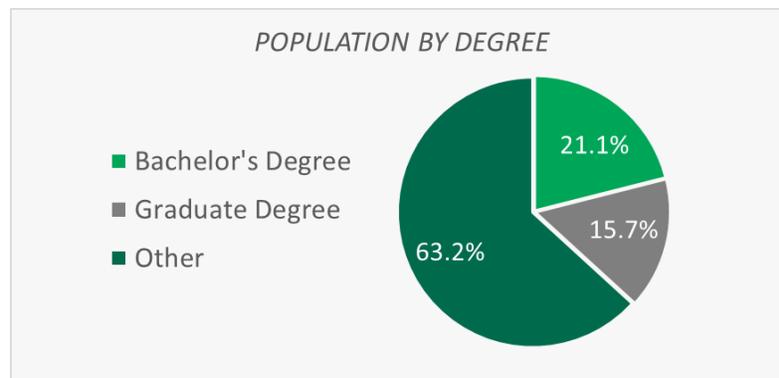
INCOME

According to ESRI, the Tucson MSA features a 2023 average household income of \$92,825 and a median household income of \$64,015. Over the next five years, median household income is expected to increase by 21.2%, or \$2,719 per annum.



EDUCATION

ESRI reports that a total of 36.8% of individuals over the age of 24 have a college degree, with 21.1% holding a bachelor’s degree and 15.7% holding a graduate degree.

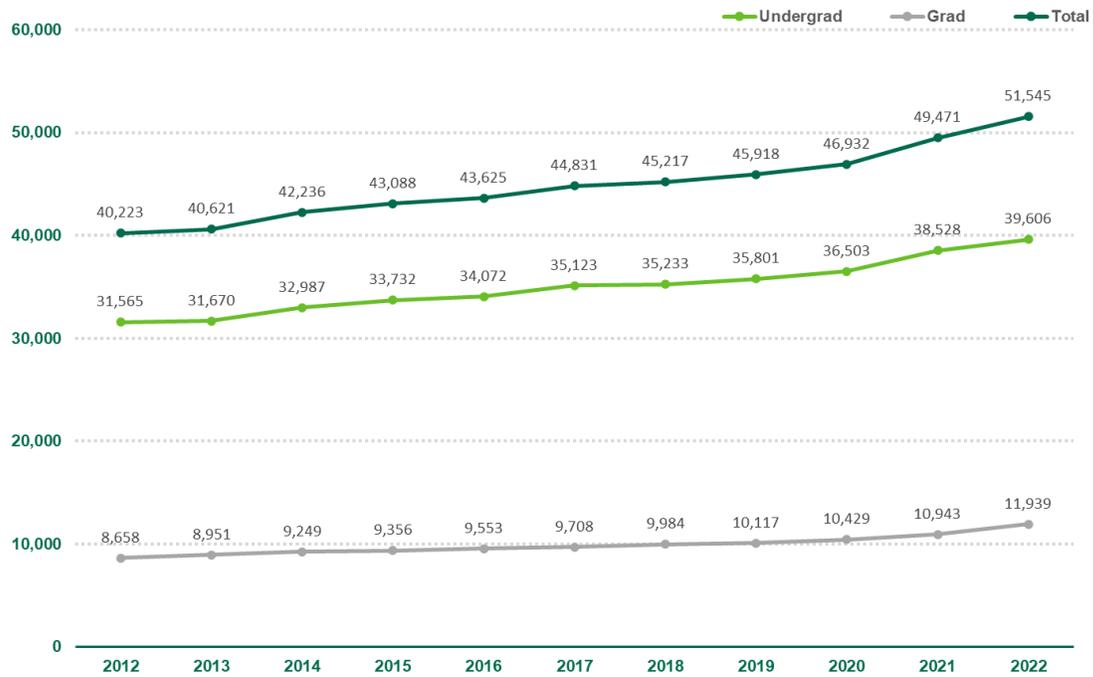


The University of Arizona

Originally established in 1885, the UA encompasses nearly 400 acres and includes 228 buildings. Now in its second century of service to the state, the UA has been ranked one of the nation's top 20 public research institutions. It is also one of only 63 members in the Association of American Universities, a prestigious organization that recognizes universities with exceptionally strong research and academic programs. During the past 25 years, the University has emerged as one of the top research universities in the nation, according to the National Science Foundation (NSF), with total research expenditures exceeding \$770 million as of 2021. The NSF ranked the University of Arizona in the top five universities for research expenditures in the physical sciences, which includes astronomy, physics and chemistry and 6th for NASA funded activity. In the latest survey, the UA ranks 20th among all public universities – the highest among Arizona institutions – and 35th among all U.S. universities, both public and private. The high level of education trickles into the regional economy of Tucson, helping to fuel growth and attract investment. Based on a recent study completed by Elliott D. Pollack & Company, in cooperation with The Maguire Company, the University of Arizona generated an overall economic output of roughly \$4.19 billion in 2017.

According to the University of Arizona's most recent published data, total enrollment for the Fall 2022 semester equated to 51,545 students. The chart below illustrates student enrollment information from the 2012 through 2022 academic years. As shown, total enrollment at the University of Arizona has grown from 40,223 in 2012 to 51,545 in 2022, representing an average annual increase of about 2.5%.

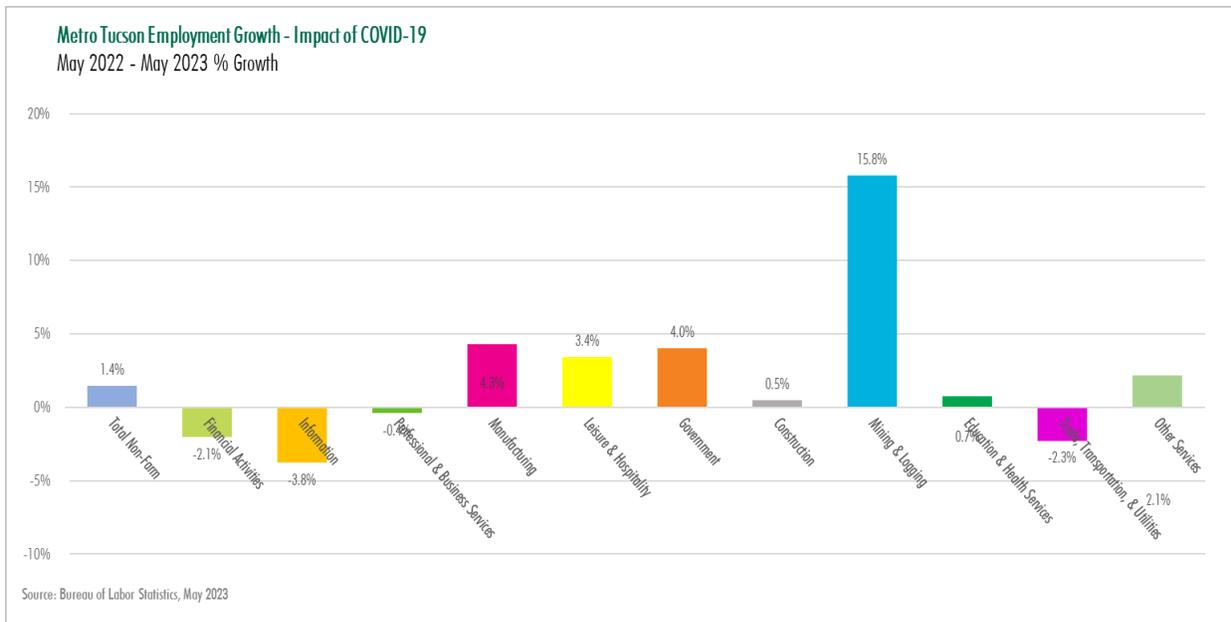
University of Arizona Student Enrollment



Source: University of Arizona Fact Book

EMPLOYMENT

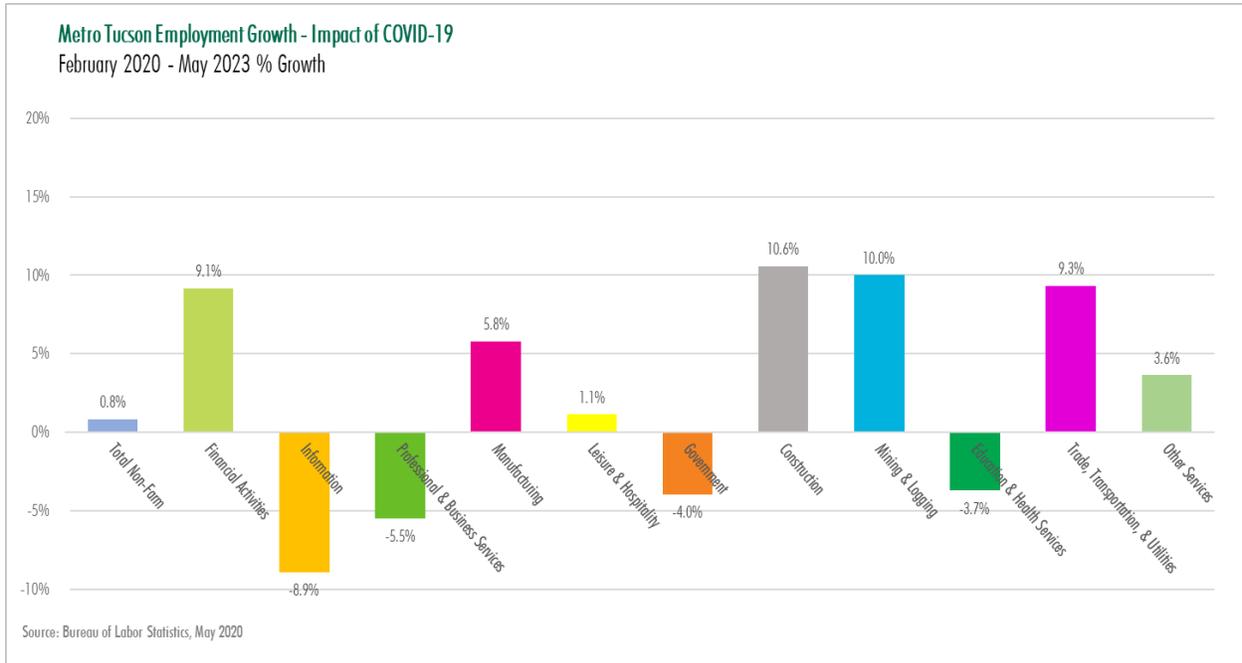
According to ESRI, as of May 2023, the Tucson MSA includes a total workforce of nearly 499,240 people, with an unemployment rate of about 3.6%. As shown in the following chart, employment growth has increased over the past year, with the BLS indicating total non-farm, year-over-year employment growth of 1.4% as of May 2023. Between May 2022 and May 2023, mining & lodging posted the largest job growth, while employment declines were seen in Information, Trade Transportation & Utilities, Financial Activities, and Professional & Business Services.



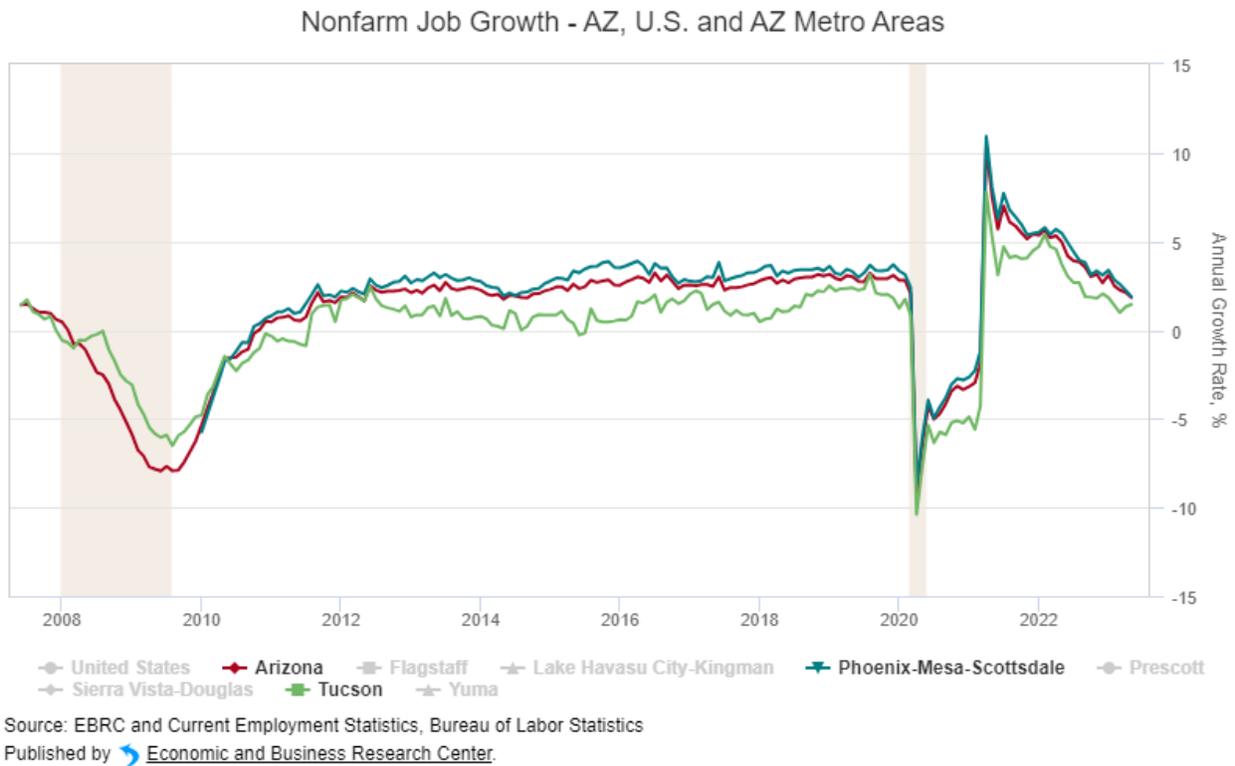
Impact of COVID-19

As expected, the impact of the COVID-19 pandemic on employment in Tucson was significant, with every employment sector experiencing negative growth during the onset of the pandemic. However, information from BLS indicates the overall economy has shown a significant improvement, returning to pre-COVID employment figures for many sectors. These positive trends are expected to continue.

The following chart summarizes the employment growth by sector from February 2020 to May 2023, indicating the changes from before the onset of the COVID-19 pandemic to present. While Information services, Professional & Business Services, Government, and Education & Health Services continue to struggle, overall employment is back up by 0.8% as compared to the beginning of 2020.

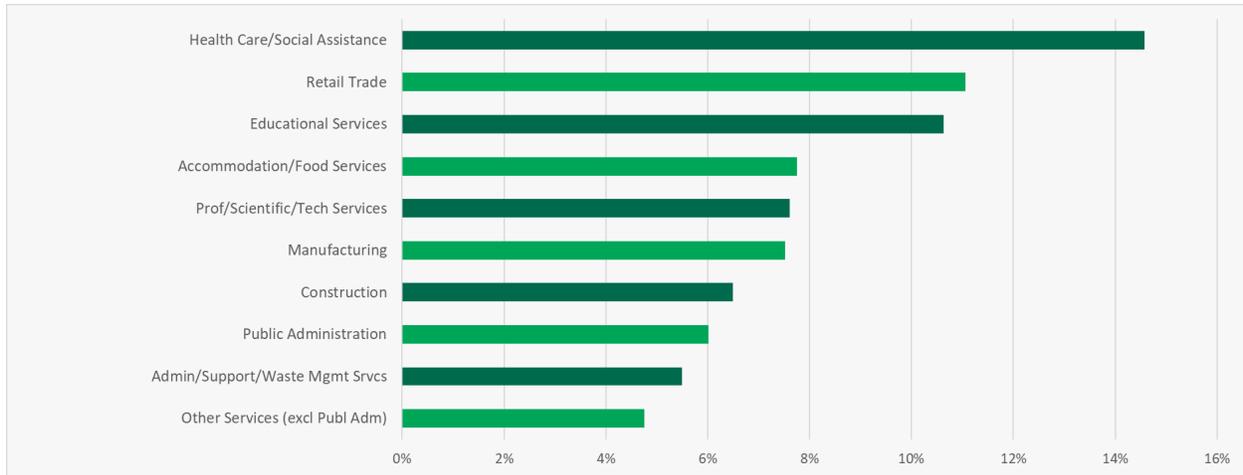


The following chart shows that Tucson fared better than the United States overall in the beginning of the recovery and is now in step with the overall Arizona economy and the Phoenix MSA.



Employment By Industry

According to ESRI, the top three employment industries within the Tucson MSA are Health Care/Social Assistance, Retail Trade, and Educational Services which represent a combined total of 36% of the population.



Notwithstanding this information, Tucson’s economy is heavily influenced by government, defense, mining, and aerospace industries. As shown in the following table, eight of the top 10 employers in the Tucson MSA fall within these industry categories, with Raytheon, Walmart, Banner Health, and Free-port-McMoRan representing the largest private employers in the area.

MAJOR EMPLOYERS		
Rank	Company	# of Employees
1	University of Arizona	10,846
2	Raytheon Missile Systems	9,600
3	Davis-Monthan Air Force	8,406
4	State of Arizona	8,508
5	Wal-Mart Stores, Inc	7,450
6	Tucson Unified School District	7,688
7	U.S. Border Patrol	6,500
8	University of Arizona Health Network	6,099
9	Pima County	6,076
10	Freeport-McMoRan Copper & Gold	5,463

Source: Tucson Chamber of Commerce; Arizona Daily Star

DAVIS-MONTHAN AIR FORCE BASE

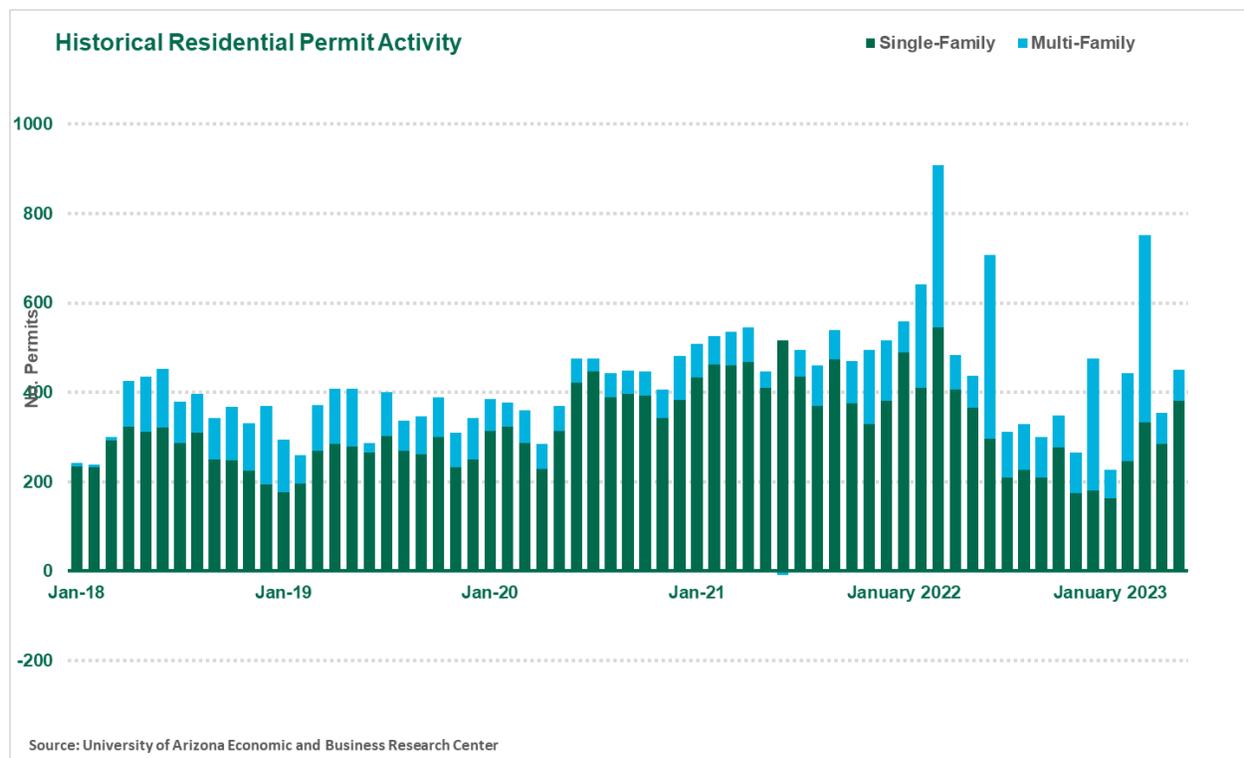
Davis-Monthan Air Force Base is a major military installation located in southeast Tucson, north of Interstate 10, south of Golf Links Road, and east of Alvernon Way. The base currently contains about 1,440 buildings, including 1,256 family housing units providing for roughly 60,000 personnel and family in a 10,763-acre community, which is one of the largest in Air Combat Command. According to its website, Davis-Monthan includes 11,000 airmen from

34 unique mission partners. The primary operation at the base is the 355th Wing, whose mission is to deploy, employ, and sustain expeditionary combat and combat support forces while enabling critical JFACC and HLS operations.

According to DM50, a non-profit organization that advocates for the base and its airmen, Davis-Monthan has an overall economic impact of \$3 billion to the Tucson economy, making it an important employment center for the Southern Arizona region.

HOUSING

The following bar graph shows single-family and multi-family permit activity from January 2018 through December 2023, per data obtained from the University of Arizona Economic Business Research Center.

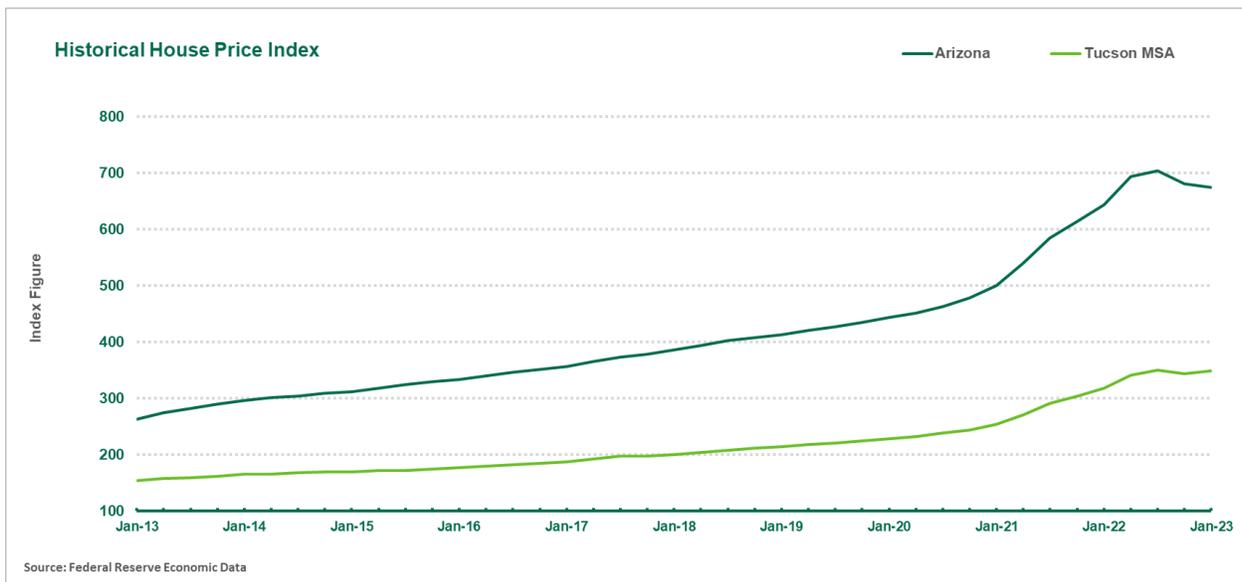


As indicated above, single-family permit increased significantly mid-2020 through early-2022, followed by a significant decline in mid-2022. Multi-family permits rose significantly beginning 2018 and have continued through 2023. Multi-family housing demand in Tucson has strengthened over the past few years, as rental rates continued to rise while vacancy trended towards historically low levels throughout 2022. Additionally, through mid-2022 investors aggressively sought multi-family product in Tucson, as buyers were attracted to the higher achievable returns available to them in the Tucson market as compared to larger and more competitive markets, particularly in California. This heightened investment activity led to some capitalization compression capitalization through mid-2022. However, recent trends have indicated that rents have stabilized and even decreased slightly in some markets. Meanwhile,

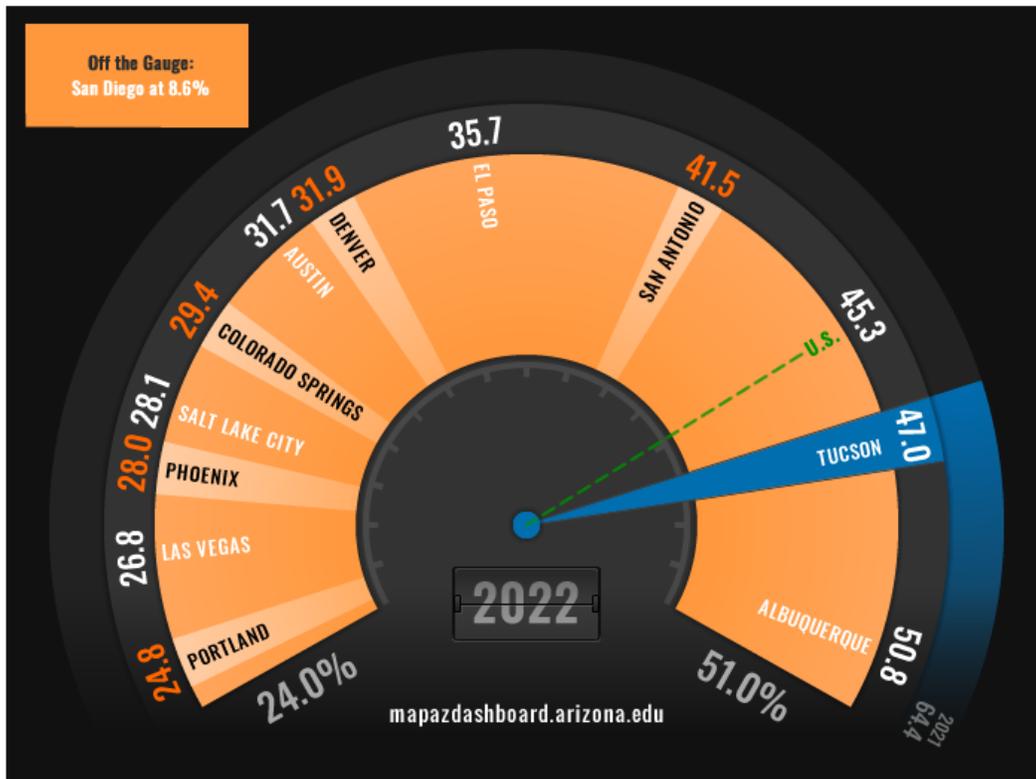
federally increased rental rates have exerted upward pressure on overall capitalization rates, resulting in a significant decline in sales activity.

Due to COVID-19, single-family permits saw a significant jump starting in mid-2020, an increase that was seen in most parts of the country. Similar to multi-family product, increasing interest rates have significantly slowed single-family residential construction and sales volume in recent months.

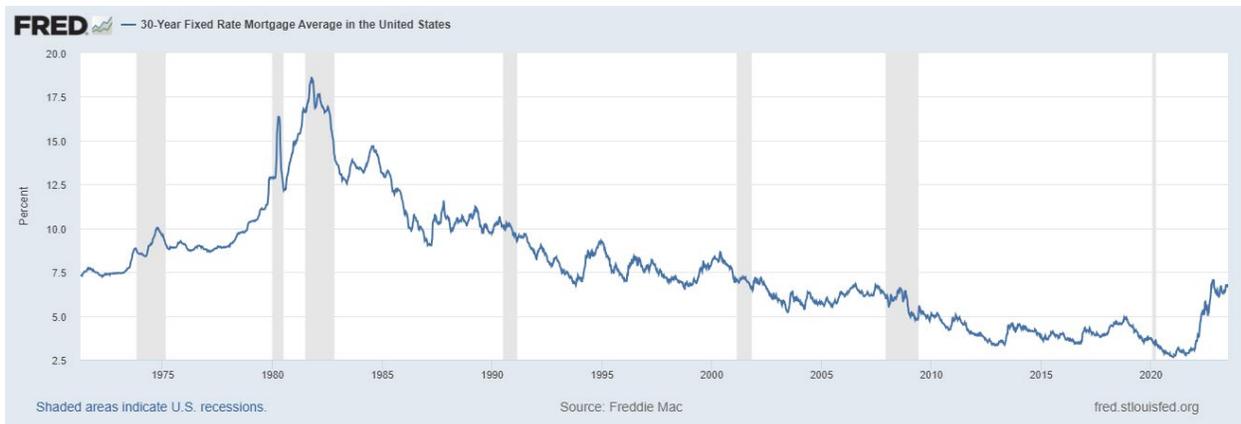
The following graph shows home price trends within metropolitan Tucson and the state of Arizona between January 2013 through January 2023 (most recent), per Federal Reserve Economic Data (FRED) information.



As indicated in the previous chart, home prices within metropolitan Tucson climbed steadily through mid-2022. However, home prices in Tucson increased more slowly than the rest of the state, resulting in higher housing affordability for the metro area than other large MSAs located in the southwest region of the U.S. Interest rates were significantly increased over 2022-2023, prices have declined slightly to moderately. The Tucson housing affordability index, as compared to other southwest MSAs, is illustrated in the following chart that is provided by the University of Arizona MAP Dashboard.



The following graph illustrates mortgage rate trends from January 2015 through July 2023 and is based on Federal Reserve Economic Data (FRED) information.

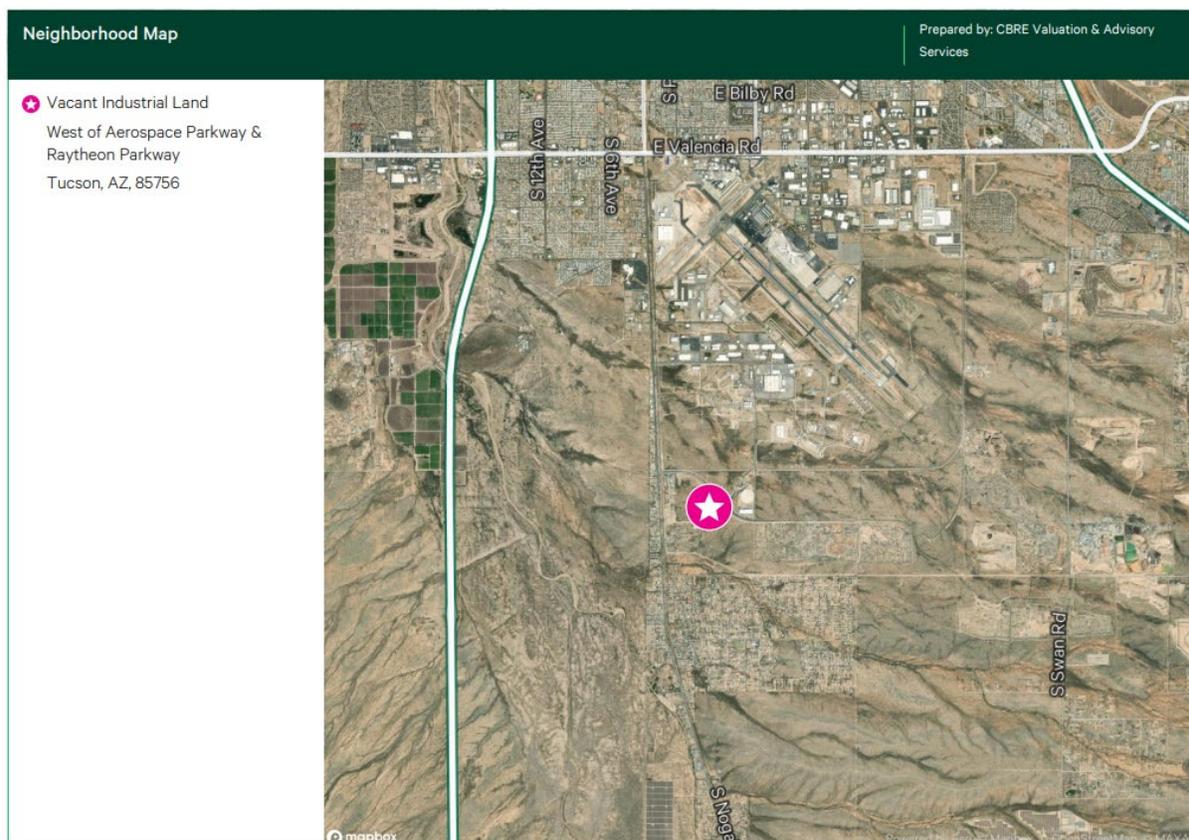


As indicated above, mortgage rates generally increased during 2017 and 2018, and trended downward significantly through the end of 2021. In an attempt to lessen the economic fallout caused by the outbreak of the Novel Coronavirus (COVID-19), the Federal Reserve cut its benchmark interest rate to zero, resulting in lower mortgage interest rates. Recently, in response to rampant inflation, rates have been drastically increased.

CONCLUSION

Over the last few years, Tucson's economy has seen upward trends in employment and housing growth while still being one of the most affordable places to live within the Southwest region. Multi-family has continued to see new construction while rental rates increase and vacancy hovers around historic lows. Yet, Tucson's dependence on government spending has historically been a key contributor to its slower growth as compared to the state and the nation, and diversification of its economy could better position the Tucson MSA over the long-term. Still, recent job announcements by companies such as American Battery Factory, Imperial Brown, and TuSimple, as well as the continuing revitalization efforts in downtown Tucson and enrollment growth at the University of Arizona provided reason for optimism.

Neighborhood Analysis



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CBRE

LOCATION

The subject is in the city of Tucson, which is located in eastern Pima County, and is considered to be a suburban location. The subject lies about ten miles southwest of Tucson's Central Business District and roughly 1.5 miles southwest of the Tucson International Airport.

BOUNDARIES

The neighborhood boundaries are detailed as follows:

<i>North:</i>	Valencia Road
<i>South:</i>	Town of Sahuarita
<i>East:</i>	Tucson International Airport
<i>West:</i>	Tohono O'Odham Nation Reservation and Interstate 19

LAND USE

Land uses within the subject neighborhood consist of a mixture of commercial, residential, and industrial development. The immediate area surrounding the subject is a relatively newer, yet

established area of development, consisting primarily of residential uses. Commercial development primarily exists east of Interstate 19 freeway. The majority of the single-family residential development within a one mile radius of the subject may be described as tract homes built between the 1980s and 1990s, in the \$100,000-\$300,000 price range. The neighborhood is over 60% developed, and basic land use patterns are considered to be stable, with limited new development occurring.

The neighborhood extends to Valencia Road, which is the northern-most boundary of Tucson International Airport, and is the southern-most boundary of the more densely developed neighborhood. South of Valencia Road and east of Tucson International Airport is an area comprising a series of industrial properties that have been built over the last 10 to 20 years with considerable expanses of vacant land. Industrial development in this area consists primarily of industrial yards and moderately intense manufacturing and fabrication facilities as well as interstate trucking facilities. There are a considerable number of industrial properties that are for sale or for lease. The greater neighborhood is approximately 80% developed with a majority of the vacant land located in the southern portion of the neighborhood.

Tucson Spectrum

Tucson Spectrum is a 1.1 million sf regional power center located in Pima County at I-19 & Irvington Road in Tucson, AZ. Tucson Spectrum serves the southern portion of the Tucson MSA. The shopping center is a popular destination for cross-border shopping due to proximity to the Mexican border. Tucson Spectrum offers excellent visibility and access from I-19, the North-South freeway connecting Sonora, Mexico, and I-10. Anchor tenants include Target, Ross Dress for Less, Marshall's, Home Depot, Food City, Bed Bath & Beyond, Best Buy, and Harkins Theater.

EMPLOYMENT

The neighborhood boasts several nearby employment centers, including Tucson International Airport and Davis-Monthan Air Force Base, as well as the retail, commercial, and hospitality uses that support them. Additionally, the neighborhood has major industrial corporate campuses such as Texas Instruments and Intuit.

Tucson International Airport

Tucson International Airport is located approximately two miles east of the subject property and encompasses 8,244 acres. The airport averages approximately 60 flights a day and totaled 4,225,869 departures/arrivals in 2008. The airport has three runways and 28 terminal spaces for aircraft including two for international flights. Commercial air service is provided by Alaska, American, Continental, Delta, Frontier, Southwest, US Airways, and United airlines. The airport employs nearly 17,000 people with a payroll of \$800 million and it is estimated there are another 10,000 people working in the airport area. The economic impact on local goods and services is estimated to be \$136 million.

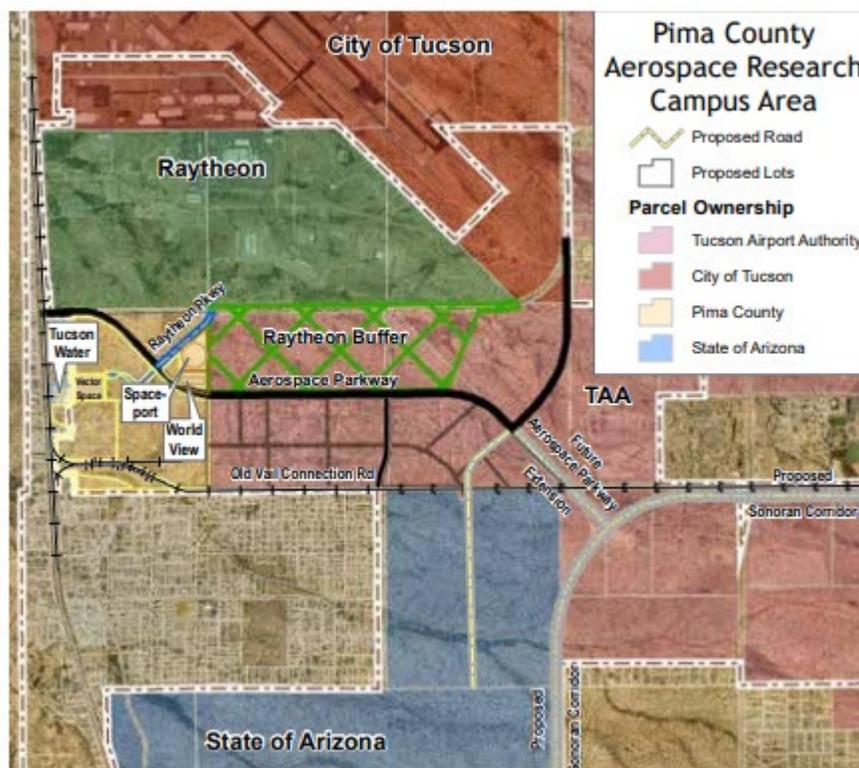
Davis-Monthan Air Force Base

The base formally known as Tucson MAP was renamed the Davis-Monthan landing field in November 1925, at a time when the base was only equipped with a small Army presence to handle and service the frequent visiting military aircraft. The base was upgraded during the early 1940s to enable bomber aircrew training on the B-24 and later the B-29. Immediately after World War II the base was one of many southern locations which were employed to store surplus aircraft, with Davis-Monthan housing the largest concentration of B-29s and C-47s in the country. Due to the arid weather conditions, the base is ideal for long-term storage and the disposal of retired US military aircraft.

The Davis-Monthan base currently contains 1,440 buildings, including 1,256 family housing units providing for 60,000 personnel and family in a 10,763-acre community, one of the largest in Air Combat Command. The most primary operation at the base is the 355th Wing, whose mission is to deploy, employ and sustain expeditionary combat and combat support forces while enabling critical JFACC and HLS operations. The 355th Wing contains 38 associated squadrons employing approximately 6,000 military and 1,700 civilian personnel.

Pima County Aerospace Research Campus

The Aerospace Research Campus is being developed to address the increasing need for supply chain locations for the aerospace industry and other key sector industries as well as imports/exports with Mexico. Pima County has made major infrastructure improvements to the area, including the realignment and expansion of roadways and delivery of utilities to serve the needs of future industrial tenants. The property is mostly flat, unpopulated, virgin desert located immediately south of the Tucson International Airport complex and Raytheon Missile Systems. The Campus provides proximity to two interstate highways and major surface streets. Future transportation infrastructure plans include an auxiliary Interstate connecting Interstates 10 and 19. The proposed auxiliary highway has been added to federal and state planning documents and fast-tracked for FHA funding. Union Pacific has shown interest in extending a rail connection into the Aerospace Research Campus. In addition, the region's only inland multimodal port, Port of Tucson, lies fewer than five miles from the site. The port provides duty and tax benefits through federal Foreign Trade Zone and State of Arizona Enterprise Zone designations. With more than 500 total acres available, users have the opportunity to consolidate and customize properties to meet specific needs. This park is the initial portion of a larger planned industrial park that will encompass as many as 2,400 additional acres over time.



GROWTH PATTERNS

The basic pattern of growth within the neighborhood is a radial corridor growth pattern that originally emanated south from the central business district along major north-south arterials such as Interstate 19, Mission Road, 12th Avenue, and Park Avenue as well as along east-west arterials such as Ajo Way, Irvington Road, Drexel Road, and Valencia Road. During the 1970's, 80s, and 90s, Tucson's growth expanded to the south and southeast, attracting suburban housing projects to the surrounding areas. Retail and small office nodes were developed to serve the area.

We conclude that the subject neighborhood is well positioned in its competitive environment and that properties are seeing appropriate redevelopment and renovation to maintain their position in the market relative to other neighborhoods.

ACCESS

Primary access to the subject neighborhood is provided Interstate 10, Interstate 19 and major arterials. The Tucson MSA is set up in a grid format with major thoroughfares set one-mile apart. East/west arterials in the neighborhood include Ajo Way, Irvington Road, Drexel Road, and Valencia Road. North/south arterials include 12th Avenue, 6th Avenue, Park Avenue, Campbell Avenue, Benson Highway/Tucson Boulevard, and Alvernon Way. Access is considered to be average to above average.

DEMOGRAPHICS

Selected neighborhood demographics in from the subject are shown in the following table:

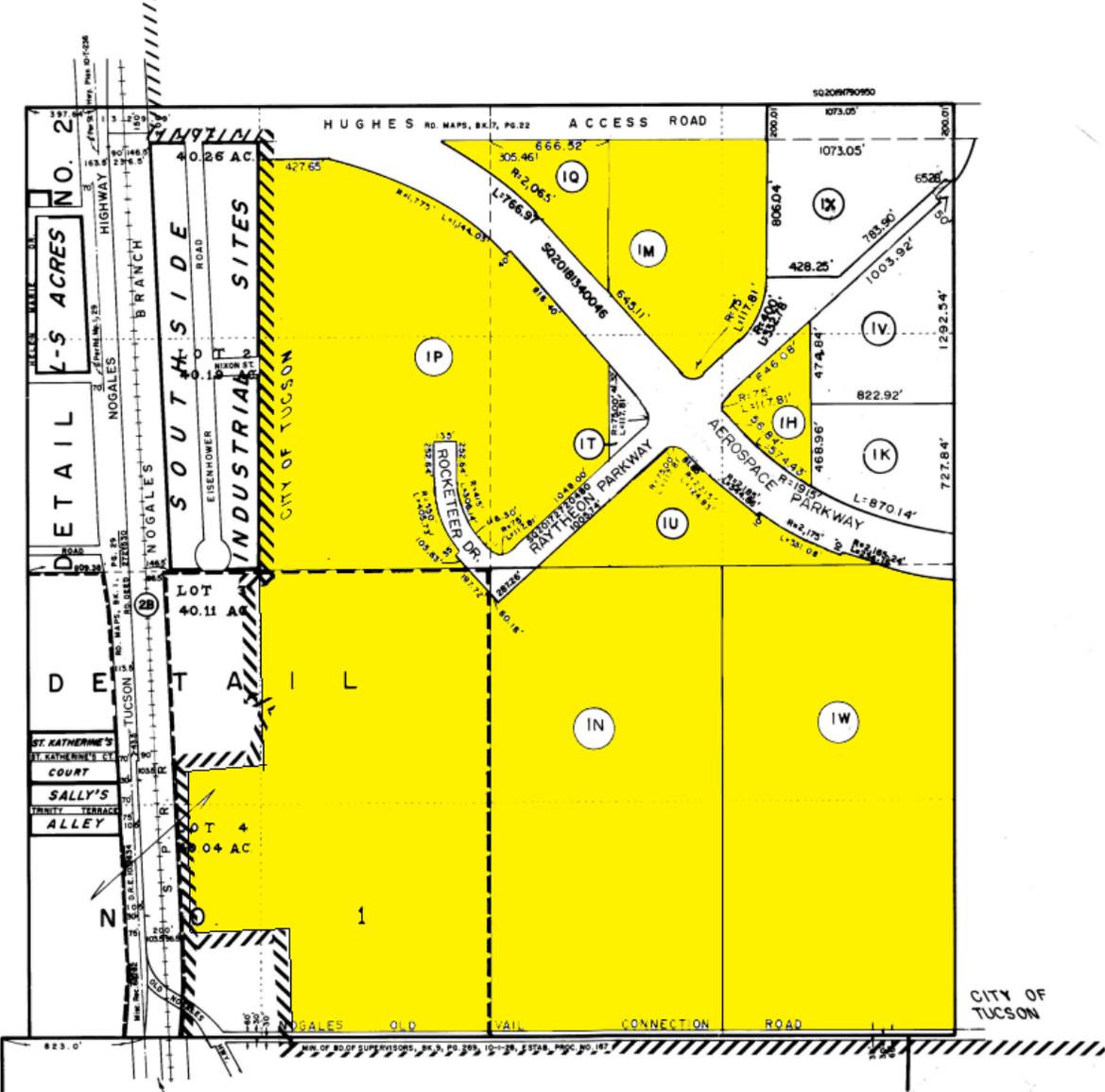
SELECTED NEIGHBORHOOD DEMOGRAPHICS						
Aerospace Parkway and Raytheon Parkway Tucson, AZ 85756	1 Mile Radius	3 Mile Radius	5 Mile Radius	Arizona	Tucson, AZ Metropolitan	Pima County
Population						
2028 Total Population	1,236	7,644	68,397	7,625,739	1,077,232	1,077,232
2023 Total Population	1,256	7,780	68,906	7,427,991	1,066,578	1,066,578
2010 Total Population	1,453	8,709	69,364	6,392,017	980,263	980,263
2000 Total Population	905	6,622	53,528	5,130,632	843,746	843,746
Annual Growth 2023 - 2028	-0.32%	-0.35%	-0.15%	0.53%	0.20%	0.20%
Annual Growth 2010 - 2023	-1.11%	-0.86%	-0.05%	1.16%	0.65%	0.65%
Annual Growth 2000 - 2010	4.85%	2.78%	2.63%	2.22%	1.51%	1.51%
Households						
2028 Total Households	445	2,498	22,484	2,942,123	451,069	451,069
2023 Total Households	445	2,498	22,288	2,832,889	440,609	440,609
2010 Total Households	480	2,521	20,362	2,380,990	388,660	388,660
2000 Total Households	327	1,962	15,787	1,901,327	332,350	332,350
Annual Growth 2023 - 2028	0.00%	0.00%	0.18%	0.76%	0.47%	0.47%
Annual Growth 2010 - 2023	-0.58%	-0.07%	0.70%	1.35%	0.97%	0.97%
Annual Growth 2000 - 2010	3.91%	2.54%	2.58%	2.28%	1.58%	1.58%
Income						
2023 Median Household Income	\$56,680	\$50,549	\$47,659	\$73,135	\$64,015	\$64,015
2023 Average Household Income	\$76,047	\$68,947	\$65,120	\$102,749	\$92,825	\$92,825
2023 Per Capita Income	\$23,324	\$21,498	\$21,275	\$39,289	\$38,503	\$38,503
2023 Pop 25+ College Graduates	63	461	5,058	1,690,829	273,969	273,969
Age 25+ Percent College Graduates - 2023	8.6%	9.9%	12.6%	33.5%	36.8%	36.8%

Source: ESRI

CONCLUSION

The subject neighborhood is in the developing phase of a typical neighborhood life cycle, but is already an established industrial node that is stimulated by the presence of the UA Tech Park and Davis-Monthan Air Force Base. The neighborhood is experiencing growth both in terms of overall population and the number of households. Continued development of commercial and institutional support services indicate that the area is expected to continue to grow over the next five years. Overall, the neighborhood is well positioned with a strong employment base, and the outlook is for continued growth over the short and long term.

PLAT MAP – LARGER PARCEL



Site Analysis – Larger Parcel

The following chart summarizes the salient characteristics of the subject's larger parcel.

SITE SUMMARY			
Physical Description			
Net Site Area	337.721 Acres	14,711,116 Sq. Ft.	
Shape	Irregular		
Topography	Generally Level		
Zoning District	I-2, Heavy Industrial (Tucson)		
Flood Map Panel No. & Date	04019C2880L	16-Jun-11	
Flood Zone	Zone X (Unshaded)		
Flood Notes	AREA OF MINIMAL FLOOD HAZARD		
Ingress/Egress Points	Raytheon & Aerospace Parkways		
Comparative Analysis			<u>Rating</u>
Access	Average		
Visibility	Average		
Functional Utility	Average		
Traffic Volume	Low		
Adequacy of Utilities	Appears adequate		
Drainage	Appears adequate		
Utilities	<u>Provider</u>	<u>Availability</u>	
Water	Tucson Water	See narrative	
Sewer	Pima County Wastewater	See narrative	
Natural Gas	Southwest Gas	See narrative	
Electricity	Tucson Electric Power	See narrative	
Telephone	CenturyLink, others	See narrative	
Other	<u>Yes</u>	<u>No</u>	<u>Unknown</u>
Detrimental Easements			X
Encroachments			X
Deed Restrictions			X
Source: Various sources compiled by CBRE			

INGRESS/EGRESS

The subject's larger parcel is located along the northside of Old Vail Connection Road, east of Nogales Highway and the Union Pacific Railroad, and surrounds the intersection of Aerospace Parkway and Raytheon Parkway.

Primary ingress and egress is available to the site via Old Vail Connection Road, Aerospace Parkway, and Raytheon Parkway. Due to the railroad lines, there is no direct access from Nogales Highway.

Old Vail Connection Road, at the subject, is an east/west collector roadway that is improved with one lane of traffic in each direction. Street improvements include asphalt paving. Street parking is permitted.

Raytheon Parkway, at the subject, is a generally east/west collector roadway that is improved with one lane of traffic in each direction. Street improvements include asphalt paving. Street parking is permitted.

Aerospace Parkway, at the subject, is an east/west arterial roadway that is improved with two lanes of traffic in each direction with a median turn lane. Street improvements include asphalt paving. Street parking is permitted.

Additional access to the 85.0-acre site is via Cassini Drive, a collector road that is improved with one lane in each direction and asphalt paved.

TOPOGRAPHY

The majority of the site appears to have generally flat topography with some variations and evidence of soil erosion including fissures and depressions.

UTILITIES

All necessary utility services are in the immediate vicinity of the subject. Electric lines, water boxes, and sewer manholes were observed on or adjacent to the site. The client noted that all necessary utilities are to the site line. We assume this to be correct and reliable.

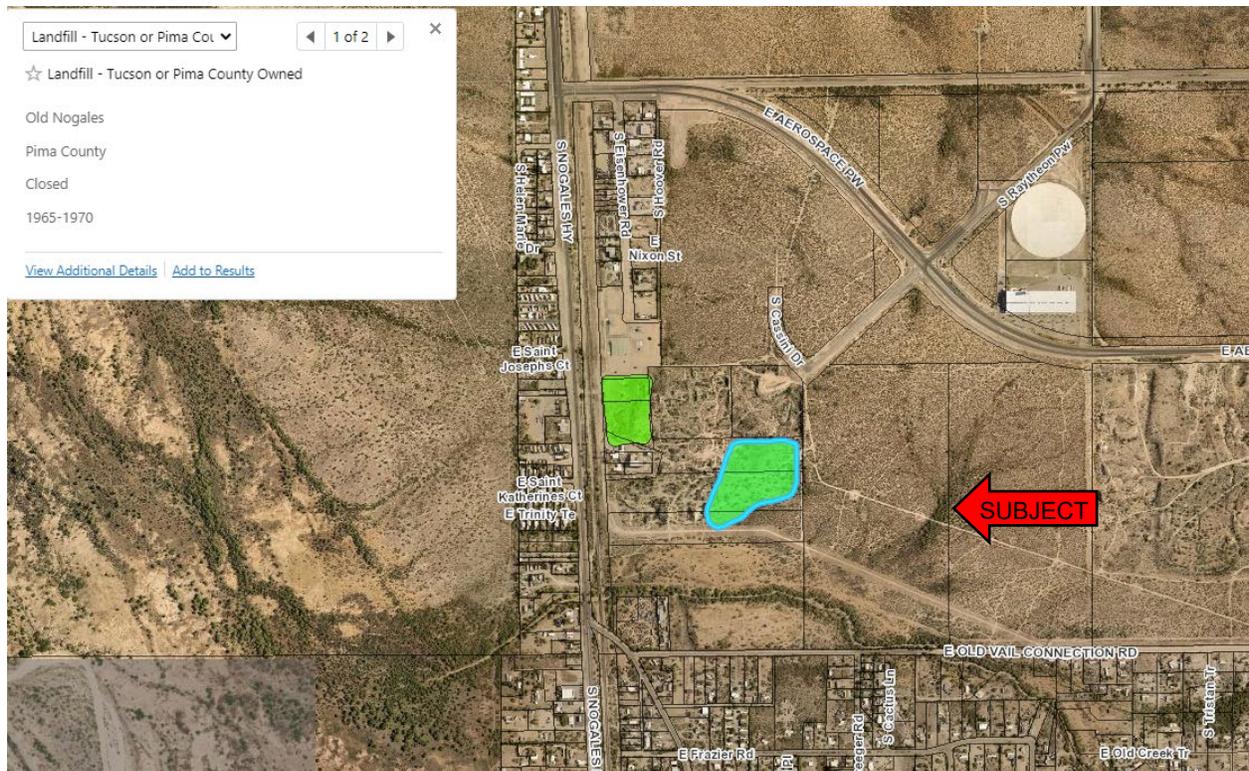
ENVIRONMENTAL ISSUES

Although CBRE was not provided an Environmental Site Assessment (ESA), a tour of the site did not reveal any obvious issues regarding environmental contamination or adverse conditions.

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

LANDFILL

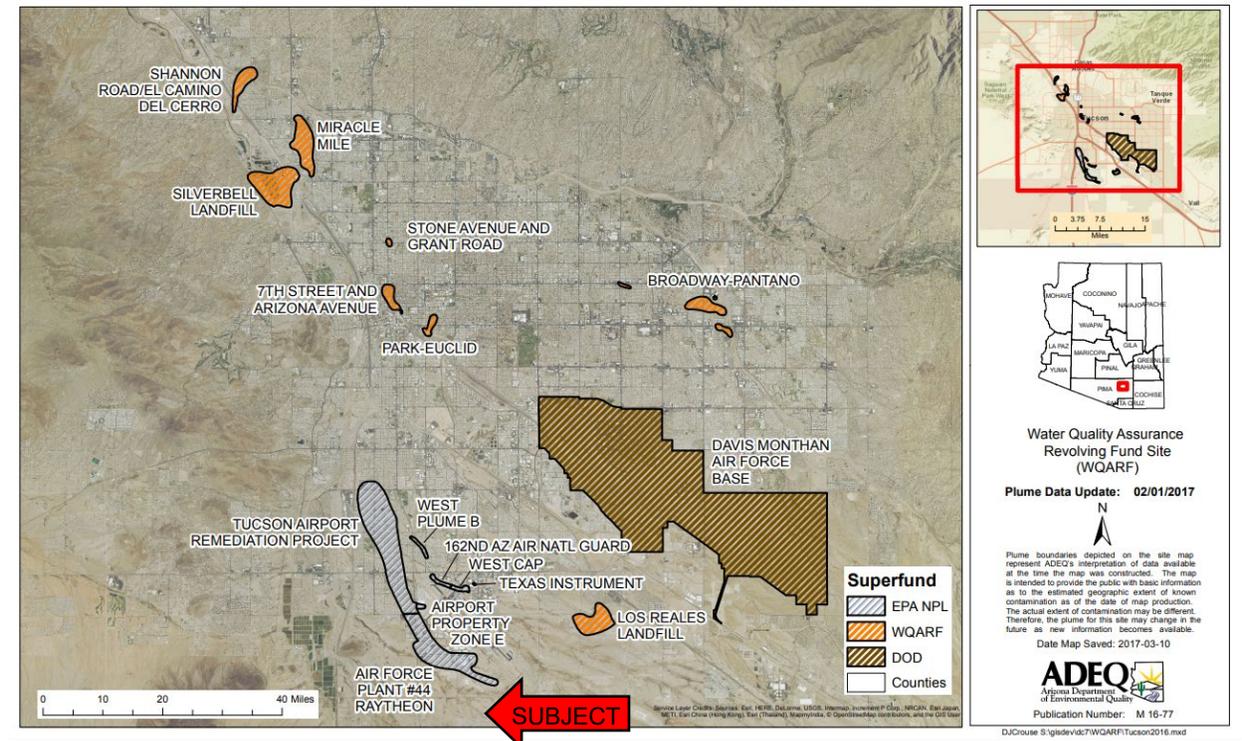
According to Pima County Assessor GIS maps, there is a closed landfill on the larger parcel as shown on the following map in green. The landfill, named the Old Nogales landfill, operated between 1965-1970 and is closed. We assume that the placement of the landfill on the Pima County Assessor GIS map shown below is correct and reliable.



WQARF

We are aware that the subject is near a Water Quality Assurance Revolving Fund Site (WQARF) and has an active clean-up area. The contamination likely stemmed from the Tucson International Airport area in the 1970s that spilled chemicals into a well contaminating the ground water. However, to the best of our knowledge, the subject site has not been negatively impacted by the contamination as there is an active management of the contamination by the Arizona Department of Environmental Quality (ADEQ). We assume this to be correct and reliable.

Tucson Area Superfund and WQARF Sites

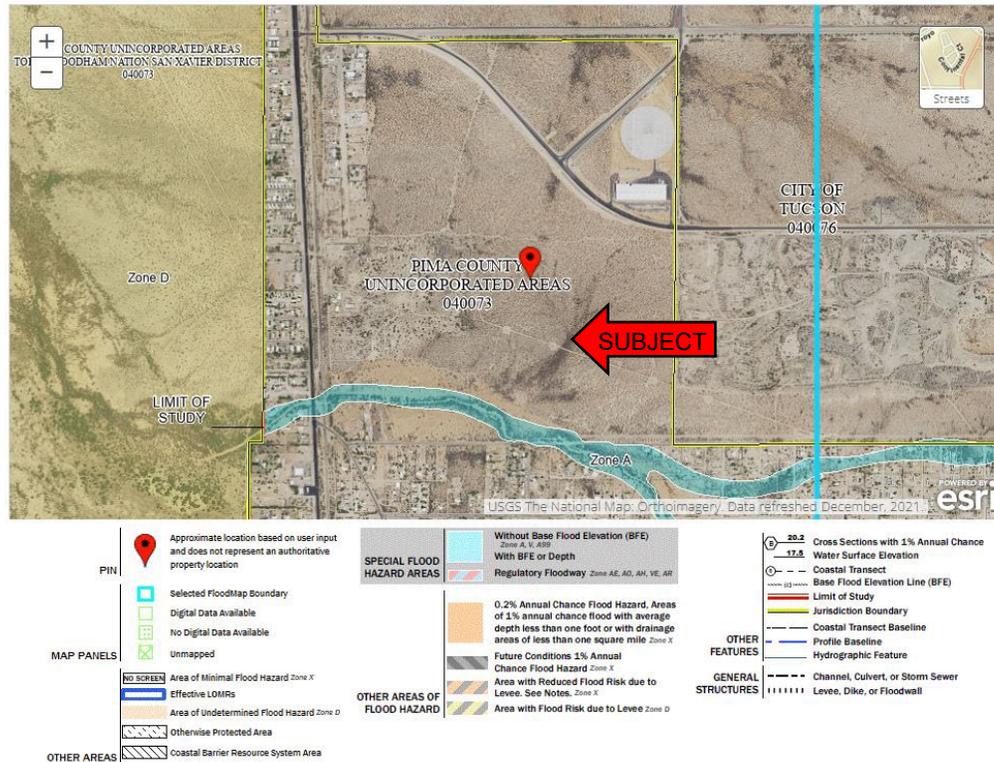


FLOOD ZONE

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the majority of the subject site appears to fall within Zone X (Unshaded), as indicated on Community Map Panel No. 04019C2880L (dated June 16, 2011).

FEMA defines the relevant flood zone(s) as follows:

Zones C and X (unshaded) are flood insurance rate zones used for areas outside the 0.2-percent-annual-chance floodplain. No Base Flood Elevations (BFEs) or depths are shown in this zone, and insurance purchase is not required.



RIPARIAN HABITAT AND WASHES

A portion of the subject site is within the Xeroriparian C Habitat. According to the Pima County Regional Flood District guidelines, mitigation of these areas are as follows:

The mitigation ratio for Xeroriparian habitat is one to one (1:1). For example, if a property owner will be disturbing 1.0 acre (in size) of Xeroriparian Class A-D habitat, the mitigation requirement would be the equivalent number of plants required for disturbance of 1.0 acre. The following example is for Xeroriparian Class C habitat: $1.0 \text{ ac} \times 45 \text{ trees/ac} \times 1.0 \text{ mitigation ratio} = 45 \text{ trees}$. The actual size of the mitigation area provided shall be the minimum necessary to ensure the long-term viability of the mitigation plantings, accounting for topography, frequency of inundation and existing vegetation, but in no case shall be less than 70 % of the disturbed area, after the mitigation ratio is applied. The 70% minimum mitigation area is based upon the maximum Total Vegetative Volume for each class of riparian habitat at maturity. The 70% represents the smallest area which will physically be able to sustain the required number of plants. The minimum size for disturbance of 1 acre is: $1.0 \text{ ac} \times 70\% = 0.70 \text{ ac}$ minimum area required if it is demonstrated that the full mitigation requirement cannot be completed onsite, a combination of onsite and offsite mitigation will be allowed.

ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

<i>North:</i>	Vacant land and the Tucson International Airport
<i>South:</i>	Single-family residential uses
<i>East:</i>	Industrial uses and vacant land
<i>West:</i>	Union Pacific Railroad and Nogales Highway

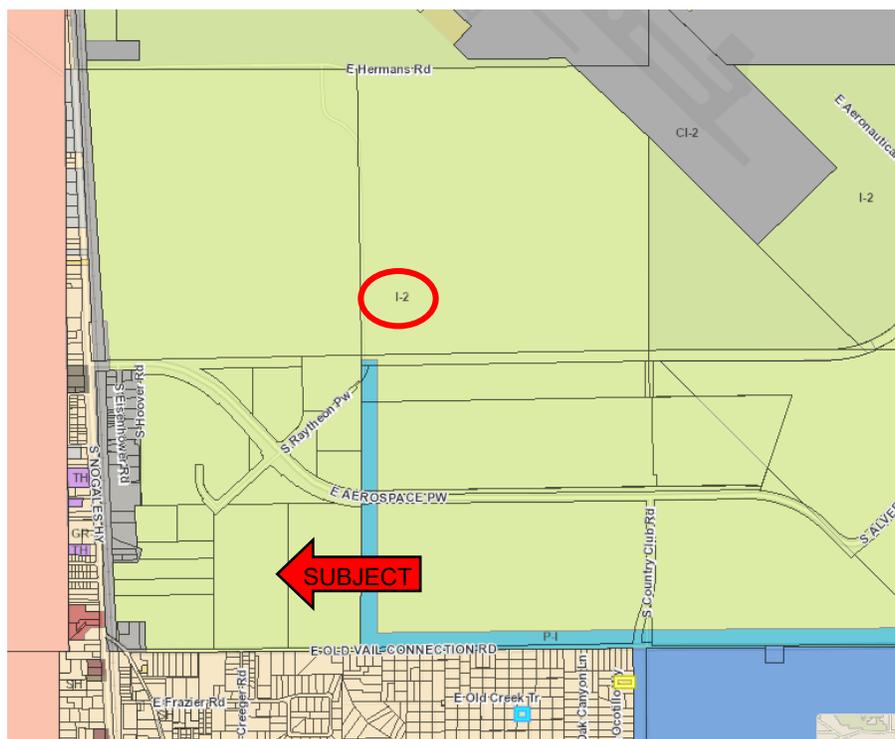
CONCLUSION

The shape, size, and topography of the site provide adequate functional utility. The subject site is afforded adequate access with adequate frontage and visibility along two roadways and is in close proximity to the Tucson International Airport. There are no known detrimental uses in the immediate vicinity. Overall, there are no known factors that are considered to prevent the site from development to its highest and best use, as vacant.

Zoning

The following chart summarizes the subject’s zoning requirements.

ZONING SUMMARY	
Current Zoning	I-2, Heavy Industrial (Tucson)
Legally Conforming	Yes
Uses Permitted	This zone is intended to encourage orderly growth in rural and semirural areas as well as to provide opportunities for semirural residential uses. In addition, this zone is intended to allow commercial development only where appropriate and necessary to serve the needs of the rural area.
Zoning Change	Not likely
Category	Zoning Requirement
Minimum Lot Size	36,000 Sq. Ft.
Maximum Height	34 Feet
Minimum Setbacks	
Front Yard	30 Feet
Street Side Yard	10 Feet
Rear Yard	40 Feet
Source: Planning & Zoning Dept.	



ANALYSIS AND CONCLUSION

Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

Tax and Assessment Data

ARIZONA'S PROPERTY TAX SYSTEM

All property in Arizona, whether real or personal, is subject to property taxes unless specifically exempted. Examples of exempt properties include government buildings, educational institutions, hospitals, and churches. Property taxes are levied on real and personal property based on the state's statutory classification system, valuation methods, assessment ratios, and the taxing jurisdiction's tax rate.

Property in Arizona is classified and valued by the Arizona Department of Revenue (ADOR) and county assessors. The value of the property refers to the monetary worth of the property based on market values and statutory formulas.

With the exception of centrally valued properties and personal property, all property is valued based on its full cash value (FCV) and limited property value (LPV). FCV is synonymous with market value with no limit to annual growth, while LPV is the basis for the assessment of property taxes and is determined by a constitutional formula utilizing the previous year's LPV and capping growth at 5% annually.

Arizona's property tax system classifies property according to its use under nine classes (each with one or more additional subclasses), and each class is assigned an assessment ratio ranging from 1% to 18%. The assessment ratio is applied to a property's LPV to determine the net assessed value (NAV). The following table summarizes Arizona's property classes and assessment ratios

Tax Year 2020 Property Classification and Assessment Ratios		
Property Class	Assessment Ratio	Description of Class
Class 1	18%	Mines and mining claim property and standing timber. Local telecommunications service, gas, water and electric utility company property, pipeline company property, producing oil and gas property. Commercial and industrial real property (A.R.S. § 42-12001).
Class 2	15%	Agricultural real property, golf courses, and vacant land (A.R.S. § 42-12002).
Class 3	10%	Primary residential residence of owner or owner's relative (A.R.S. § 42-12003).
Class 4	10%	Property used for residential rental purposes, including property owned in foreclosure by a financial institution that is not otherwise included in any other class (A.R.S. § 42-12004).
Class 5	15%	Railroad, private rail car, and airline flight property (A.R.S. § 42-12005).
Class 6	5%	Noncommercial historic property, foreign trade zone property, qualifying military reuse zone property, enterprise zone property that qualified prior to the 7/1/11 sunset (primary taxes only), qualifying environmental technology property, and qualifying environmental remediation property (A.R.S. § 42-12006).
Class 7	18%	Historic commercial and industrial property (18%) and renovations (1%) (A.R.S. § 42-12007 and 42-12101).
Class 8	10%	Residential rental historic property (10%) and renovations (1%) (A.R.S. § 42-12008 and 42-12101).
Class 9	1%	Possessory interests and real property and improvements, regardless of ownership, leased and used exclusively by a nonprofit organization that operates as a charter school or church, religious assembly, or religious institution (A.R.S. § 42-12009).

Source: ADOR Assessment Procedures Manual Part 3: Assessment Procedures.

Property taxes are levied on a property’s NAV by government bodies (i.e., the state, counties, community college districts, school districts, cities and towns, and special taxing districts) using the tax rate of each taxing jurisdiction. Property taxes are composed of two rates, primary and secondary. Primary tax rates typically fund the operational budgets of governments, while secondary tax rates typically fund voter approved general obligation bonds and overrides, and special taxing districts (i.e., fire districts and countywide special taxing districts for library, flood, jails, etc.).

The sum of the two rates is the total tax rate. The statewide average total property tax rate for tax year (TY) 2020 was \$12.17 per \$100 of assessed values. The tax rate applies to all property types, unless exempt, no matter the class.

ARIZONA TAX BURDEN BY CLASS

Although all property classes are subject to the same taxing jurisdiction’s tax rate, the amount of tax owed as a percent of property value ranges by use because of the state’s property classification system and varying assessment ratios. The actual amount owed (i.e., tax liability) is the effective tax.

Comparing effective tax rates is a more accurate representation of a property’s overall tax liability given Arizona’s varying assessment ratios. For context, based on the previous example, the effective tax rate for the Class 3 (residential) property is 1.1% (e.g., \$2,190.60/\$200,000) vs. 2.0% (e.g., \$19,715.40/\$1,000,000) for Class 1 (commercial) property.

The following table summarizes the tax year (TY) 2020 effective tax rates in Arizona, the FCV, and tax liability by class type.

TY 2020 Full Cash Value, Tax Liability, and Effective Tax Rates by Class							
Class	Type	Assessment Ratio	Full Cash Value	Percent of Total	Total Liability	Percent of Total	Effective Rate
1	Business, industrial, telecom, utility, mines	18%	\$157,474,354,302	20.27%	\$2,774,678,108	34.29%	1.76%
2	Agricultural, vacant land, golf courses, nonprofits	15%	\$28,634,763,379	3.69%	\$340,231,943	4.21%	1.19%
3	Owner occupied residential	10%	\$384,724,534,914	49.51%	\$3,194,863,898	39.49%	0.83%
4	Rental residential; nonprofit residential	10%	\$196,455,693,981	25.28%	\$1,706,415,967	21.09%	0.87%
5	Railroads & flight property	15%	\$2,155,280,389	0.28%	\$33,760,595	0.42%	1.57%
6	Historic prop; FTZ; enviro tech; (more)	5%	\$7,069,367,584	0.91%	\$37,651,269	0.47%	0.53%
7	Comm historic property	18%/1%	\$63,669,468	0.01%	\$762,850	0.01%	1.20%
8	Rental residential historic property	10%/1%	\$22,702,792	0.00%	\$657,739	0.01%	2.90%
9	Possessory interests; leased churches	1%	\$424,713,434	0.05%	\$1,792,740	0.02%	0.42%
Total			\$777,025,080,244	100.00%	\$8,090,815,110	100.00%	1.04%

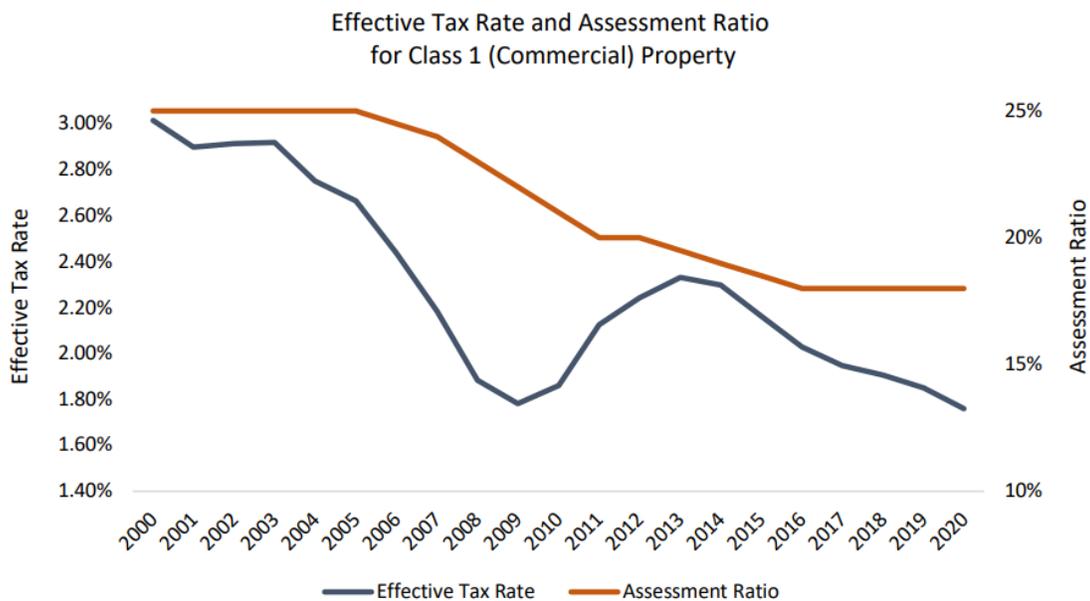
Source: Arizona Tax Research Association.

HISTORICAL CHANGES TO THE ASSESSMENT RATIO

The legislation currently being proposed is not the first passed in Arizona that is focused on equalizing the tax burden and lowering the assessment ratio for commercial properties. A competitive tax policy is often linked with economic growth and development. A review of historical changes to the commercial assessment ratio in Arizona provides support to this idea.

Prior to 2006, the assessment ratio on commercial property was 25%. Beginning after December 31, 2005, the assessment ratio was gradually reduced until reaching 18% in 2016. As a result, the effective tax rate declined from 3.01% in 2000, to 2.03% in 2016 and, most recently, 1.76% in 2020. This resulted in a gradual decline in the effective tax rate between 2000 and 2009.

However, in 2009, property values and construction activity began to decline as a result of the Great Recession of 2008. To offset this reduction in property taxes, taxing jurisdictions began raising property tax rates. This brought the effective rate up until it began to decline again in 2013.

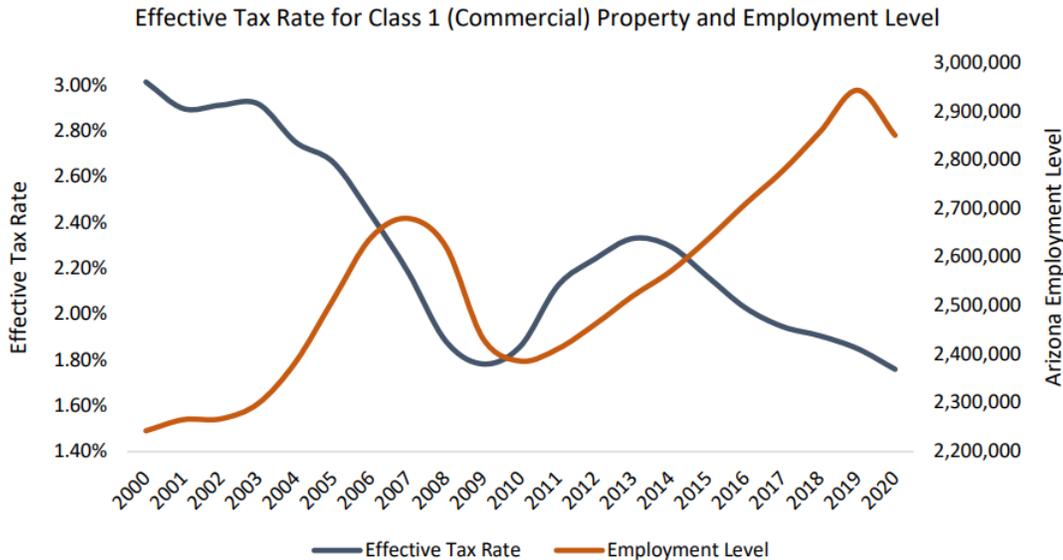


Source: ATRA

Employment, a key indicator for economic growth and overall economic health, increased over this timeframe as the effective tax rate on commercial property declined (see the following chart). Employment grew at an average rate of 1.2% per year. The FCV of commercial property grew at an average annual rate of 5.1%. This indicates that as the effective rate declined, Arizona's improved competitive position helped fuel additional economic growth and resulted in a net gain in tax collections.

Arizona was experiencing strong employment growth from 2000 to 2007 until the economic downturn in the business cycle. If not for the Great Recession of 2008, employment would have

grown at a faster rate. In fact, after the Great Recession employment grew at an average annual rate of 2.4% between 2010 to 2019 (the year before the most recent economic downturn).



Source: Arizona Office of Economic Opportunity; ATRA

While many factors influence economic growth, maintaining a competitive position related to tax policy encourages economic development, business procurement, retention and expansion. This leads to wage enhancements and employment growth throughout the state. The following assessment ratios apply to the three most used classifications.

PROPERTY ASSESSMENT RATIO			
Tax Year	Vacant Land	Residential	Commercial
2010	16.0%	10.0%	21.0%
2011	16.0%	10.0%	20.0%
2012	16.0%	10.0%	20.0%
2013	16.0%	10.0%	19.5%
2014	16.0%	10.0%	19.0%
2015	16.0%	10.0%	18.5%
2016-2021	16.0%	10.0%	18.0%
2022	16.0%	10.0%	17.5%
2023	16.0%	10.0%	17.0%
2024	16.0%	10.0%	16.5%
2025	16.0%	10.0%	16.0%

Sources: County Assessor's Office

ANALYSIS OF CHANGES TO THE COMMERCIAL PROPERTY ASSESSMENT RATIO - STATE OF ARIZONA

March 2021 | Prepared for NAIOP | Prepared by RCG

Rounds Consulting Group, Inc. was retained to analyze changes to Arizona’s assessment ratio for commercial property. This analysis is part of the Arizona Chapter of NAIOP’s, the Commercial

Real Estate Development Association, larger effort to position the state to be a preferred choice for business locations and expansions, support commercial real estate development, and grow the state's economy.

In order to continue advancing the state's economy, Arizona will need to remain competitive. At the present time, legislation is being considered that would gradually phase down the commercial property assessment ratio from 18% to 17% over two years.

Lawmakers should give consideration to the economic benefits that would result from lowering uncompetitive business tax burdens. Enacting commercial property tax reforms would help equalize the varying tax burdens among commercial and all other property, incentivize additional real estate development, and advance the state's business attraction and expansion efforts.

Proposed Property Tax Changes

In the first session of the 55th State Legislature of Arizona, legislation is being considered to change how commercial property taxes are calculated. The proposed change would gradually phase down the Class 1 (i.e., commercial property) assessment ratio from 18% to 17% over two years. The assessment ratio determines a property's assessed value to which property tax rates are then applied.

Commercial property in Arizona has the highest assessment ratio of any other property type. The proposed reform establishes a new assessment rate of 17.5% for tax year 2022. After 2022, the rate would drop to 17%. While not in the current reform proposal, ideally, the assessment ratio should be gradually decreased to 15%.

The goal of the proposed legislation is to add to the competitiveness of the state's economic fundamentals. In the longer term the enhanced level of competitiveness could allow for modest reductions in the need for project-specific incentives.

There will exist short-term "costs" absent any consideration for tax rate changes. However, that is not a likely scenario. Ultimately, the reductions in the commercial assessment ratio of the property tax formula will result in modifications to local government tax rates, resulting in a more competitive balance in the tax code.

The Legislature's estimate of net assessed value (NAV) reduction will equal \$1.39B by tax year 2023, which represents only a 1.7% reduction. However, statewide commercial property values have been increasing by more than 6% per year over the last 5 years. Thus, the anticipated growth will more than fully offset any modest reductions in the assessment ratio. In addition, business cycle impacts to the property tax formula have been met with modifications in the tax rates. This means it is likely that a portion of the NAV reduction will be offset through the flexibility of rate adjustment.

When examining economic fundamentals, individual categories (i.e., competitive tax policy, infrastructure investment, workforce development, etc.) cannot be fully separated. In other words,

the shift in property tax burden, when combined with other fundamentals, will indeed lead to additional economic growth. In fact, the potential for a full offset of any tax revenue losses will be greater as the assessment ratio for commercial property is reduced to the recommended 15%.

Historical Property Tax Changes

The legislation currently being proposed is not the first passed in Arizona that is focused on equalizing the tax burden and lowering the assessment ratio for commercial properties. Prior to 2006, the assessment ratio on commercial property was 25%. Beginning after December 31, 2005, the assessment ratio was gradually reduced until reaching 18% in 2016. Since property taxes are levied on net assessed values, this resulted in effective tax rate declines going from 3.01% in 2000, to 2.03% in 2016 and, most recently, 1.76% in 2020.

As the effective rate declined, the value of commercial properties increased at an average annual rate of 5.1% between 2000 and 2020. This indicates that as the effective rate declined, Arizona's improved competitive position helped fuel additional economic growth and resulted in a net gain in tax collections.

While many factors influence economic growth, maintaining a competitive position related to tax policy encourages economic development, business procurement, retention and expansion. This leads to wage enhancements and employment growth throughout the state.

When examining economic fundamentals, individual categories cannot be fully separated. In other words, the shift in property tax burden, when combined with other fundamentals, will ultimately lead to additional economic growth.

Property tax payments are typically factored into the rent a tenant pays. Many small businesses were significantly impacted by the COVID-19 pandemic. Building owners and landlords worked with their tenants to temporarily modify rents to help these local merchants survive. Moving forward, a reduction in the property tax assessment ratio has the potential to provide additional relief to small businesses in the form of lower rent payments.

Further, this review clearly identifies a tax category that is uncompetitive, and modifications to the assessment ratio will yield positive economic benefits. Continuing to reduce the rate to 15% over time will produce similar benefits.

Rule "B"

Arizona courts have interpreted the term full cash value to mean the "cash equivalent value" of the property. However, the value established by the assessor may be equal to, or less than, the actual market value. These lower values are the result of adjusting all sale prices for mass appraisal error, creative financing, personal property, and time on the market. Full cash values are unlimited in the amount that they increase each year since they fluctuate with the market. Following the Proposition 117 amendment, the yearly increase in limited property value was further limited from 10% to 5% of the previous year's value, with a few exceptions. The exceptions include properties that have had changes in use, new construction, tenant

improvements, demolition, parcel splits, parcel combinations, change in legal descriptions, or other changes from the previous year. According to the new statute, if a property falls under one of these exceptions, the limited property value may be recalculated using what is known as the “Rule B” factor. For the 2015 tax year, the Rule B factor mandates that the limited property value equate to 93.5% of the full cash value for commercial property, 96.2% for primary residences, 95.2% for rental residential property, and 95.3% for vacant land. Whether an exception applies to a property or not, the limited property value cannot exceed the full cash value.

CONCLUSION

The subject is owned by Pima County and has no tax burden. In the state of Arizona, a sale does not trigger a re-assessment.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

AS VACANT

The property is zoned for industrial use and is of sufficient size to accommodate various types of development. The immediate area includes various industrial uses. Considering the surrounding land uses, location attributes, legal restrictions and other factors, it is our opinion that an industrial use would be reasonable and appropriate. Therefore, it is our opinion that the highest and best use would be for industrial-related use, time and circumstances warranting. Given the smaller site size the most likely buyer for the subject property is as follows:

- Developer, Land Speculator, or Owner User

Appraisal Methodology

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

Cost Approach

The Cost Approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Sales Comparison Approach

The Sales Comparison Approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

Income Approach

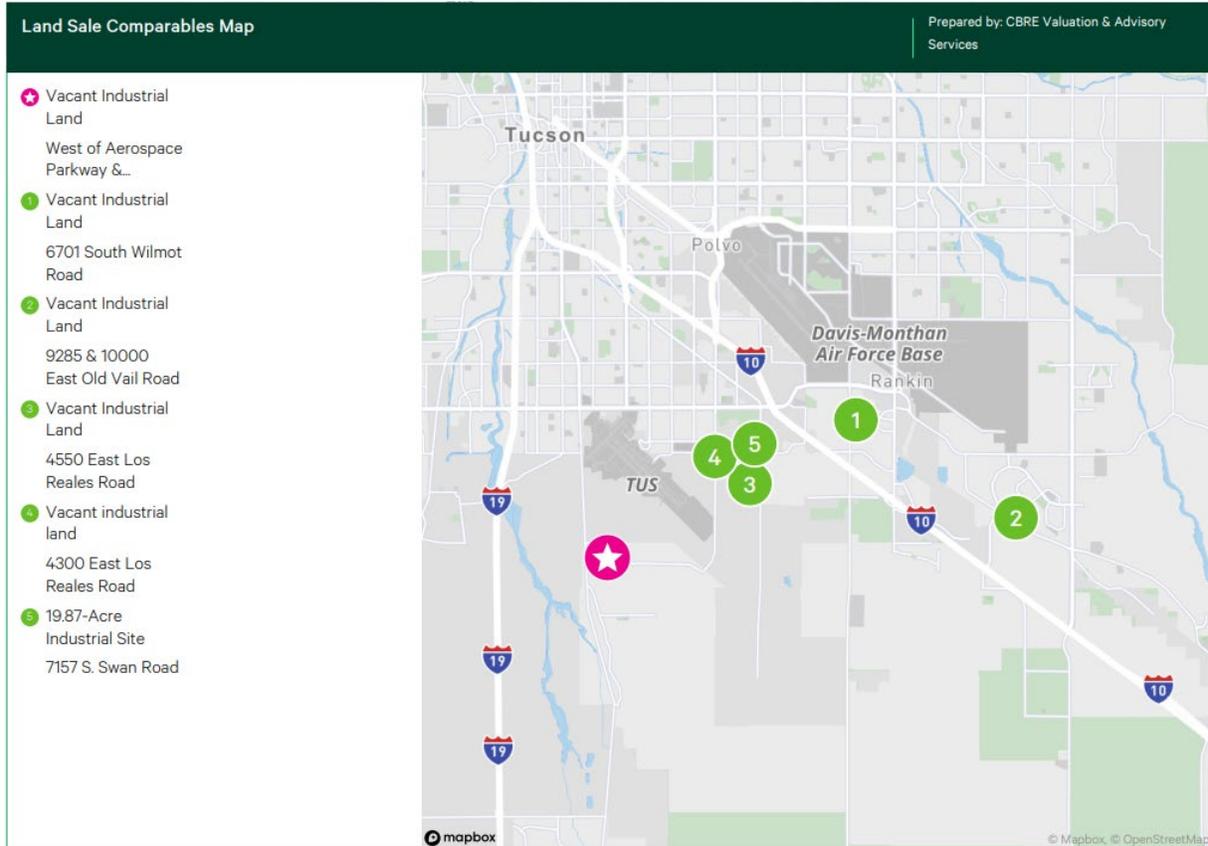
The Income Approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the Income Approach are direct capitalization and the discounted cash flow (DCF) analysis.

Methodology Applicable to the Subject

In the valuation of the subject site, only the Sales Comparison Approach to value is employed as the property involves undeveloped land proposed for a electric line easement.

Land Value – Larger Parcel

The following map and table summarize the comparable data used in the valuation of the subject’s larger parcel. A detailed description of each transaction is included in the addenda.



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SUMMARY OF COMPARABLE LAND SALES								
No.	Property Location	Transaction Type	Date	Zoning	Actual Sale Price	Size (Acres)	Size (SF)	Price Per SF
1	6701 South Wilmot Road Tucson, AZ 85756	Sale	Apr-22	I-2, Heavy Industrial (Tucson)	\$4,500,000	61.95	2,698,542	\$1.67
2	9285 & 10000 East Old Vail Road Tucson, AZ 85641	Sale	Aug-22	I-1, Light Industrial (Tucson)	\$4,396,566	43.11	1,877,711	\$2.34
3	4550 East Los Reales Road Tucson, AZ 85756	Sale	Sep-22	CI-2, Heavy Industrial (Pima County)	\$2,700,000	35.45	1,544,052	\$1.75
4	4300 East Los Reales Road Tucson, AZ 85756	Sale	Sep-22	CI-2, General Industrial (Pima County)	\$7,600,000	98.65	4,297,194	\$1.77
5	7157 S. Swan Road Tucson, AZ 85756	Sale	Jan-23	I-2, Heavy Industrial (Tucson)	\$2,600,000	19.87	865,537	\$3.00
Subject	North side of Old Vail Connection Road, east of Nogales Highway, Tucson, Arizona	---	---	I-2, Heavy Industrial (Tucson)	---	337.72	14,711,127	---
Compiled by CBRE								

The land sales utilized represent the best data available for comparison with the subject's larger parcel site and were selected from our research of comparable sales throughout the Tucson MSA. These sales were chosen based upon the time frame in which they occurred, their locations, and their generally similar physical and legal characteristics as compared to the subject. While the sales are smaller in size as compared to the subject, no larger sized sales were found in the past few years that are deemed to be comparable. The sales used reflect recent market conditions and the adjustment for size are reasonable and supported.

DISCUSSION/ANALYSIS OF LAND SALES

Land Sale One

This comparable represents the sale of 61.95 acres of undeveloped land located at the northeast corner of Wilmot Road and the Union Pacific Railroad (6701 South Wilmot Road), in Tucson, Arizona. The site is zoned I-2, Heavy Industrial, has all utilities to the site, has generally level topography, and is not situated within a floodplain. Upon development, no half street improvements will be required. Access to Interstate 10 is about one mile to the southeast via Kolb Road. The site is developed with several industrial warehouse/office buildings. According to an interview with the buyer, the buyer purchased the site for development of a self-storage facility (and possible marijuana growing facility if they can get approval). No contributory value was assigned to the existing improvements. The buyer intends to salvage portions of the existing improvements to offset demolition costs. The site has access to the railroad. The site sold in April 2022 for \$4,500,000 or \$1.67 per square foot. No atypical conditions of sale were noted.

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. Upon comparison with the subject, this comparable was considered superior in terms of size due to economies of scale and received a downward adjustment. In regard to shape, due to an irregular shape the comparable received an upward adjustment. In terms of access, this comparable was judged inferior due to its single road access and received an upward adjustment for this characteristic. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Two

This comparable represents the sale of 43.1 acres of undeveloped land located at the 9825 & 10000 Old Vail Road, in Tucson, Arizona. The site is zoned I-1, Light Industrial, has generally level topography, and is not situated within a floodplain. All utilities are reported to be adjacent to the site. The buyer is a developer (Diamond Ventures) who purchased the site for speculative future development. The site sold in August 2022 for \$4,396,566 or \$2.34 per square foot. No atypical conditions of sale were noted.

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. The downward adjustment for size reflects this comparable's superior feature with respect to economies of scale regarding parcel size. In terms of access, this comparable was judged inferior due to its single road access and received an upward adjustment for this characteristic. With respect to zoning/density, this comparable was considered inferior in this aspect and received an upward adjustment because of a more restrictive zoning classification. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Three

This comparable represents the sale of 35.45 acres of undeveloped land located at the southwest corner of Los Reales Road and Swan Road, in Tucson, Arizona. The site is zoned CI-2, Heavy Industrial, has generally level topography, and is not situated within a floodplain. Electric is to the site but sewer is about a 1/4 miles north. Water is in the area but not known if it is to the site. The buyer is the largest independently owned precast concrete manufacturing company in the United States with corporate headquarters in Sparks, Nevada, the family owned and operated company has production facilities throughout Nevada, Arizona, California and Hawaii. Jensen Precast designs and manufactures standard and custom precast concrete products to meet small to large-scale infrastructure demands. The site sold in September 2022 for \$2,700,000 or \$1.75 per square foot. No atypical conditions of sale were noted.

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. The downward adjustment for size reflects this comparable's superior feature with respect to economies of scale regarding parcel size. The adjustment for location was warranted due to its being near a landfill. Therefore, an upward adjustment was judged proper for this comparable. A utilities category adjustment was considered appropriate for this comparable.

given it having only electricity to the site. Because of this inferior trait, an upward adjustment was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Four

This comparable represents the listing of a 98.65-acre tract of vacant industrial zoned land located at 4300 East Los Reales Road in Tucson, Arizona. The site is the former raceway and is partially improved. The site has frontage along Los Reales Road, an east/west arterial and is near the Tucson International Airport and has generally level topography. According to the listing broker, the site sold in September 2022 for \$7,600,000 or \$1.77 per square foot. The site has city water and a well and 3 phase power. The intent of the buyer is to hold for future industrial manufacturing development, as demand warrants. No other conditions of sale were noted.

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. In terms of access, this comparable was judged inferior due to its single road access and received an upward adjustment for this characteristic. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Five

This comparable represents the sale of a 19.87-acre industrial site located at 7157 S. Swan Road in Tucson, AZ. The site is zoned I-2, generally level, rectangular in shape, and has all utilities available at the street. The property sold in January 2023 for \$2,600,000, or \$3.00 per square foot of land. No conditions of sale were noted.

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. The downward adjustment for size reflects this comparable's superior feature with respect to economies of scale regarding parcel size. In terms of access, this comparable was judged inferior due to its single road access and received an upward adjustment for this characteristic. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID						
	Subject	Comp No. 1	Comp No. 2	Comp No. 3	Comp No. 4	Comp No. 5
Date of Sale		Apr-22	Aug-22	Sep-22	Sep-22	Jan-23
Address	North side of Old Vail Connection Road, east of Nogales Highway	6701 South Wilmot Road	9285 & 10000 East Old Vail Road	4550 East Los Reales Road	4300 East Los Reales Road	7157 S. Swan Road
City, State	Tucson, AZ	Tucson, AZ	Tucson, AZ	Tucson, AZ	Tucson, AZ	Tucson, AZ
Gross Acres	337.721	61.95	43.11	35.45	98.65	19.87
Gross Square Feet	14,711,116	2,698,542	1,877,711	1,544,052	4,297,194	865,537
Actual Sale Price		\$4,500,000	\$4,396,566	\$2,700,000	\$7,600,000	\$2,600,000
Unit Price	Per SF	\$1.67	\$2.34	\$1.75	\$1.77	\$3.00
Property Rights Conveyed		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Market Conditions (Time)		5%	5%	5%	5%	5%
Adjusted \$/SF		\$1.75	\$2.46	\$1.84	\$1.86	\$3.15
Size		-5%	-5%	-5%	0%	-15%
Shape		5%	0%	0%	0%	0%
Access		5%	5%	0%	5%	5%
Proximity to Freeway		0%	0%	0%	0%	0%
Topography		0%	0%	0%	0%	0%
Location		0%	0%	5%	0%	0%
Zoning/Use		0%	5%	0%	0%	0%
Utilities		0%	0%	15%	0%	0%
Net Adjustment		5%	5%	15%	5%	-10%
Indicated Unit Value		\$1.84	\$2.58	\$2.12	\$1.95	\$2.84

Compiled by CBRE

CONCLUSION

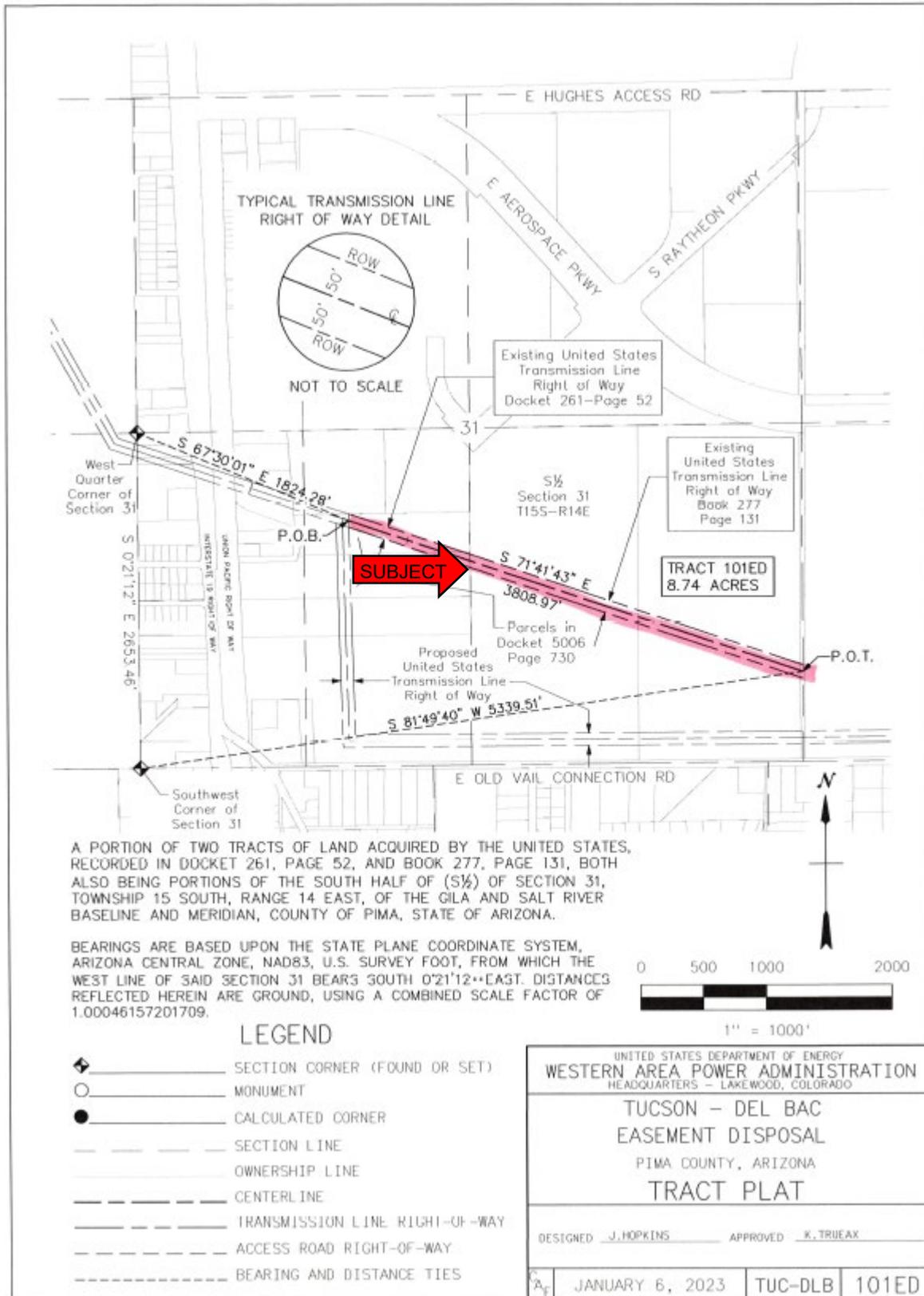
After adjustments, the comparables indicate a range between \$1.84 to \$2.84 per square foot, with an average of \$2.27 per square foot. After adjustments, Comparable 4 is considered to be the best indicator of value as it received generally the least amount of net adjustments and was closest in size; though, weight is given to all comparables. Based on analysis of comparable market data, a price per square foot indication near the average to lower end of the indicated range, was most appropriate for the subject's larger parcel.

The following chart presents the valuation conclusion:

CONCLUDED LAND VALUE					
	\$ PSF			Unrounded	Total (rounded)
Fee Area	\$2.15	x	14,711,116	\$31,628,899	= \$31,628,900

Compiled by CBRE

Part to be Abandoned



Tract No. 101ED
Facility: TUC-DLB

WESTERN AREA POWER ADMINISTRATION Tucson – Del Bac Easement Disposal

A portion of two Tracts of land acquired by the United States, recorded in Docket 261, Page 52, and Book 277, Page 131, both also being portions of the South Half of (S½) of Section 31, Township 15 South, Range 14 East, of the Gila and Salt River Baseline and Meridian, County of Pima, State of Arizona, being a strip of land 100.00 feet in width, 50.00 feet to the left and right of the following described centerline:

Commencing at the West Quarter Corner of said Section 31;

Thence South 67°30'01" East, a distance of 1824.28 feet, to the easterly right of way edge of a proposed United States transmission, and the **POINT OF BEGINNING**;

Thence South 71°41'44" East, along said existing centerline, a distance of 3808.97 feet, to the East line of said Section 31, and the **POINT OF TERMINATION**.

Thence for a closing tie South 81°49'40" West, a distance of 5339.51 feet, to the Southwest Corner of said Section 31.

The sidelines of said easement are to be lengthened or shortened to terminate at the easterly right of way edge of said proposed United States transmission, and the East line of said Section 31.

Containing 8.74 acres, more or less.

Bearings are based upon the State Plane Coordinate System, Arizona Central Zone, NAD83, U.S. Survey Foot, from which the West line of said Section 31 bears South 0°21'12" East. Distances reflected herein are ground, using a combined Scale Factor of 1.00046157201709.

Part to be Abandoned

ABANDONMENT SUMMARY	
Parcel ID/Number	Electric Line Easements
Acquisition Length	+/- 3,809 feet
Acquisition Width	+/- 100 feet
Acquisition Travel	northwest to southeast angle
Highest and Best Use of Acquisition Area	The acquisition does not have sufficient physical characteristics to support independent development. Therefore, its highest and best use is to serve as part of the whole property.

Photos of the acquisition area is shown below.



Looking along existing easement



Looking along existing easement

Abandoned Area Valuation

The subject's existing electric line easement extend at an angle across the middle section of the southern half of the larger parcel. The location of the existing easement makes it more difficult for development of the larger parcel due to being in the bulk of the area where buildings would typically be located. The existing easement therefore is a negative to the property and the subject abandonment would likely create increased functionality of the larger parcel. Access to the easement area is via Raytheon Parkway.

Therefore, the highest and best use of the subject easement is likely for development of buildings if the larger parcel were to be developed. Given this highest and best use, the Intensity of Use Factor is deemed to be between 75% - 89% for the easement as its location is significant to the functionality of the larger property and can impacts its potentially considerably. While a potential development can design around the easement, and parking or open space areas are potential uses for the easement area, it's location does not convey the optimum design functionality and is therefore impactful. Therefore, a point near the upper end of the easement valuation matrix, or 75% is reasonable and supported. In addition, the value of the remainder is not deemed to be impacted by the abandonment of the easement due to the large size of the larger parcel which allows for some design flexibility.

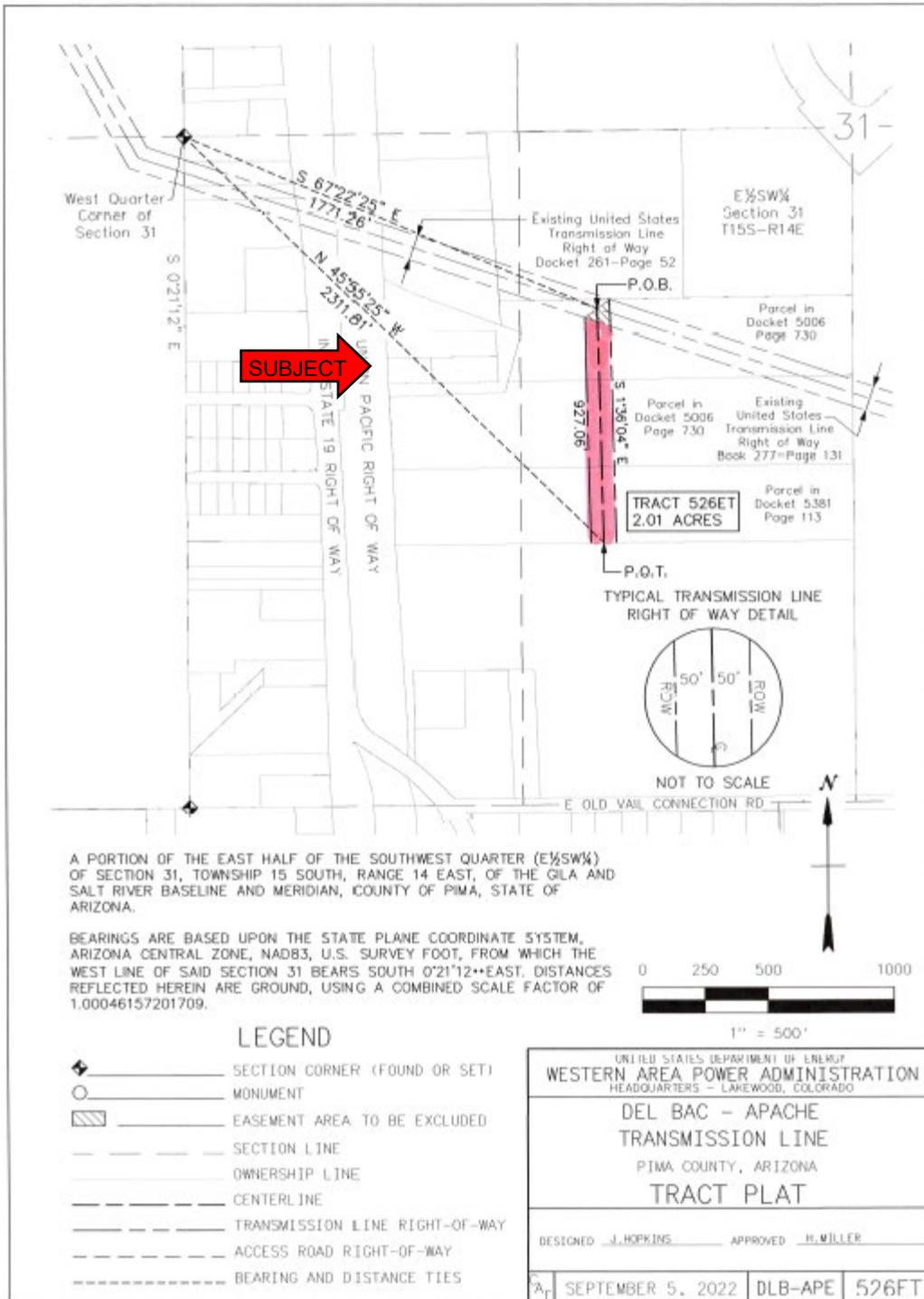
For the reader's reference, the Intensity of Use Factor is an economic concept used to compare the relative importance of a particular factor versus other production factors in a specific industry. In the realm of easements, it is the impact of the easement on the utility of the larger parcel. A low impact easement would result in a low factor, and vice versa for a high impact. For the reader's benefit, the following table helps explain the percentage of fee.

Easement Valuation Matrix

Percentage of Fee	Comments	Potential Types of Easements
90% - 100%	<ul style="list-style-type: none"> Severe impact on surface use Conveyance of future uses 	Overhead electric, flowage easements, railroad right of way, irrigation canals, exclusive access easements
75% - 89%	<ul style="list-style-type: none"> Major impact on surface use Conveyance of future uses 	Overhead electric, pipelines, drainage easements, railroad right of way, flowage easements
51% - 74%	<ul style="list-style-type: none"> Some impact on surface use Conveyance of ingress/egress rights 	Pipelines, scenic easements
50%	<ul style="list-style-type: none"> Balanced use by both owner and easement holder 	Water or sewer lines, cable lines, telecommunications
26% - 49%	<ul style="list-style-type: none"> Location along a property line location across non-usable land area 	Water or sewer line, cable lines
11% - 25%	<ul style="list-style-type: none"> Subsurface or air rights with minimal effect on use and utility Location with a setback 	Air rights, water or sewer line
0% - 10%	<ul style="list-style-type: none"> Nominal effect on use and utility 	Small subsurface easement

Source: <https://eweb.irwaonline.org/eweb/upload/ROW%20Archives%207-05%20thru%207-06/506/Easement.pdf>

Part to be Acquired



Tract No. 526ET
Facility: DLB-APE

**WESTERN AREA POWER ADMINISTRATION
Del Bac – Apache Transmission Line Easement**

A portion of the East Half of the Southwest Quarter (E½SW¼) of Section 31, Township 15 South, Range 14 East, of the Gila and Salt River Baseline and Meridian, County of Pima, State of Arizona, being a strip of land 100.00 feet in width, 50.00 feet to the left and right of the following described centerline:

Commencing at the West Quarter Corner of said Section 31;

Thence South 67°22'25" East, a distance of 1771.26 feet, to the centerline of an existing United States transmission line right of way, and the **POINT OF BEGINNING**, said right of way recorded in Docket 261, Page 52, said County of Pima;

Thence South 1°36'04" East, a distance of 927.06 feet, to the southerly boundary line of the Parcel recorded in Docket 5381, Page 113, said County of Pima, and the **POINT OF TERMINATION**.

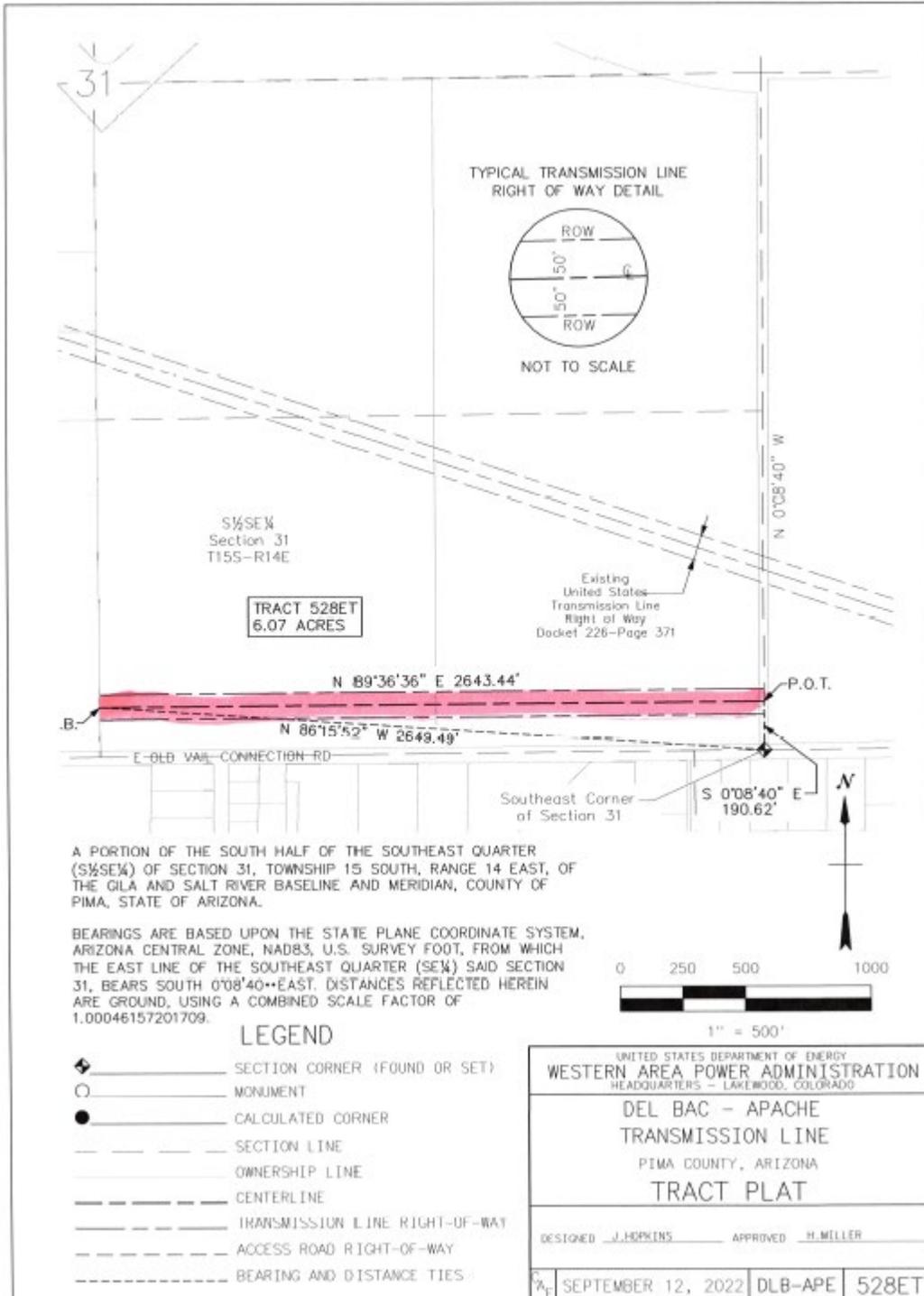
Thence for a closing tie North 45°55'25" West, a distance of 2311.81 feet, returning to the West Quarter Corner of said Section 31.

The sidelines of said easement are to be lengthened or shortened to terminate at the right of way lines of said existing United States transmission line right of way recorded in Docket 261, Page 52, said County of Pima, and the southerly boundary line of the Parcel recorded in Docket 5381, Page 113, said County of Pima.

Excluding therefrom any portion lying within said existing United States transmission line right of way recorded in Docket 261, Page 52, said County of Pima.

Containing 2.01 acres, more or less.

Bearings are based upon the State Plane Coordinate System, Arizona Central Zone, NAD83, U.S. Survey Foot, from which the West line of said Section 31 bears South 0°21'12" East. Distances reflected herein are ground, using a combined Scale Factor of 1.00046157201709.



Tract No. 528ET
Facility: DLB-APE

**WESTERN AREA POWER ADMINISTRATION
Del Bac – Apache Transmission Line Easement**

A portion of the South Half of the Southeast Quarter (S½SE¼) of Section 31, Township 15 South, Range 14 East, of the Gila and Salt River Baseline and Meridian, County of Pima, State of Arizona, being a strip of land 100.00 feet in width, 50.00 feet to the left and right of the following described centerline:

Commencing at the Southeast Corner of said Section 31;

Thence North 86°15'52" West, a distance of 2649.49 feet, to the West line of the Southeast Quarter (SE¼) said Section 31, and the **POINT OF BEGINNING**;

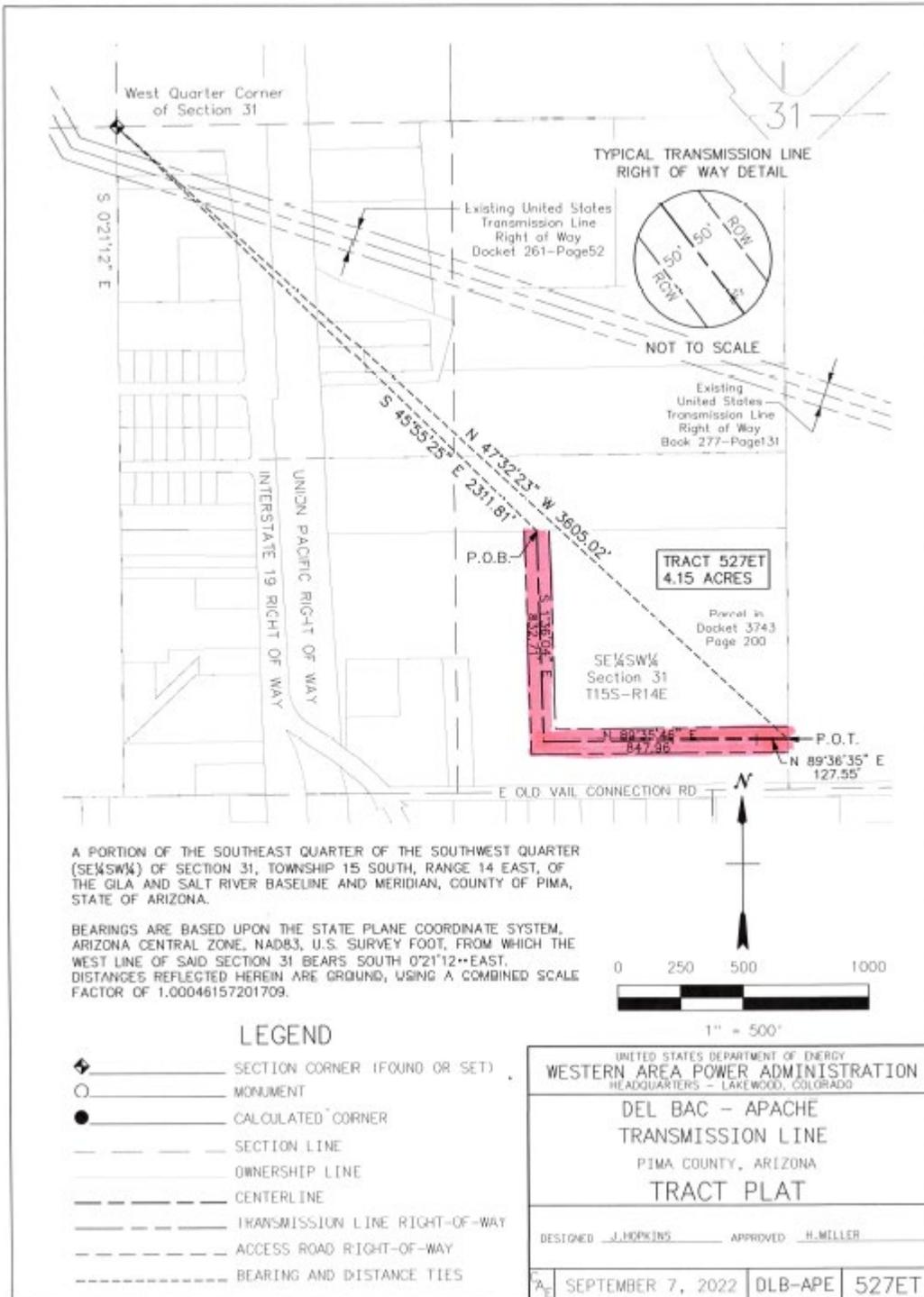
Thence North 89°36'36" East, a distance of 2643.44 feet, to the East line of the Southeast Quarter (SE¼) said Section 31, and the **POINT OF TERMINATION**.

Thence for a closing tie South 0°08'40" East, a distance of 190.62 feet, returning to the Southeast Corner of said Section 31.

The sidelines of said easement are to be lengthened or shortened to terminate at the West and East lines of the Southeast Quarter (SE¼) said Section 31.

Containing 6.07 acres, more or less.

Bearings are based upon the State Plane Coordinate System, Arizona Central Zone, NAD83, U.S. Survey Foot, from which the East line of the Southeast Quarter (SE¼) said Section 31, bears South 0°08'40" East. Distances reflected herein are ground, using a combined Scale Factor of 1.00046157201709.



Tract No. 527ET
 Facility: DLB-APE

**WESTERN AREA POWER ADMINISTRATION
 Del Bac – Apache Transmission Line Easement**

A portion of the Southeast Quarter of the Southwest Quarter (SE¼SW¼) of Section 31, Township 15 South, Range 14 East, of the Gila and Salt River Baseline and Meridian, County of Pima, State of Arizona, being a strip of land 100.00 feet in width, 50.00 feet to the left and right of the following described centerline:

Commencing at the West Quarter Corner of said Section 31;

Thence South 45°55'25" East, a distance of 2311.81 feet, to the North line of the Parcel described on Docket 3743, Page 200, said County of Pima, and the **POINT OF BEGINNING**;

Thence South 1°36'04" East, a distance of 832.71 feet;

Thence North 89°35'46" East, a distance of 847.96 feet, to the East line of the Southeast Quarter of the Southwest Quarter (SE¼SW¼) said Section 31, the East line of said Parcel recorded in Docket 3743, Page 200, and the **POINT OF TERMINATION**.

Thence for a closing tie North 47°32'23" West, a distance of 3605.02 feet, returning to the West Quarter Corner of said Section 31.

The sidelines of said easement are to be lengthened or shortened to terminate at the North and East lines of said Parcel described in Docket 3743, Page 200.

Containing 4.15 acres, more or less.

Bearings are based upon the State Plane Coordinate System, Arizona Central Zone, NAD83, U.S. Survey Foot, from which the West line of said Section 31 bears South 0°21'12" East. Distances reflected herein are ground, using a combined Scale Factor of 1.00046157201709.

Part to be Acquired

ACQUISITION SUMMARY	
Parcel ID/Number	Electric Line Easements
Acquisition Length	+/- 5,327 feet
Acquisition Width	+/- 100 feet
Acquisition Travel	L shaped along southern boundary and near western boundary
Highest and Best Use of Acquisition Area	The acquisition does not have sufficient physical characteristics to support independent development. Therefore, its highest and best use is to serve as part of the whole property.

Photos of the acquisition area is shown below.



Looking generally at new easement



Looking generally at new easement

Acquisition Valuation

The subject's proposed electric line easement will extend east-west along the southern boundary of the larger parcel and extend north-south near the western boundary of the larger parcel. The location of the proposed easement makes it somewhat easier for development of the larger parcel as the east-west section of the proposed easement will be along the perimeter of the southern boundary, and outside of the area where buildings would typically be located. However, the north-south section of the proposed easement will traverse through areas where buildings will typically be built, though not as impactful as the existing diagonal easement. Therefore, the east-west section of the proposed easement would likely only be developed with open space for buffer, retention/detention areas, or possibly parking areas, while the north-south section would force the development to design around the easement and create some degree of inferior functionality. Access to the proposed easement area is through the larger parcel. A Grant of Easement was not provided.

Therefore, the highest and best use of the subject proposed easement is likely for portions being open space, buffer space, or parking areas, and for portions being development of buildings for if the larger parcel were to be developed. Given this highest and best use, the Intensity of Use Factor is deemed to be between near 50% for the easement as its location is somewhat significant to the functionality of the larger property and can impacts its potentially moderately. Therefore, a point near the middle of the easement valuation matrix, or 50% is reasonable and supported. In addition, the value of the remainder is not deemed to be impacted by the abandonment of the easement due to the large size of the larger parcel which allows for some design flexibility. For the reader's benefit, the previous table helps explain the percentage of fee.

The value of the land and site improvements is based upon their pro-rata contributory value to the whole property. Below is a summary of the land and site improvements located in the Part to be Abandoned and the Part to be Acquired:

VALUATION OF PARTIAL ABANDONMENT / ACQUISITION - LAND						
Partial Acquisition	Area		Unit Value	Acquired	Unrounded	Value (Rounded)
Existing easement to be abandoned	380,714	SF x	\$2.15 x	75% =	\$613,901	\$613,900
Proposed easement	532,739	SF x	\$2.15 x	50% =	\$572,694	\$572,690
Difference						\$41,210
Compiled by CBRE						

Remainder After Analysis

The analysis of the remainder after the acquisition takes into consideration any severance damage accruing to the remainder as a result of the condemnation (proposed easement). Impacts to the remainder that are considered to be community damages in the State are excluded.

The proposed project consists of the movement of an existing overhead electrical line easement from the middle of the southern section of the larger parcel to the southwest area of the larger parcel.

Remainder Access

Access to the remainder will be similar to that before the acquisition.

Legal Conformance

The subject property was legally-conforming before the acquisition and the project will not change that status.

Market Conformance

The subject will be functional for its intended use and typical for it the neighborhood after the acquisition is complete. The subject’s access and visibility will afford the same utility in the remainder as in the whole before.

The following chart summarizes the salient characteristics of the remainder property.

REMAINDER SUMMARY ANALYSIS - REMAINDER COMPARISON				
Physical Description	Whole Property - Before Acquisition		Remainder After the Acquisition	
Gross Site Area	337.721 Acres	14,711,116 Sq. Ft.	316.75 Acres	14,178,377 Sq. Ft.
Shape	Irregular		Irregular	
Topography	Generally Level		Generally Level	
Zoning District	I-2, Heavy Industrial (Tucson)		I-2, Heavy Industrial (Tucson)	
Legally Conformity Site	Yes		Yes	
Flood Zone	Zone X (Unshaded)		Zone X (Unshaded)	
Flood Notes	AREA OF MINIMAL FLOOD HAZARD		AREA OF MINIMAL FLOOD HAZARD	
Comparative Analysis	Rating		Rating	
Access	Average		Unchanged	
Visibility	Average		Unchanged	
Functional Utility	Average		Slightly Improved	
Traffic Volume	Low		Unchanged	
Adequacy of Utilities	Appears adequate		Unchanged	
Drainage	Appears adequate		Unchanged	
Utilities	Provider	Availability		
Water	Tucson Water	See narrative	Unchanged	
Sewer	Pima County Wastewater	See narrative	Unchanged	
Natural Gas	Southwest Gas	See narrative	Unchanged	
Electricity	Tucson Electric Power	See narrative	Unchanged	
Telephone	CenturyLink, others	See narrative	Unchanged	

Source: Various sources compiled by CBRE

After the abandonment of the existing easement, the proposed easement will slightly improve the functionality of the larger parcel. However, given the large size of the larger parcel at 337 acres,

it is our opinion that the slightly improved functionality does not warrant a change in value of the larger parcel.

The remainder value of the larger parcel is the value of the larger parcel, \$31,628,900, minus the value of the proposed easement of \$572,690, which equals \$31,056,210.

CONCLUDED MARKET VALUE		
	Market Value	Compensation
Larger Parcel (Land and Affected Improvements)	\$31,628,900	
Existing Easement - Part Being Abandoned - 8.74 Acres		\$613,900
Proposed Easement - Part Being Acquired - 12.23 Acres		\$572,690
Remainder Before Consideration of Damages	\$31,056,210	
Remainder After Consideration of Damages	\$31,056,210	
Net Damages or Benefits		\$0
Temporary Easements		\$0
Total Difference		\$41,210

SEVERANCE DAMAGES

Based upon a review of the proposed movement of the electric line and the conclusions reached above, it is our judgment that there would be no severance damages subsequent to the taking as the subject Larger Parcel will be equally as functional prior to and subsequent to the taking.

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.
16. CBRE, Inc. is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the land or improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have assumed there are no hazardous materials that would cause a loss in value to the subject.
17. A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

ADDENDA

Addendum A

LAND SALE DATA SHEETS

Property Name Vacant Industrial Land
 Address 6701 South Wilmot Road
 Tucson, AZ 85756
 United States

Government Tax Agency Pima
 Govt./Tax ID 141-08-002B

Site/Government Regulations

	Acres	Square feet
Land Area Net	61.950	2,698,542
Land Area Gross	N/A	N/A

Site Development Status	Semi-Finished
Shape	Irregular
Topography	Generally Level
Utilities	All available to the site at the time of sale

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	N/A Wilmot Road
Frontage Distance/Street	N/A Union Pacific Railroad line

General Plan	N/A
Specific Plan	N/A
Zoning	I-2, Heavy Industrial (Tucson)
Entitlement Status	None



Sale Summary

Recorded Buyer	Apollo Gardens, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Private Investor
Recorded Seller	Antonio Cimetta	Seller Type	End User
True Seller	N/A	Primary Verification	Buyer, public records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	4/28/2022
Proposed Use	Industrial use	Sale Price	\$4,500,000
Listing Broker	None	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$4,500,000
Doc #	2022-1180286	Capital Adjustment	\$0
		Adjusted Price	\$4,500,000

Transaction Summary plus Five-Year CBRE View History

<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Price/ac and /sf</u>
04/2022	Sale	Apollo Gardens, LLC	Antonio Cimetta	\$4,500,000	\$72,639 / \$1.67

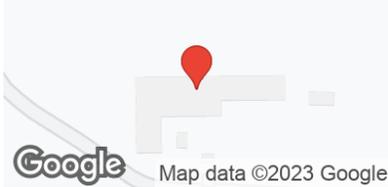
Units of Comparison

\$1.67 / sf
\$72,639.23 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments

This comparable represents the sale of 61.95 acres of undeveloped land located at the northeast corner of Wilmot Road and the Union Pacific Railroad (6701 South Wilmot Road), in Tucson, Arizona. The site is zoned I-2, Heavy Industrial, has all utilities to the site, has generally level topography, and is not situated within a floodplain. Upon development, no half street improvements will be required. Access to Interstate 10 is about one mile to the southeast via Kolb Road. The site is developed with several industrial warehouse/office buildings. According to an interview with the buyer, the buyer purchased the site for development of a self-storage facility (and possible marijuana growing facility if they can get approval). No contributory value was assigned to the existing improvements. The buyer intends to salvage portions of the existing improvements to offset demolition costs. The site has access to the railroad. The site sold in April 2022 for \$4,500,000 or \$1.67 per square foot. No atypical conditions of sale were noted.

Property Name Vacant Industrial Land
 Address 9285 & 10000 East Old Vail Road
 Tucson, AZ 85641
 United States

Government Tax Agency Pima
 Govt./Tax ID 141-18-6020, -006B

Site/Government Regulations

	Acres	Square feet
Land Area Net	43.106	1,877,711
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All nearby

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density N/A

Frontage Distance/Street 2,000 ft Old Vail Road

General Plan N/A
 Specific Plan N/A
 Zoning I-1, Light Industrial (Tucson)
 Entitlement Status N/A



Sale Summary

Recorded Buyer	Diamond Ventures	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Old Vail Plaza, LLC	Seller Type	Private Investor
True Seller	Bill DiVito (estate)	Primary Verification	Diamond Ventures and public records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	8/16/2022
Proposed Use	Hold for future development	Sale Price	\$4,396,566
Listing Broker	None	Financing	All Cash
Selling Broker	None	Cash Equivalent	\$4,396,566
Doc #	20222280257	Capital Adjustment	\$0
		Adjusted Price	\$4,396,566

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
08/2022	Sale	Diamond Ventures	Old Vail Plaza, LLC	\$4,396,566	\$101,994 / \$2.34

Units of Comparison

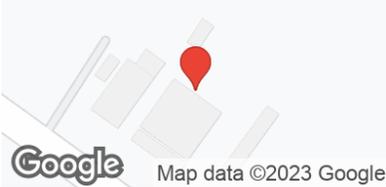
\$2.34 / sf
\$101,993.58 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of 43.1 acres of undeveloped land located at the 9825 & 10000 Old Vail Road, in Tucson, Arizona. The site is zoned I-1, Light Industrial, has generally level topography, and is not situated within a floodplain. All utilities are reported to be adjacent to the site. The buyer is a developer (Diamond Ventures) who purchased the site for speculative future development. The site sold in August 2022 for \$4,396,566 or \$2.34 per square foot. No atypical conditions of sale were noted.

Property Name Vacant Industrial Land
 Address 4550 East Los Reales Road
 Tucson, AZ 85756
 United States

Government Tax Agency Pima
 Govt./Tax ID 140-44-002E, -002F, 002G

Site/Government Regulations

	Acres	Square feet
Land Area Net	35.447	1,544,052
Land Area Gross	N/A	N/A

Site Development Status	N/A
Shape	N/A
Topography	N/A
Utilities	N/A

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density N/A

Frontage Distance/Street	1,250 ft Los Reales
Frontage Distance/Street	1,228 ft Swan Road

General Plan N/A
 Specific Plan N/A
 Zoning CI-2, Heavy Industrial (Pima County)
 Entitlement Status N/A



Sale Summary

Recorded Buyer	DLJ Properties Tucson, LLC	Marketing Time	N/A
True Buyer	Jensen Precast	Buyer Type	End User
Recorded Seller	Burris Hennessy and Company	Seller Type	Private Investor
True Seller	N/A	Primary Verification	N/A
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	9/15/2022
Proposed Use	N/A	Sale Price	\$2,700,000
Listing Broker	Affadavit, CoStar	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$2,700,000
Doc #	20222580534	Capital Adjustment	\$0
		Adjusted Price	\$2,700,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
09/2022	Sale	DLJ Properties Tucson, LLC	Burris Hennessy and Company	\$2,700,000	\$76,171 / \$1.75

Units of Comparison

\$1.75 / sf
\$76,170.92 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments

This comparable represents the sale of 35.45 acres of undeveloped land located at the southwest corner of Los Reales Road and Swan Road, in Tucson, Arizona. The site is zoned CI-2, Heavy Industrial, has generally level topography, and is not situated within a floodplain. Electric is to the site but sewer is about a 1/4 miles north. Water is in the area but not known if it is to the site. The buyer is the largest independently owned precast concrete manufacturing company in the United States with corporate headquarters in Sparks, Nevada, the family owned and operated company has production facilities throughout Nevada, Arizona, California and Hawaii. Jensen Precast designs and manufactures standard and custom precast concrete products to meet small to large-scale infrastructure demands. The site sold in ASeptember 2022 for \$2,700,000 or \$1.75 per square foot. No atypical conditions of sale were noted.

Property Name Vacant industrial land
 Address 4300 East Los Reales Road
 Tucson, AZ 85756
 United States

Government Tax Agency Pima
 Govt./Tax ID 140-44-003A

Site/Government Regulations

	Acres	Square feet
Land Area Net	98.650	4,297,194
Land Area Gross	N/A	N/A

Site Development Status	Semi-Finished
Shape	Irregular
Topography	Generally Level
Utilities	All to Site

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density N/A

Frontage Distance/Street	N/A Los Reales Road
--------------------------	---------------------

General Plan N/A
 Specific Plan N/A
 Zoning CI-2, General Industrial (Pima County)
 Entitlement Status N/A



Sale Summary

Recorded Buyer	Schnitzer Properties, LLC	Marketing Time	12 Month(s)
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Raceway Partners, LLC	Seller Type	End User
True Seller	N/A	Primary Verification	Broker, CoStar, Affidavit

Interest Transferred Fee Simple/Freehold
 Current Use Closed raceway
 Proposed Use Spec development
 Listing Broker Jesse Blum, PICOR
 Selling Broker N/A
 Doc # 202222650906

Type	Sale
Date	9/22/2022
Sale Price	\$7,600,000
Financing	Market Rate Financing
Cash Equivalent	\$7,600,000
Capital Adjustment	\$0
Adjusted Price	\$7,600,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
09/2022	Sale	Schnitzer Properties, LLC	Raceway Partners, LLC	\$7,600,000	\$77,040 / \$1.77

Units of Comparison

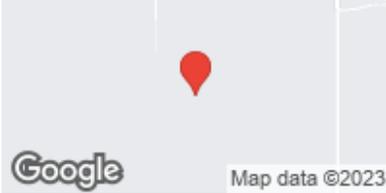
\$1.77 / sf
\$77,040.04 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the listing of a 98.65-acre tract of vacant industrial zoned land located at 4300 East Los Reales Road in Tucson, Arizona. The site is the former raceway and is partially improved. The site has frontage along Los Reales Road, an east/west arterial and is near the Tucson International Airport and has generally level topography. According to the listing broker, the site sold in September 2022 for \$7,600,000 or \$1.77 per square foot. The site has city water and a well and 3 phase power. The intent of the buyer is to hold for future industrial manufacturing development, as demand warrants. No other conditions of sale were noted.

Property Name 19.87-Acre Industrial Site
 Address 7157 S. Swan Road
 Tucson, AZ 85756
 United States

Government Tax Agency Pima
 Govt./Tax ID 140-39-8760

Site/Government Regulations

	Acres	Square feet
Land Area Net	19.870	865,537
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Rectangular
Topography	Generally Level
Utilities	To Site

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density N/A

Frontage Distance/Street N/A Swan Road

General Plan N/A
 Specific Plan N/A
 Zoning I-2
 Entitlement Status N/A



Sale Summary

Recorded Buyer	Saia Moto Freight Line LLC	Marketing Time	N/A
True Buyer	Saia, Inc	Buyer Type	N/A
Recorded Seller	Dwight Haworth, Sallie Haworth Co-Trustees	Seller Type	N/A
True Seller	Dwight Haworth	Primary Verification	CoStar, Public Record
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	1/11/2023
Proposed Use	N/A	Sale Price	\$2,600,000
Listing Broker	Mike Hennessy, Burriss Hennessy & Company	Financing	Not Available
Selling Broker	Mike Hennessy, Burriss Hennessy & Company	Cash Equivalent	\$2,600,000
Doc #	20230110089	Capital Adjustment	\$0
		Adjusted Price	\$2,600,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
01/2023	Sale	Saia Moto Freight Line LLC	Dwight Haworth, Sallie Haworth Co-Trustees	\$2,600,000	\$130,851 / \$3.00

Sale

Land - Industrial

No. 5

Units of Comparison

\$3.00 / sf
\$130,850.53 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 19.87-acre industrial site located at 7157 S. Swan Road in Tucson, AZ. The site is zoned I-2, generally level, rectangular in shape, and has all utilities available at the street. The property sold in January 2023 for \$2,600,000, or \$3.00 per square foot of land. No conditions of sale were noted.

Addendum B

CONTRACT LETTER

Proposal and Contract for Services

October 10, 2023

Jeff Teplitsky

Director

Pima County Real Property Services

201 North Stone Avenue, Sixth Floor

Tucson, AZ 85701

Phone: 520-724-6306

Email: jeffrey.teplitsky@pima.gov

RE: Assignment Agreement
Land – Right of Way (Electrical Easement)
SWC Aerospace Parkway & Raytheon Parkway
Tucson, AZ 85756

Dear Mr. Teplitsky:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

PROPOSAL SPECIFICATIONS

Purpose:	To estimate the Market Value of the referenced real estate
Premise:	As Is – Right of Way
Rights Appraised:	Fee Simple
Intended Use:	Acquisition/Disposition/Exchange Due Diligence
Intended User:	The intended user is Pima County Real Property Services (“Client”), and such other parties and entities (if any) expressly recognized by CBRE as “Intended Users” (as further defined herein).
Reliance:	Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

CBRE, Inc.
3719 North Campbell Avenue
Tucson, AZ 85719

www.cbre.us/valuation

Byron Bridges, MAI, MRICS
Director

Scope of Inspection:	<p>A full interior and exterior inspection of the property will be conducted and arranged with the property contact and performed by CBRE Valuations.</p> <p>If this expected property inspection is not possible due to unforeseen issues (such as lack of on-site personnel cooperation, physical obstructions, or appraiser/property contact health and safety concerns), the client will be promptly advised. The client may continue this assignment based on other inspection options agreed upon by CBRE and client or provide CBRE with a written notice to cancel. If CBRE determines that a credible appraisal result cannot be achieved due to inspection limitations, it will promptly provide the client with a written cancellation of this assignment.</p>
Valuation Approaches:	All applicable approaches to value will be considered.
Report Type:	Appraisal Report
Appraisal Standards:	USPAP
Appraisal Fee:	\$3,500.00. If cancelled by either party before a completion, the fee will be based on CBRE's hourly rates for the time expended; plus actual expenses.
Expenses:	Fee includes all associated expenses
Retainer:	A retainer is not required for this assignment.
Payment Terms:	Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The full appraisal fee is considered earned upon delivery of the draft report. We will invoice you for the assignment in its entirety at the completion of the assignment.
Delivery Instructions:	<p>CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.</p> <p>An Adobe PDF file via email will be delivered to jeffrey.teplitsky@pima.gov. The client has requested 0 bound final copy (ies).</p>
Delivery Schedule:	
Preliminary Value:	Not Required
Draft Report:	Not Required
Final Report:	15 business days after the Start Date
Start Date:	The appraisal process will start upon receipt of your signed agreement and the property specific data.
Acceptance Date:	These specifications are subject to modification if this proposal is not accepted within 5 business days from the date of this letter.

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the

Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties, including all intended users, hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services



Byron Bridges, MAI, MRICS
Director
As Agent for CBRE, Inc.
T +1 520 3235163
Byron.Bridges@cbre.com

AGREED AND ACCEPTED

FOR PIMA COUNTY REAL PROPERTY SERVICES ("CLIENT"):

	10-11-2023
_____ Signature	_____ Date
Jeff Teplitsky	Director
_____ Name	_____ Title
520-724-6306	jeffrey.teplitsky@pima.gov
_____ Phone Number	_____ E-Mail Address

ADDITIONAL OPTIONAL SERVICE

Assessment & Consulting Services: CBRE’s Assessment & Consulting Services group has the capability of providing a wide array of solution-oriented due diligence services in the form of property condition and environmental site assessment reports and other necessary due diligence service (seismic risk analysis, zoning compliance service, construction risk management, annual inspections, etc.).

Initial below if you desire CBRE to contact you to discuss a proposal for any part or the full complement of consulting services, or you may reach out to us at ACSProposals@cbre.com. We will route your request to the appropriate manager. For more information, please visit www.cbre.com/assessment.

TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the hourly rate of the time and expenses incurred (including travel expenses to and from the engagement site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between

Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
17. Furthermore, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Appraisal Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

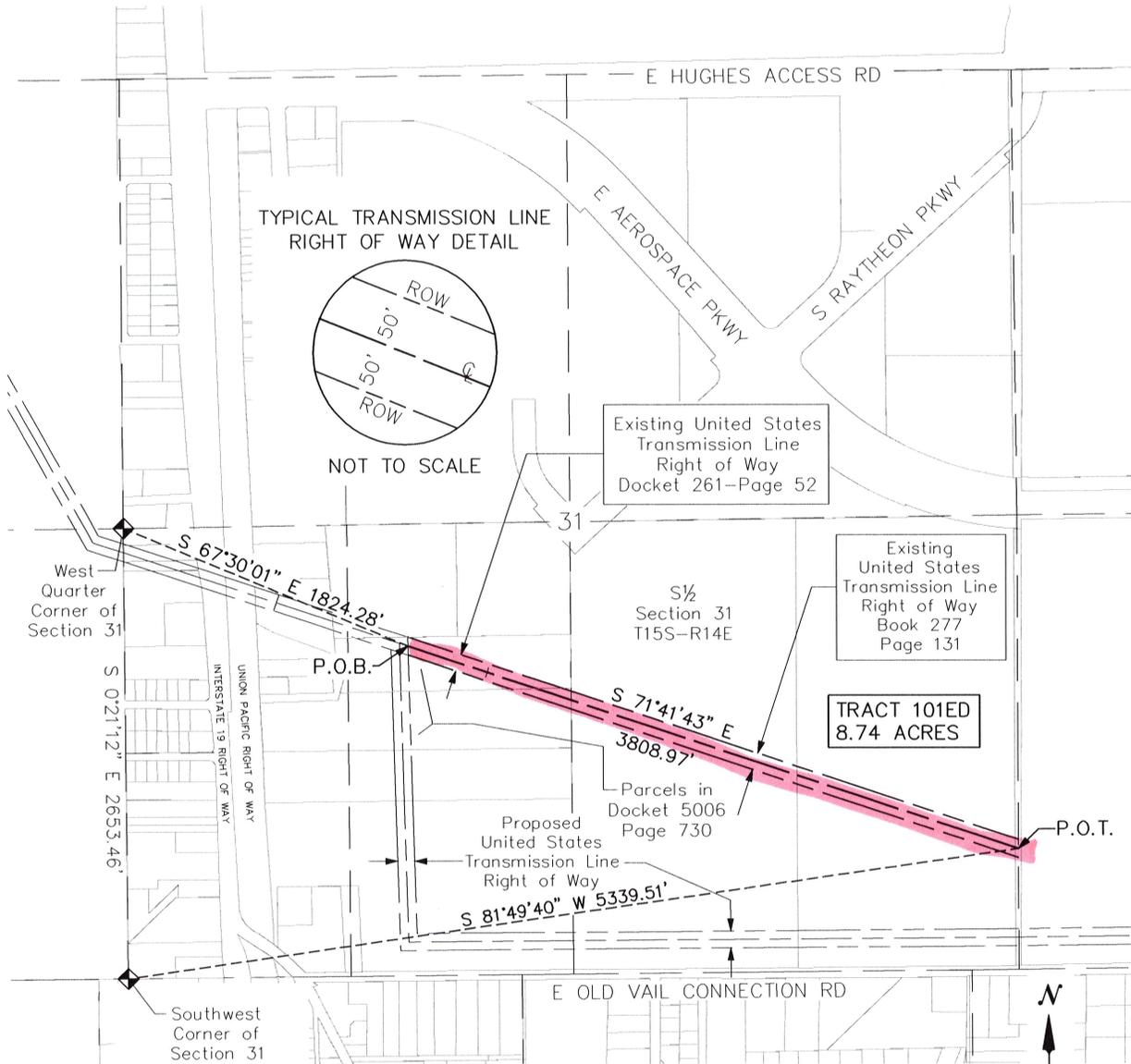
1. PLEASE NOTIFY US IMMEDIATELY IF ANY OTHER CBRE SERVICE LINE (INCLUDING CAPSTONE) IS INVOLVED IN THE BROKERAGE, FINANCING, INVESTMENT OR MANAGEMENT OF THIS ASSET.
2. Current title report and title holder name
3. Legal description
4. Survey and/or plat map
5. Site plan for proposed or entitled development, if applicable
6. Current county property tax assessment or tax bill
7. Details on any sale, contract, or listing of the property within the past three years
8. Engineering studies, soil tests or environmental assessments
9. Ground lease, if applicable
10. Planning/Zoning application or approval, if applicable
11. Any previous market/demand studies or appraisals
12. Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
13. Any other information that might be helpful in valuing this property

If any of the requested data and information is not available, CBRE, Inc., reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Byron Bridges, MAI, MRICS
Director
Byron.Bridges@cbre.com
CBRE, Inc.
Valuation & Advisory Services
3719 North Campbell Avenue
Tucson, AZ 85719

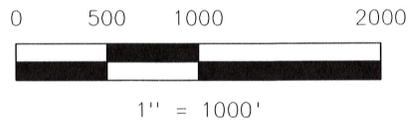
Addendum C

LEGAL DESCRIPTIONS



A PORTION OF TWO TRACTS OF LAND ACQUIRED BY THE UNITED STATES, RECORDED IN DOCKET 261, PAGE 52, AND BOOK 277, PAGE 131, BOTH ALSO BEING PORTIONS OF THE SOUTH HALF OF (S½) OF SECTION 31, TOWNSHIP 15 SOUTH, RANGE 14 EAST, OF THE GILA AND SALT RIVER BASELINE AND MERIDIAN, COUNTY OF PIMA, STATE OF ARIZONA.

BEARINGS ARE BASED UPON THE STATE PLANE COORDINATE SYSTEM, ARIZONA CENTRAL ZONE, NAD83, U.S. SURVEY FOOT, FROM WHICH THE WEST LINE OF SAID SECTION 31 BEARS SOUTH 0°21'12" EAST. DISTANCES REFLECTED HEREIN ARE GROUND, USING A COMBINED SCALE FACTOR OF 1.00046157201709.



LEGEND

- ◆ SECTION CORNER (FOUND OR SET)
- MONUMENT
- CALCULATED CORNER
- SECTION LINE
- OWNERSHIP LINE
- CENTERLINE
- TRANSMISSION LINE RIGHT-OF-WAY
- ACCESS ROAD RIGHT-OF-WAY
- BEARING AND DISTANCE TIES

UNITED STATES DEPARTMENT OF ENERGY WESTERN AREA POWER ADMINISTRATION HEADQUARTERS - LAKEWOOD, COLORADO		
TUCSON - DEL BAC EASEMENT DISPOSAL PIMA COUNTY, ARIZONA TRACT PLAT		
DESIGNED	J. HOPKINS	APPROVED
		K. TRUEAX
C A E	JANUARY 6, 2023	TUC-DLB 101ED

Tract No. 101ED
Facility: TUC-DLB

WESTERN AREA POWER ADMINISTRATION

Tucson – Del Bac Easement Disposal

A portion of two Tracts of land acquired by the United States, recorded in Docket 261, Page 52, and Book 277, Page 131, both also being portions of the South Half of (S½) of Section 31, Township 15 South, Range 14 East, of the Gila and Salt River Baseline and Meridian, County of Pima, State of Arizona, being a strip of land 100.00 feet in width, 50.00 feet to the left and right of the following described centerline:

Commencing at the West Quarter Corner of said Section 31;

Thence South 67°30'01" East, a distance of 1824.28 feet, to the easterly right of way edge of a proposed United States transmission, and the **POINT OF BEGINNING**;

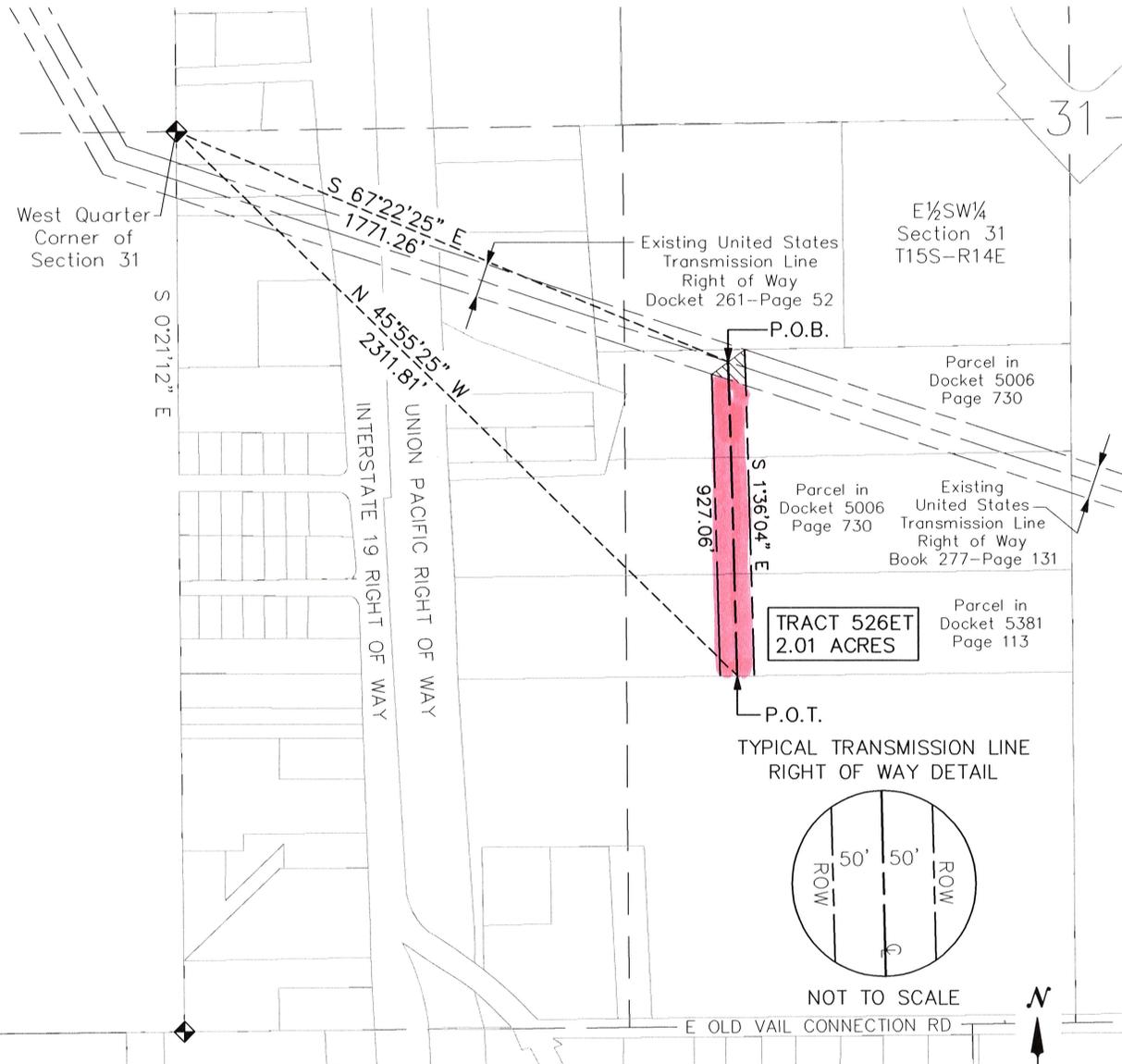
Thence South 71°41'44" East, along said existing centerline, a distance of 3808.97 feet, to the East line of said Section 31, and the **POINT OF TERMINATION**.

Thence for a closing tie South 81°49'40" West, a distance of 5339.51 feet, to the Southwest Corner of said Section 31.

The sidelines of said easement are to be lengthened or shortened to terminate at the easterly right of way edge of said proposed United States transmission, and the East line of said Section 31.

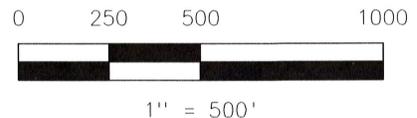
Containing 8.74 acres, more or less.

Bearings are based upon the State Plane Coordinate System, Arizona Central Zone, NAD83, U.S. Survey Foot, from which the West line of said Section 31 bears South 0°21'12" East. Distances reflected herein are ground, using a combined Scale Factor of 1.00046157201709.



A PORTION OF THE EAST HALF OF THE SOUTHWEST QUARTER (E $\frac{1}{2}$ SW $\frac{1}{4}$) OF SECTION 31, TOWNSHIP 15 SOUTH, RANGE 14 EAST, OF THE GILA AND SALT RIVER BASELINE AND MERIDIAN, COUNTY OF PIMA, STATE OF ARIZONA.

BEARINGS ARE BASED UPON THE STATE PLANE COORDINATE SYSTEM, ARIZONA CENTRAL ZONE, NAD83, U.S. SURVEY FOOT, FROM WHICH THE WEST LINE OF SAID SECTION 31 BEARS SOUTH 0°21'12" EAST. DISTANCES REFLECTED HEREIN ARE GROUND, USING A COMBINED SCALE FACTOR OF 1.00046157201709.



LEGEND

- SECTION CORNER (FOUND OR SET)
- MONUMENT
- EASEMENT AREA TO BE EXCLUDED
- SECTION LINE
- OWNERSHIP LINE
- CENTERLINE
- TRANSMISSION LINE RIGHT-OF-WAY
- ACCESS ROAD RIGHT-OF-WAY
- BEARING AND DISTANCE TIES

UNITED STATES DEPARTMENT OF ENERGY WESTERN AREA POWER ADMINISTRATION HEADQUARTERS - LAKEWOOD, COLORADO			
DEL BAC - APACHE TRANSMISSION LINE PIMA COUNTY, ARIZONA TRACT PLAT			
DESIGNED <u>J.HOPKINS</u>		APPROVED <u>H.MILLER</u>	
C A E	SEPTEMBER 5, 2022	DLB-APE	526ET

Tract No. 526ET
Facility: DLB-APE

WESTERN AREA POWER ADMINISTRATION Del Bac – Apache Transmission Line Easement

A portion of the East Half of the Southwest Quarter (E½SW¼) of Section 31, Township 15 South, Range 14 East, of the Gila and Salt River Baseline and Meridian, County of Pima, State of Arizona, being a strip of land 100.00 feet in width, 50.00 feet to the left and right of the following described centerline:

Commencing at the West Quarter Corner of said Section 31;

Thence South 67°22'25" East, a distance of 1771.26 feet, to the centerline of an existing United States transmission line right of way, and the **POINT OF BEGINNING**, said right of way recorded in Docket 261, Page 52, said County of Pima;

Thence South 1°36'04" East, a distance of 927.06 feet, to the southerly boundary line of the Parcel recorded in Docket 5381, Page 113, said County of Pima, and the **POINT OF TERMINATION**.

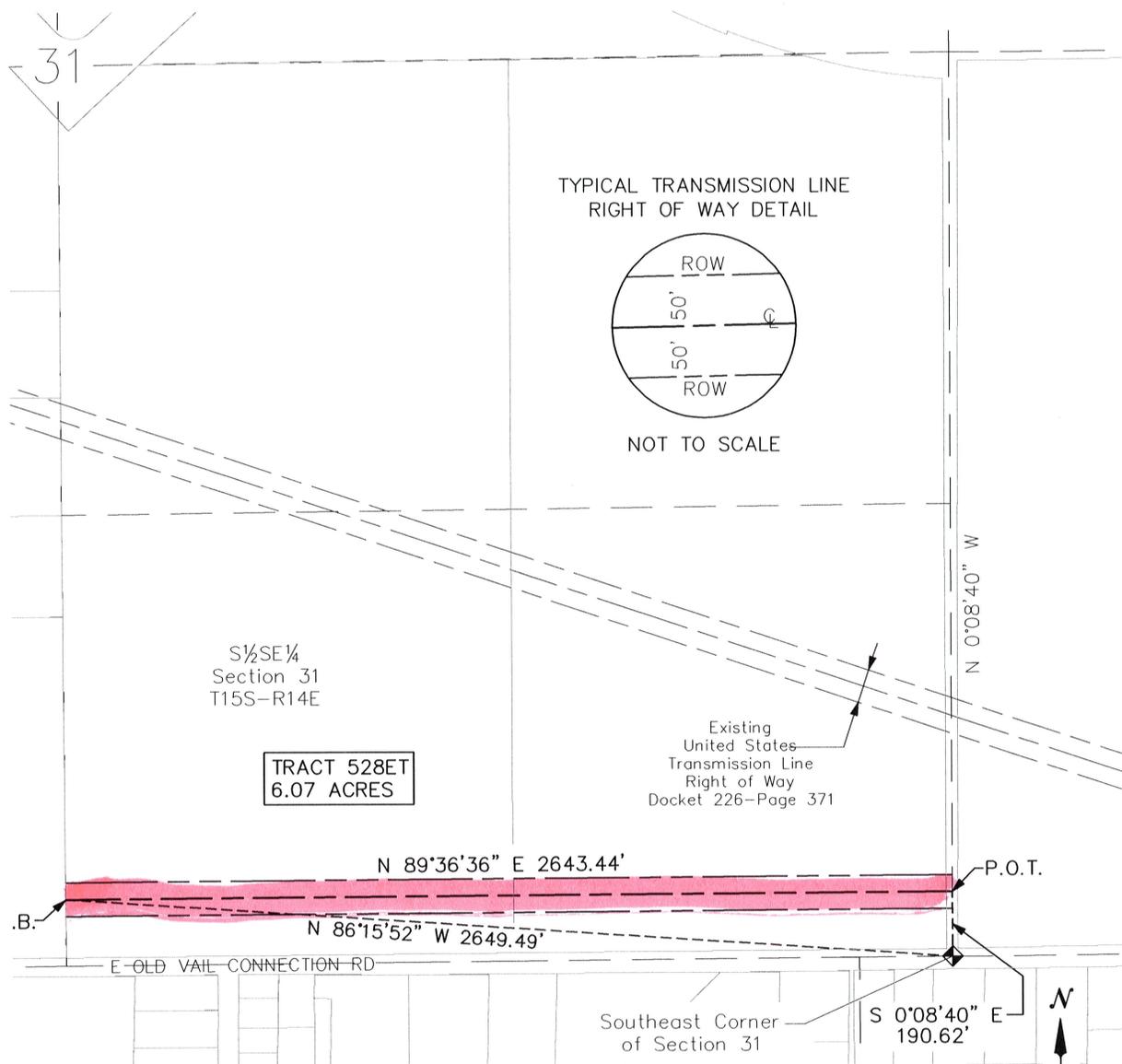
Thence for a closing tie North 45°55'25" West, a distance of 2311.81 feet, returning to the West Quarter Corner of said Section 31.

The sidelines of said easement are to be lengthened or shortened to terminate at the right of way lines of said existing United States transmission line right of way recorded in Docket 261, Page 52, said County of Pima, and the southerly boundary line of the Parcel recorded in Docket 5381, Page 113, said County of Pima.

Excluding therefrom any portion lying within said existing United States transmission line right of way recorded in Docket 261, Page 52, said County of Pima.

Containing 2.01 acres, more or less.

Bearings are based upon the State Plane Coordinate System, Arizona Central Zone, NAD83, U.S. Survey Foot, from which the West line of said Section 31 bears South 0°21'12" East. Distances reflected herein are ground, using a combined Scale Factor of 1.00046157201709.

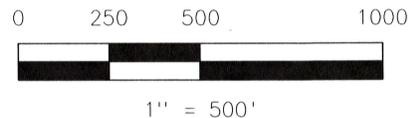


A PORTION OF THE SOUTH HALF OF THE SOUTHEAST QUARTER (S½SE¼) OF SECTION 31, TOWNSHIP 15 SOUTH, RANGE 14 EAST, OF THE GILA AND SALT RIVER BASELINE AND MERIDIAN, COUNTY OF PIMA, STATE OF ARIZONA.

BEARINGS ARE BASED UPON THE STATE PLANE COORDINATE SYSTEM, ARIZONA CENTRAL ZONE, NAD83, U.S. SURVEY FOOT, FROM WHICH THE EAST LINE OF THE SOUTHEAST QUARTER (SE¼) SAID SECTION 31, BEARS SOUTH 0°08'40" EAST. DISTANCES REFLECTED HEREIN ARE GROUND, USING A COMBINED SCALE FACTOR OF 1.00046157201709.

LEGEND

- ◆ SECTION CORNER (FOUND OR SET)
- MONUMENT
- CALCULATED CORNER
- SECTION LINE
- OWNERSHIP LINE
- CENTERLINE
- TRANSMISSION LINE RIGHT-OF-WAY
- ACCESS ROAD RIGHT-OF-WAY
- BEARING AND DISTANCE TIES



UNITED STATES DEPARTMENT OF ENERGY WESTERN AREA POWER ADMINISTRATION HEADQUARTERS - LAKEWOOD, COLORADO			
DEL BAC - APACHE TRANSMISSION LINE PIMA COUNTY, ARIZONA TRACT PLAT			
DESIGNED <u>J.HOPKINS</u>		APPROVED <u>H.MILLER</u>	
C A E	SEPTEMBER 12, 2022	DLB-APE	528ET

Tract No. 528ET
Facility: DLB-APE

WESTERN AREA POWER ADMINISTRATION Del Bac – Apache Transmission Line Easement

A portion of the South Half of the Southeast Quarter (S $\frac{1}{2}$ SE $\frac{1}{4}$) of Section 31, Township 15 South, Range 14 East, of the Gila and Salt River Baseline and Meridian, County of Pima, State of Arizona, being a strip of land 100.00 feet in width, 50.00 feet to the left and right of the following described centerline:

Commencing at the Southeast Corner of said Section 31;

Thence North 86°15'52" West, a distance of 2649.49 feet, to the West line of the Southeast Quarter (SE $\frac{1}{4}$) said Section 31, and the **POINT OF BEGINNING**;

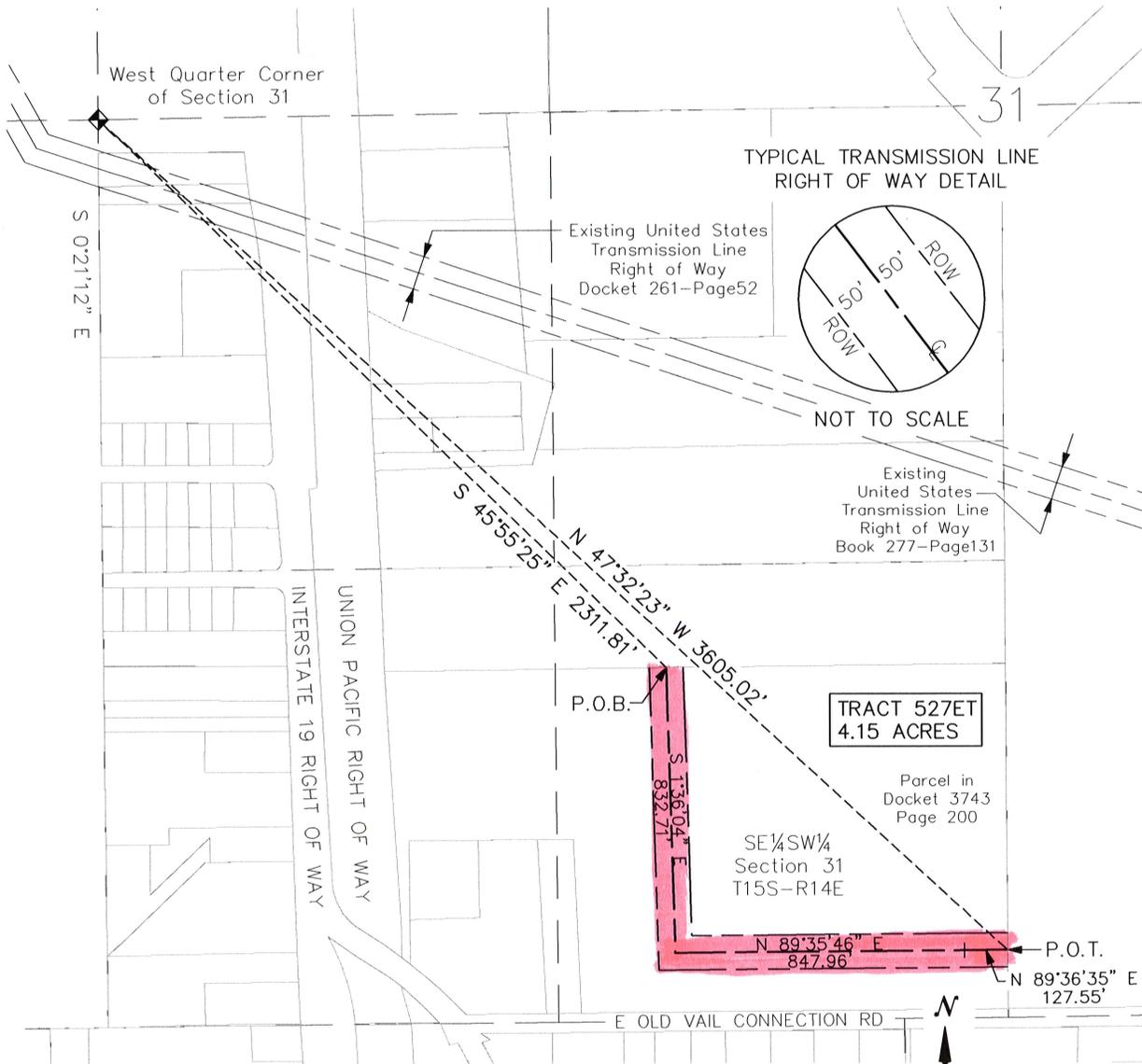
Thence North 89°36'36" East, a distance of 2643.44 feet, to the East line of the Southeast Quarter (SE $\frac{1}{4}$) said Section 31, and the **POINT OF TERMINATION**.

Thence for a closing tie South 0°08'40" East, a distance of 190.62 feet, returning to the Southeast Corner of said Section 31.

The sidelines of said easement are to be lengthened or shortened to terminate at the West and East lines of the Southeast Quarter (SE $\frac{1}{4}$) said Section 31.

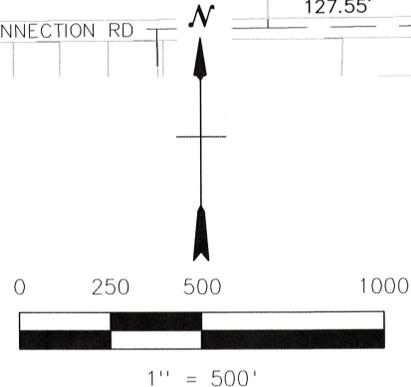
Containing 6.07 acres, more or less.

Bearings are based upon the State Plane Coordinate System, Arizona Central Zone, NAD83, U.S. Survey Foot, from which the East line of the Southeast Quarter (SE $\frac{1}{4}$) said Section 31, bears South 0°08'40" East. Distances reflected herein are ground, using a combined Scale Factor of 1.00046157201709.



A PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER (SE $\frac{1}{4}$ SW $\frac{1}{4}$) OF SECTION 31, TOWNSHIP 15 SOUTH, RANGE 14 EAST, OF THE GILA AND SALT RIVER BASELINE AND MERIDIAN, COUNTY OF PIMA, STATE OF ARIZONA.

BEARINGS ARE BASED UPON THE STATE PLANE COORDINATE SYSTEM, ARIZONA CENTRAL ZONE, NAD83, U.S. SURVEY FOOT, FROM WHICH THE WEST LINE OF SAID SECTION 31 BEARS SOUTH 0°21'12" EAST. DISTANCES REFLECTED HEREIN ARE GROUND, USING A COMBINED SCALE FACTOR OF 1.00046157201709.



LEGEND

- ◆ SECTION CORNER (FOUND OR SET)
- MONUMENT
- CALCULATED CORNER
- SECTION LINE
- OWNERSHIP LINE
- CENTERLINE
- TRANSMISSION LINE RIGHT-OF-WAY
- ACCESS ROAD RIGHT-OF-WAY
- BEARING AND DISTANCE TIES

UNITED STATES DEPARTMENT OF ENERGY WESTERN AREA POWER ADMINISTRATION HEADQUARTERS - LAKEWOOD, COLORADO		
DEL BAC - APACHE TRANSMISSION LINE PIMA COUNTY, ARIZONA TRACT PLAT		
DESIGNED <u>J.HOPKINS</u>		APPROVED <u>H.MILLER</u>
SEPTEMBER 7, 2022	DLB-APE	527ET

Tract No. 527ET
Facility: DLB-APE

WESTERN AREA POWER ADMINISTRATION Del Bac – Apache Transmission Line Easement

A portion of the Southeast Quarter of the Southwest Quarter (SE $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 31, Township 15 South, Range 14 East, of the Gila and Salt River Baseline and Meridian, County of Pima, State of Arizona, being a strip of land 100.00 feet in width, 50.00 feet to the left and right of the following described centerline:

Commencing at the West Quarter Corner of said Section 31;

Thence South 45°55'25" East, a distance of 2311.81 feet, to the North line of the Parcel described on Docket 3743, Page 200, said County of Pima, and the **POINT OF BEGINNING**;

Thence South 1°36'04" East, a distance of 832.71 feet;

Thence North 89°35'46" East, a distance of 847.96 feet, to the East line of the Southeast Quarter of the Southwest Quarter (SE $\frac{1}{4}$ SW $\frac{1}{4}$) said Section 31, the East line of said Parcel recorded in Docket 3743, Page 200, and the **POINT OF TERMINATION**.

Thence for a closing tie North 47°32'23" West, a distance of 3605.02 feet, returning to the West Quarter Corner of said Section 31.

The sidelines of said easement are to be lengthened or shortened to terminate at the North and East lines of said Parcel described in Docket 3743, Page 200.

Containing 4.15 acres, more or less.

Bearings are based upon the State Plane Coordinate System, Arizona Central Zone, NAD83, U.S. Survey Foot, from which the West line of said Section 31 bears South 0°21'12" East. Distances reflected herein are ground, using a combined Scale Factor of 1.00046157201709.

Addendum D

QUALIFICATIONS

Byron Bridges, MAI, MRICS

Director, Tucson

CBRE



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Tucson, Arizona 85719

Clients Represented

- Caliber Companies
- Capital Source Bank
- Cargill /CarVal Investors
- CEMEX
- Citibank
- Compass Bank
- Exclusive Resorts
- Freddie Mac
- Fortress Investment Group
- Four Seasons Resorts
- Goldman Sachs
- Grupo Presidente
- ING
- Kerzner International
- Lewis & Roca
- Merrill Lynch
- MIRA Companies
- Morgan Stanley
- Ohana Real Estate
- PriceWaterhouseCoopers
- Promecap
- Snell & Wilmer
- State Farm Insurance
- U.S. Army Corps of Engineers
- Walton Street Capital
- Western Alliance Bank

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Experience

Mr. Bridges is the director of the Valuation & Advisory Services Group's Tucson office in the Intermountain Region and has over 22 years of real estate appraisal and consulting experience. Mr. Bridges is a designated Member of the Appraisal Institute (MAI). Mr. Bridges primary geographical location is Southern Arizona. Mr. Bridges is also a member of CBRE's Latin America Valuation & Advisory Team and has performed numerous international valuation assignments.

His appraisal experience has been in the fee preparation of real estate appraisals, rent analyses, demand and absorption studies, and feasibility studies for a variety of clients, including numerous financial institutions, government agencies, Fortune 500 corporations, insurance companies, and private organizations. Experience involves a wide variety of property types as well as conservation easements, special purpose real estate holdings, agriculture properties, among others. Mr. Bridges has considerable experience with litigation cases.

Mr. Bridges has conducted many appraisals, market studies and feasibility analyses of master-planned communities, condominium projects, land, hospitality resort properties, residential properties, and commercial properties within and around the major beach front communities in Mexico, Costa Rica, and Belize. Mr. Bridges has extensive knowledge of the Mexico and Latin America real estate marketplace and since 2001 has performed valuation and consultation assignments in Latin America countries in excess of over 800 individual assignments.

Mr. Bridges areas of concentration include the oceanfront beach resorts of Mexico, Costa Rica, and Belize, and other Latin America countries. Within Baja California Sur resort areas, he has completed extensive valuation and consultation work in Los Cabos (Cabo San Lucas, San Jose del Cabo), East Cape, Todos Santos, the Pacific Ocean area, La Paz, and Loreto; in Quintana Roo, Riviera Maya, Playa del Carmen, Cancun, Tulum, Cozumel, Isla Mujeres, and Riviera Maya; in Jalisco and Nayarit, Puerto Vallarta, Punta Mita, Nuevo Vallarta, Sayulita, and the Riviera Vallarta; in Baja California, Rosarito, Ensenada, and San Felipe; in Sonora, Puerto Peñasco (Rocky Point) and San Carlos/Guaymas; in Costa Rica, Guanacaste, and Jaco.

The assignments prepared were done for various clients for many reasons such as financial transactions, business decisions, investment speculation, estates, litigation, partnership disputes, easements, and others.

Professional Affiliations / Accreditations

- State Certified General Real Estate Appraiser-State of Arizona, No. 31173
- Appraisal Institute, Designated Member (MAI), No. 534642
- Member of the Royal Institution of Chartered Surveyors (MRICS)

Education

- University of Arizona
- Bachelor of Science; Regional Development/Planning
- Bachelor of Science in Business Administration; Entrepreneurship
- Appraisal Institute and other appraisal-related coursework

Department of Insurance and Financial Institutions

State of Arizona

CGA - 31173

This document is evidence that:

BYRON LLOYD BRIDGES

has complied with the provisions of

Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

BYRON LLOYD BRIDGES

This license is subject to the laws of Arizona and will remain in full force and effect until expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **September 30, 2025**

Jo Dance, MAI, CCIM

Managing Director, Arizona

CBRE



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jo.dance@cbre.com

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Clients Represented

- CBRE Capital Markets
- Western Alliance Bank
- Walker & Dunlop
- MidFirst Bank
- C-III Asset Management
- Opus Bank
- JLL
- HFF
- Bank of the West
- National Bank of AZ
- Bank of Oklahoma
- BBVA Compass
- PNC
- Citibank
- Washington Federal
- Blackstone
- StanCorp
- A10 Capital
- Starwood Capital
- VEREIT, Inc.
- CoBiz Bank
- First Bank
- East West Bank
- Bank OZK

Experience

Jo Dance serves as Managing Director of CBRE Valuation & Advisory Services, Pacific Southwest Division, where she leads a team of over 20 appraisal and consulting professionals in the Phoenix and Tucson offices. An accomplished 30-year real estate professional with extensive industry and management experience, she leads CBRE's efforts to provide exceptional outcomes for local, regional and global clients.

Working alongside a dedicated team of specialized experts, she works to elevate CBRE's best-in-class status by ensuring consistent, quality appraisal services. In her role as Managing Director, she coordinates all activities for Arizona, including overseeing new business development, client relations and appraisal quality control production.

She is licensed as a Certified General Appraiser in the states of Arizona, New Mexico and Nevada. Ms. Dance is a designated member of the Appraisal Institute (MAI and SRA) and holds a CCIM designation. Her appraisal experience spans a broad spectrum of real estate appraisals, rent analyses and market studies of commercial and multifamily residential properties. She has also provided litigation support and expert testimony in deposition and court in Arizona.

Professional Affiliations / Accreditations

- Appraisal Institute – Designated Member (MAI and SRA)
- CCIM Institute – CCIM designation
- Certified General Real Estate Appraiser, State of Arizona, No. 30249
- Certified General Real Estate Appraiser, State of New Mexico, No. 03242-G
- Certified General Real Estate Appraiser, State of Nevada, No. No. A.0206799-CG
- Licensed Real Estate Broker: State of Arizona (#BR505868000)

Education

- Arizona State University
 - Science in Business Administration, Production & Operations Management

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30249

JOLENE U. DANCE

has complied with the provisions of

This document is evidence that:

Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

JOLENE U. DANCE

This license is subject to the laws of Arizona and will remain in full force and effect until expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **August 31, 2024**