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# MEMORANDUM

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Date: November 18, 2016

To: The Honorable Ally Miller, Member  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator 

Re: **Your November 18, 2016 Email Regarding Monsanto**

This memorandum is in response to the questions posed in your November 18, 2016 email correspondence regarding Monsanto (Attachment 1). Your questions (Q), along with the responses (R), are provided below.

Q1: *"In your analysis for year 5, did you assume current tax rates?"*

A1: Fiscal Year 2015/16 tax rates were used for the Year 5 analysis.

Q2: *"What did you assume for the years 6 through 10? Was it simply escalated for purposes of analysis?"*

A2: Please see the attached Estimated Assessor Assessment Values and Property Taxes for Years 1 through 10 (Attachment 2).

Q3: *"You stated in your previous memo that the valuation assumed was \$79 mil. Is that still the case?"*

A3: My October 21, 2016 memorandum to you discussed an estimated \$100 million capital investment, but it did not discuss valuation assumptions. The valuation assumptions are as shown at the top of each sheet included in Attachment 2.

Q4: *"Are you assuming the valuation remains flat through the term of lease?"*

A4: The analysis is based on the valuation of the real property land and improvements remaining constant during Years 1 through 10 of the FTZ agreement and after expiration of the agreement. The analysis does not include inflation adjustments, nor does it include real estate appreciation or depreciation.

Q5: *"What assumptions did you make for years 1 through 4? ie. Tax rates and valuation?"*

A5: Please see Attachment 2.

Please contact me if you would like additional information regarding this subject.

CHH/mjk  
Attachments

c: The Honorable Chair and Members, Pima County Board of Supervisors

# ATTACHMENT 1

**From:** [Ally Miller](#)  
**To:** [Chuck Huckelberry](#)  
**Cc:** [Shirley Lamonna](#); [Monique Harley](#); [Sherry Potter](#)  
**Subject:** Questions Re: Monsanto  
**Date:** Friday, November 18, 2016 8:34:06 AM

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Mr. Huckelberry,

In your analysis for year 5 , did you assume current tax rates? What did you assume for the years 6 through 10? Was it simply escalated for purposes of analysis? You stated in your previous memo that the valuation assumed was \$79 mil. Is that still the case? Are you assuming the valuation remains flat through the term of lease? What assumptions did you make for years 1through 4? ie. Tax rates and valuation? In the discussion with Monsanto, they stated they wanted the facility fully operational by year 2. They did state that was a very optimistic schedule.

I assume someone has put together an analysis of this deal in excel. That would be very helpful if I could have that analysis in excel format.

Thanks for your assistance.

Regards,

Ally

Ally Miller  
Pima County Supervisor  
District 1  
Ph: 520-724-2738  
fax: 520-724-8489  
130 W. Congress  
11th Floor  
Tucson, AZ 85701  
web: [allymillerdistrict1.com](http://allymillerdistrict1.com)  
FB: Ally Miller Supervisor ,Pima County District 1  
Twitter @Supervisorally

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# ATTACHMENT 2

## ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 1

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   |  |   |   |
| Land Acquisition (155 acres @ \$22,580 per acre)                          | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Site Preparation & Utilities  | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Architectural & Design Costs (7% of Capex)                                | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$0  | \$0   | \$0   |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$0  | \$0   | \$0   |
| Total Land, Design, Preparation & Improvements                            | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| Estimated Business Personal Property                                      | \$85,300,000                               | \$85,300,000  | \$85,300,000  |
|   | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

### Assessor Assessment Value

| Real Property  |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| Land (8 acres)   | \$3,500,000         | \$155,000           | \$3,500,000         |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)             | \$18,200,000        | \$18,200,000        | \$18,200,000        |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                  | \$0                 | \$0                 | \$0                 |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)            | \$48,500,000        | \$48,500,000        | \$48,500,000        |
| <b>Total Real Property Land &amp; Improvements</b>                                   | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Assessor Rule B For Taxable Limited Value Versus Full Cash Value (2016 Ratio)</b> | <b>0.937</b>        | <b>0.958</b>        | <b>0.941</b>        |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                            | <b>\$65,777,400</b> | <b>\$64,047,090</b> | <b>\$66,058,200</b> |
| <b>Property Legislative Class Assessment Ratio</b>                                   | <b>18.00%</b>       | <b>15.00%</b>       | <b>5.00%</b>        |
| Real Property Assessed Value   | \$11,839,932        | \$9,607,064         | \$3,302,910         |
| Less: Real Property Exemptions   | \$0                 | \$0                 | \$0                 |
| <b>Equals: Real Property Net Assessed Value</b>                                      | <b>\$11,839,932</b> | <b>\$9,607,064</b>  | <b>\$3,302,910</b>  |

### Business Personal Property

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Estimated Business Personal Property                                     | \$9,300,000      | \$9,300,000      | \$9,300,000      |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926        | \$152,926        | \$152,926        |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074      | \$9,147,074      | \$9,147,074      |
| Estimated Business Personal Property Useful Life                         | 10 Years         | 10 Years         | 10 Years         |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 1</b> |                  |                  |                  |
| <b>Property Qualifies for Additional Depreciation</b>                    | <b>22.50%</b>    | <b>22.50%</b>    |                  |
| <b>Property Does Not Qualify for Additional Depreciation</b>             |                  |                  | <b>90.00%</b>    |
| Assessor Full Cash Value For Business Personal Property                  | \$2,058,091.65   | \$2,058,091.65   | \$8,232,366.60   |
| <b>Property Legislative Class Assessment Ratio</b>                       | <b>18.00%</b>    | <b>15.00%</b>    | <b>5.00%</b>     |
| Business Personal Property Assessed Value                                | \$370,456        | \$308,714        | \$411,618        |
| Less: Business Personal Property Property Exemptions                     | \$0              | \$0              | \$0              |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | <b>\$370,456</b> | <b>\$308,714</b> | <b>\$411,618</b> |

|  |                     |                    |                    |
|--|---------------------|--------------------|--------------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | <b>\$12,210,388</b> | <b>\$9,915,778</b> | <b>\$3,714,528</b> |
|--|---------------------|--------------------|--------------------|

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>Assessor Tax Area Code For Subject Property Site</b>   | <b>0603</b>      | <b>0603</b>      | <b>0603</b>      |
| <b>Total State &amp; Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value)</b> | <b>\$14.3645</b> | <b>\$14.3645</b> | <b>\$14.3645</b> |

### TAX YEAR 2015 PROPERTY TAX BY JURISDICTION

|   |                       |                       |                     |
|---|-----------------------|-----------------------|---------------------|
| <b>PIMA COUNTY PRIMARY &amp; DEBT SERVICE (\$5.0877)</b>                | <b>\$621,227.91</b>   | <b>\$504,485.04</b>   | <b>\$188,984.04</b> |
| <b>STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)</b>                     | <b>61,711.30</b>      | <b>50,114.34</b>      | <b>18,773.23</b>    |
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY (\$6.3370)</b>        | <b>773,772.29</b>     | <b>628,362.86</b>     | <b>235,389.64</b>   |
| <b>PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)</b>                        | <b>167,148.00</b>     | <b>135,737.09</b>     | <b>50,848.17</b>    |
| <b>JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)</b>          | <b>6,105.20</b>       | <b>4,957.89</b>       | <b>1,857.27</b>     |
| <b>CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400)</b> | <b>17,094.54</b>      | <b>13,882.09</b>      | <b>5,200.34</b>     |
| <b>PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)</b>          | <b>37,118.19</b>      | <b>30,118.15</b>      | <b>10,354.62</b>    |
| <b>PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)</b>                | <b>62,920.13</b>      | <b>51,096.00</b>      | <b>19,140.97</b>    |
| <b>FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)</b>                | <b>5,702.25</b>       | <b>4,630.67</b>       | <b>1,734.69</b>     |
| <b>TOTAL PROPERTY TAXES</b>   | <b>\$1,752,799.81</b> | <b>\$1,423,384.13</b> | <b>\$532,282.97</b> |

### PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS

|   | CLASS 1             | CLASS 2             |
|---|---------------------|---------------------|
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY</b> | <b>\$538,382.65</b> | <b>\$392,973.22</b> |
| <b>PIMA COMMUNITY COLLEGE PRIMARY</b>                 | <b>\$116,299.83</b> | <b>\$84,888.92</b>  |

#### Assumptions:

- Actual allocation of \$100 million capital expenditure budget is unknown. Amounts presented are illustrative of how local assessor may determine assessment value for project property based on Arizona statutes. Land that qualifies as Agricultural Property will be valued by the Income approach pursuant to A.R.S. Title 42, Chapter 13, Article 3, which would have a lower value than land used for Legislative Class 1 or 6.2 purposes.
- Legislative Class 1 Commercial and Legislative Class 2 Agricultural Business Personal Property qualify for additional depreciation reduction under current statutes. Legislative Class 6.2 Foreign Trade Zone Business Personal Property does not qualify for additional depreciation under current statutes.
- Assessor will likely apply Rule B in determining Year 1 Taxable Limited Value of property when significant change in use occurs. In future years, Taxable Limited Value cannot increase by more than 5% above prior year Limited Value and cannot exceed property's Full Cash Value.

## ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 2

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Land Acquisition (8 acres @ \$30,000 per acre)                            | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Site Preparation & Utilities  | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Architectural & Design Costs (7% of Capex)                                | \$0  | \$0   | \$0   |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$0  | \$0   | \$0   |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| <b>Total Land, Design, Preparation &amp; Improvements</b>                 | <b>\$85,300,000</b>                        | <b>\$85,300,000</b>   | <b>\$85,300,000</b>                                     |
| Estimated Business Personal Property                                      | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

### Assessor Assessment Value

| Real Property   |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| Land (8 acres)  | \$3,500,000         | \$155,000           | \$3,500,000         |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)            | \$18,200,000        | \$18,200,000        | \$18,200,000        |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                 | \$0                 | \$0                 | \$0                 |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)           | \$48,500,000        | \$48,500,000        | \$48,500,000        |
| <b>Total Real Property Land &amp; Improvements</b>                                  | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| Taxable Limited Value Relative To Full Cash Value (Max 5% Increase from prior year) | 0.984               | 1.000               | 0.988               |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                           | <b>\$69,066,270</b> | <b>\$66,855,000</b> | <b>\$69,361,110</b> |
| <b>Property Legislative Class Assessment Ratio</b>                                  | <b>18.00%</b>       | <b>15.00%</b>       | <b>5.00%</b>        |
| Real Property Assessed Value  | \$12,431,929        | \$10,028,250        | \$3,468,056         |
| Less: Real Property Exemptions  | \$0                 | \$0                 | \$0                 |
| <b>Equals: Real Property Net Assessed Value</b>                                     | <b>\$12,431,929</b> | <b>\$10,028,250</b> | <b>\$3,468,056</b>  |

### Business Personal Property

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Estimated Business Personal Property                                     | \$9,300,000      | \$9,300,000      | \$9,300,000      |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926        | \$152,926        | \$152,926        |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074      | \$9,147,074      | \$9,147,074      |
| Estimated Business Personal Property Useful Life                         | 10 Years         | 10 Years         | 10 Years         |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 2</b> |                  |                  |                  |
| <b>Property Qualifies for Additional Depreciation</b>                    | <b>33.20%</b>    | <b>33.20%</b>    |                  |
| <b>Property Does Not Qualify for Additional Depreciation</b>             |                  |                  | <b>81.00%</b>    |
| Assessor Full Cash Value For Business Personal Property                  | \$3,036,828.57   | \$3,036,828.57   | \$7,409,129.94   |
| <b>Property Legislative Class Assessment Ratio</b>                       | <b>18.00%</b>    | <b>15.00%</b>    | <b>5.00%</b>     |
| Business Personal Property Assessed Value                                | \$546,629        | \$455,524        | \$370,456        |
| Less: Business Personal Property Property Exemptions                     | \$0              | \$0              | \$0              |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | <b>\$546,629</b> | <b>\$455,524</b> | <b>\$370,456</b> |

|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | <b>\$12,978,558</b> | <b>\$10,483,774</b> | <b>\$3,838,512</b> |
|--|---------------------|---------------------|--------------------|

|  |           |           |           |
|--|-----------|-----------|-----------|
| Assessor Tax Area Code For Subject Property Site                                     | 0603      | 0603      | 0603      |
| Total State & Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value) | \$14.3645 | \$14.3645 | \$14.3645 |

### TAX YEAR 2015 PROPERTY TAX BY JURISDICTION

|  |                       |                       |                     |
|--|-----------------------|-----------------------|---------------------|
| PIMA COUNTY PRIMARY & DEBT SERVICE (\$5.0877)                    | \$660,310.07          | \$533,382.97          | \$195,291.95        |
| STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)                     | 65,593.63             | 52,985.00             | 19,399.83           |
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY (\$6.3370)            | 822,451.20            | 664,356.76            | 243,246.48          |
| PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)                        | 177,663.47            | 143,512.38            | 52,545.38           |
| JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)          | 6,489.27              | 5,241.89              | 1,919.26            |
| CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400) | 18,169.98             | 14,677.28             | 5,373.92            |
| PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)          | 38,974.10             | 31,438.56             | 10,872.35           |
| PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)                | 66,878.51             | 54,022.89             | 19,779.85           |
| FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)                | 6,060.99              | 4,895.92              | 1,792.58            |
| <b>TOTAL PROPERTY TAXES</b>                                      | <b>\$1,862,591.22</b> | <b>\$1,504,513.65</b> | <b>\$550,221.60</b> |

### PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS

|  | CLASS 1      | CLASS 2      |
|--|--------------|--------------|
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY | \$579,204.72 | \$421,110.28 |
| PIMA COMMUNITY COLLEGE PRIMARY             | \$125,118.09 | \$90,967.00  |

#### Assumptions:

- Actual allocation of \$100 million capital expenditure budget is unknown. Amounts presented are illustrative of how local assessor may determine assessment value for project property based on Arizona statutes. Land that qualifies as Agricultural Property will be valued by the income approach pursuant to A.R.S. Title 42, Chapter 13, Article 3, which would have a lower value than land used for Legislative Class 1 or 6.2 purposes.
- Legislative Class 1 Commercial and Legislative Class 2 Agricultural Business Personal Property qualify for additional depreciation reduction under current statutes. Legislative Class 6.2 Foreign Trade Zone Business Personal Property does not qualify for additional depreciation under current statutes.
- Assessor will likely apply Rule B in determining Year 1 Taxable Limited Value of property when significant change in use occurs. In future years, Taxable Limited Value cannot increase by more than 5% above prior year Limited Value and cannot exceed property's Full Cash Value.

**ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 3**

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   |  |   |   |
| Land Acquisition (8 acres @ \$30,000 per acre)                            | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Site Preparation & Utilities  | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Architectural & Design Costs (7% of Capex)                                | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$0  | \$0   | \$0   |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$0  | \$0   | \$0   |
| Total Land, Design, Preparation & Improvements                            | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| Estimated Business Personal Property                                      | \$85,300,000                               | \$85,300,000  | \$85,300,000  |
|   | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

**Assessor Assessment Value**

| <b>Real Property</b>   |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| Land (8 acres)   | \$3,500,000         | \$155,000           | \$3,500,000         |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)                   | \$18,200,000        | \$18,200,000        | \$18,200,000        |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                        | \$0                 | \$0                 | \$0                 |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)                  | \$48,500,000        | \$48,500,000        | \$48,500,000        |
| <b>Total Real Property Land &amp; Improvements</b>   | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Taxable Limited Value Relative To Full Cash Value (Max 5% Increase from prior year)</b> | <b>1.000</b>        | <b>1.000</b>        | <b>1.000</b>        |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                                  | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Property Legislative Class Assessment Ratio</b>   | <b>18.00%</b>       | <b>15.00%</b>       | <b>5.00%</b>        |
| Real Property Assessed Value   | \$12,636,000        | \$10,028,250        | \$3,510,000         |
| Less: Real Property Exemptions   | \$0                 | \$0                 | \$0                 |
| <b>Equals: Real Property Net Assessed Value</b>  | <b>\$12,636,000</b> | <b>\$10,028,250</b> | <b>\$3,510,000</b>  |

**Business Personal Property**

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Estimated Business Personal Property                                     | \$9,300,000      | \$9,300,000      | \$9,300,000      |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926        | \$152,926        | \$152,926        |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074      | \$9,147,074      | \$9,147,074      |
| Estimated Business Personal Property Useful Life                         | 10 Years         | 10 Years         | 10 Years         |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 3</b> |                  |                  |                  |
| <b>Property Qualifies for Additional Depreciation</b>                    | <b>41.00%</b>    | <b>41.00%</b>    |                  |
| <b>Property Does Not Qualify for Additional Depreciation</b>             |                  |                  | <b>72.00%</b>    |
| Assessor Full Cash Value For Business Personal Property                  | \$3,750,300.34   | \$3,750,300.34   | \$6,585,893.28   |
| <b>Property Legislative Class Assessment Ratio</b>                       | <b>18.00%</b>    | <b>15.00%</b>    | <b>5.00%</b>     |
| Business Personal Property Assessed Value                                | \$675,054        | \$562,545        | \$329,295        |
| Less: Business Personal Property Property Exemptions                     | \$0              | \$0              | \$0              |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | <b>\$675,054</b> | <b>\$562,545</b> | <b>\$329,295</b> |

|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | <b>\$13,311,054</b> | <b>\$10,590,795</b> | <b>\$3,839,295</b> |
|--|---------------------|---------------------|--------------------|

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>Assessor Tax Area Code For Subject Property Site</b>   | <b>0603</b>      | <b>0603</b>      | <b>0603</b>      |
| <b>Total State &amp; Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value)</b> | <b>\$14.3645</b> | <b>\$14.3645</b> | <b>\$14.3645</b> |

**TAX YEAR 2015 PROPERTY TAX BY JURISDICTION**

|   |                       |                       |                     |
|---|-----------------------|-----------------------|---------------------|
| <b>PIMA COUNTY PRIMARY &amp; DEBT SERVICE (\$5.0877)</b>                | <b>\$677,226.49</b>   | <b>\$538,827.88</b>   | <b>\$195,331.81</b> |
| <b>STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)</b>                     | <b>67,274.06</b>      | <b>53,525.88</b>      | <b>19,403.80</b>    |
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY (\$6.3370)</b>        | <b>843,521.49</b>     | <b>671,138.68</b>     | <b>243,296.12</b>   |
| <b>PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)</b>                        | <b>182,215.01</b>     | <b>144,977.39</b>     | <b>52,556.11</b>    |
| <b>JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)</b>          | <b>6,655.53</b>       | <b>5,295.40</b>       | <b>1,919.65</b>     |
| <b>CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400)</b> | <b>18,635.48</b>      | <b>14,827.11</b>      | <b>5,375.01</b>     |
| <b>PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)</b>          | <b>39,613.86</b>      | <b>31,438.56</b>      | <b>11,003.85</b>    |
| <b>PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)</b>                | <b>68,591.86</b>      | <b>54,574.36</b>      | <b>19,783.89</b>    |
| <b>FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)</b>                | <b>6,216.26</b>       | <b>4,945.90</b>       | <b>1,792.95</b>     |
| <b>TOTAL PROPERTY TAXES</b>   | <b>\$1,909,950.04</b> | <b>\$1,519,551.16</b> | <b>\$550,463.19</b> |

**PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS**

|   | CLASS 1             | CLASS 2             |
|---|---------------------|---------------------|
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY</b> | <b>\$600,225.37</b> | <b>\$427,842.56</b> |
| <b>PIMA COMMUNITY COLLEGE PRIMARY</b>                 | <b>\$129,658.90</b> | <b>\$92,421.28</b>  |

**Assumptions:**

- Actual allocation of \$100 million capital expenditure budget is unknown. Amounts presented are illustrative of how local assessor may determine assessment value for project property based on Arizona statutes. Land that qualifies as Agricultural Property will be valued by the Income approach pursuant to A.R.S. Title 42, Chapter 13, Article 3, which would have a lower value than land used for Legislative Class 1 or 6.2 purposes.
- Legislative Class 1 Commercial and Legislative Class 2 Agricultural Business Personal Property qualify for additional depreciation reduction under current statutes. Legislative Class 6.2 Foreign Trade Zone Business Personal Property does not qualify for additional depreciation under current statutes.
- Assessor will likely apply Rule B in determining Year 1 Taxable Limited Value of property when significant change in use occurs. In future years, Taxable Limited Value cannot increase by more than 5% above prior year Limited Value and cannot exceed property's Full Cash Value.

**ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 4**

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   |  |   |   |
| Land Acquisition (8 acres @ \$30,000 per acre)                            | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Site Preparation & Utilities  | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Architectural & Design Costs (7% of Capex)                                | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$0  | \$0   | \$0   |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$0  | \$0   | \$0   |
| Total Land, Design, Preparation & Improvements                            | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| Estimated Business Personal Property                                      | \$85,300,000                               | \$85,300,000  | \$85,300,000  |
|   | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

**Assessor Assessment Value**

| <b>Real Property</b>  |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| Land (8 acres)  | \$3,500,000         | \$155,000           | \$3,500,000         |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)            | \$18,200,000        | \$18,200,000        | \$18,200,000        |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                 | \$0                 | \$0                 | \$0                 |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)           | \$48,500,000        | \$48,500,000        | \$48,500,000        |
| <b>Total Real Property Land &amp; Improvements</b>                                  | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| Taxable Limited Value Relative To Full Cash Value (Max 5% Increase from prior year) | 1.000               | 1.000               | 1.000               |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                           | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Property Legislative Class Assessment Ratio</b>                                  | <b>18.00%</b>       | <b>15.00%</b>       | <b>5.00%</b>        |
| Real Property Assessed Value  | \$12,636,000        | \$10,028,250        | \$3,510,000         |
| Less: Real Property Exemptions  | \$0                 | \$0                 | \$0                 |
| <b>Equals: Real Property Net Assessed Value</b>                                     | <b>\$12,636,000</b> | <b>\$10,028,250</b> | <b>\$3,510,000</b>  |

**Business Personal Property**

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Estimated Business Personal Property                                     | \$9,300,000      | \$9,300,000      | \$9,300,000      |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926        | \$152,926        | \$152,926        |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074      | \$9,147,074      | \$9,147,074      |
| Estimated Business Personal Property Useful Life                         | 10 Years         | 10 Years         | 10 Years         |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 4</b> |                  |                  |                  |
| <b>Property Qualifies for Additional Depreciation</b>                    | <b>45.30%</b>    | <b>45.30%</b>    |                  |
| <b>Property Does Not Qualify for Additional Depreciation</b>             |                  |                  | <b>62.00%</b>    |
| Assessor Full Cash Value For Business Personal Property                  | \$4,143,624.52   | \$4,143,624.52   | \$5,671,185.88   |
| <b>Property Legislative Class Assessment Ratio</b>                       | <b>18.00%</b>    | <b>15.00%</b>    | <b>5.00%</b>     |
| Business Personal Property Assessed Value                                | \$745,852        | \$621,544        | \$283,559        |
| Less: Business Personal Property Property Exemptions                     | \$0              | \$0              | \$0              |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | <b>\$745,852</b> | <b>\$621,544</b> | <b>\$283,559</b> |

|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | <b>\$13,381,852</b> | <b>\$10,649,794</b> | <b>\$3,793,559</b> |
|--|---------------------|---------------------|--------------------|

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>Assessor Tax Area Code For Subject Property Site</b>   | <b>0603</b>      | <b>0603</b>      | <b>0603</b>      |
| <b>Total State &amp; Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value)</b> | <b>\$14.3645</b> | <b>\$14.3645</b> | <b>\$14.3645</b> |

**TAX YEAR 2015 PROPERTY TAX BY JURISDICTION**

|   |                       |                       |                     |
|---|-----------------------|-----------------------|---------------------|
| <b>PIMA COUNTY PRIMARY &amp; DEBT SERVICE (\$5.0877)</b>                | <b>\$680,828.48</b>   | <b>\$541,829.57</b>   | <b>\$193,004.90</b> |
| <b>STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)</b>                     | <b>67,631.88</b>      | <b>53,824.06</b>      | <b>19,172.65</b>    |
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY (\$6.3370)</b>        | <b>848,007.96</b>     | <b>674,877.44</b>     | <b>240,397.83</b>   |
| <b>PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)</b>                        | <b>183,184.17</b>     | <b>145,785.03</b>     | <b>51,930.03</b>    |
| <b>JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)</b>          | <b>6,690.93</b>       | <b>5,324.90</b>       | <b>1,896.78</b>     |
| <b>CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400)</b> | <b>18,734.59</b>      | <b>14,909.71</b>      | <b>5,310.98</b>     |
| <b>PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)</b>          | <b>39,613.86</b>      | <b>31,438.56</b>      | <b>11,003.85</b>    |
| <b>PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)</b>                | <b>68,956.69</b>      | <b>54,878.39</b>      | <b>19,548.21</b>    |
| <b>FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)</b>                | <b>6,249.32</b>       | <b>4,973.45</b>       | <b>1,771.59</b>     |
| <b>TOTAL PROPERTY TAXES</b>   | <b>\$1,919,897.88</b> | <b>\$1,527,841.11</b> | <b>\$544,036.82</b> |

**PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS**

|   | CLASS 1             | CLASS 2             |
|---|---------------------|---------------------|
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY</b> | <b>\$607,610.13</b> | <b>\$434,479.61</b> |
| <b>PIMA COMMUNITY COLLEGE PRIMARY</b>                 | <b>\$131,254.14</b> | <b>\$93,855.00</b>  |

**Assumptions:**

- Actual allocation of \$100 million capital expenditure budget is unknown. Amounts presented are illustrative of how local assessor may determine assessment value for project property based on Arizona statutes. Land that qualifies as Agricultural Property will be valued by the income approach pursuant to A.R.S. Title 42, Chapter 13, Article 3, which would have a lower value than land used for Legislative Class 1 or 6.2 purposes.
- Legislative Class 1 Commercial and Legislative Class 2 Agricultural Business Personal Property qualify for additional depreciation reduction under current statutes. Legislative Class 6.2 Foreign Trade Zone Business Personal Property does not qualify for additional depreciation under current statutes.
- Assessor will likely apply Rule B in determining Year 1 Taxable Limited Value of property when significant change in use occurs. In future years, Taxable Limited Value cannot increase by more than 5% above prior year Limited Value and cannot exceed property's Full Cash Value.



**ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 5**

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   |  |   |   |
| Land Acquisition (8 acres @ \$30,000 per acre)                            | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Site Preparation & Utilities  | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Architectural & Design Costs (7% of Capex)                                | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$0  | \$0   | \$0   |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$0  | \$0   | \$0   |
| Total Land, Design, Preparation & Improvements                            | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| Estimated Business Personal Property                                      | \$85,300,000                               | \$85,300,000  | \$85,300,000  |
|   | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

**Assessor Assessment Value**

| <b>Real Property</b>  |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| Land (8 acres)  | \$3,500,000         | \$155,000           | \$3,500,000         |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)            | \$18,200,000        | \$18,200,000        | \$18,200,000        |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                 | \$0                 | \$0                 | \$0                 |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)           | \$48,500,000        | \$48,500,000        | \$48,500,000        |
| <b>Total Real Property Land &amp; Improvements</b>                                  | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| Taxable Limited Value Relative To Full Cash Value (Max 5% Increase from prior year) | 1.000               | 1.000               | 1.000               |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                           | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Property Legislative Class Assessment Ratio</b>                                  | <b>18.00%</b>       | <b>15.00%</b>       | <b>5.00%</b>        |
| Real Property Assessed Value  | \$12,636,000        | \$10,028,250        | \$3,510,000         |
| Less: Real Property Exemptions  | \$0                 | \$0                 | \$0                 |
| <b>Equals: Real Property Net Assessed Value</b>                                     | <b>\$12,636,000</b> | <b>\$10,028,250</b> | <b>\$3,510,000</b>  |

**Business Personal Property**

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Estimated Business Personal Property                                     | \$9,300,000      | \$9,300,000      | \$9,300,000      |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926        | \$152,926        | \$152,926        |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074      | \$9,147,074      | \$9,147,074      |
| Estimated Business Personal Property Useful Life                         | 10 Years         | 10 Years         | 10 Years         |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 5</b> |                  |                  |                  |
| Property Qualifies for Additional Depreciation                           | 47.20%           | 47.20%           |                  |
| Property Does Not Qualify for Additional Depreciation                    |                  |                  | 53.00%           |
| Assessor Full Cash Value For Business Personal Property                  | \$4,317,418.93   | \$4,317,418.93   | \$4,847,949.22   |
| <b>Property Legislative Class Assessment Ratio</b>                       | <b>18.00%</b>    | <b>15.00%</b>    | <b>5.00%</b>     |
| Business Personal Property Assessed Value                                | \$777,135        | \$647,613        | \$242,397        |
| Less: Business Personal Property Property Exemptions                     | \$0              | \$0              | \$0              |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | <b>\$777,135</b> | <b>\$647,613</b> | <b>\$242,397</b> |

|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | <b>\$13,413,135</b> | <b>\$10,675,863</b> | <b>\$3,752,397</b> |
|--|---------------------|---------------------|--------------------|

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>Assessor Tax Area Code For Subject Property Site</b>   | <b>0603</b>      | <b>0603</b>      | <b>0603</b>      |
| <b>Total State &amp; Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value)</b> | <b>\$14.3645</b> | <b>\$14.3645</b> | <b>\$14.3645</b> |

**TAX YEAR 2015 PROPERTY TAX BY JURISDICTION**

|   |                       |                       |                     |
|---|-----------------------|-----------------------|---------------------|
| <b>PIMA COUNTY PRIMARY &amp; DEBT SERVICE (\$5.0877)</b>                | <b>\$682,420.07</b>   | <b>\$543,155.89</b>   | <b>\$190,910.70</b> |
| <b>STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)</b>                     | <b>67,789.98</b>      | <b>53,955.82</b>      | <b>18,964.61</b>    |
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY (\$6.3370)</b>        | <b>849,990.36</b>     | <b>676,529.44</b>     | <b>237,789.40</b>   |
| <b>PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)</b>                        | <b>183,612.40</b>     | <b>146,141.88</b>     | <b>51,366.56</b>    |
| <b>JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)</b>          | <b>6,706.57</b>       | <b>5,337.94</b>       | <b>1,876.20</b>     |
| <b>CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400)</b> | <b>18,778.39</b>      | <b>14,946.21</b>      | <b>5,253.36</b>     |
| <b>PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)</b>          | <b>39,613.86</b>      | <b>31,438.56</b>      | <b>11,003.85</b>    |
| <b>PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)</b>                | <b>69,117.89</b>      | <b>55,012.72</b>      | <b>19,336.10</b>    |
| <b>FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)</b>                | <b>6,263.93</b>       | <b>4,985.63</b>       | <b>1,752.37</b>     |
| <b>TOTAL PROPERTY TAXES</b>   | <b>\$1,924,293.45</b> | <b>\$1,531,504.09</b> | <b>\$538,253.15</b> |

**PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS**

|   | CLASS 1             | CLASS 2             |
|---|---------------------|---------------------|
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY</b> | <b>\$612,200.96</b> | <b>\$438,740.04</b> |
| <b>PIMA COMMUNITY COLLEGE PRIMARY</b>                 | <b>\$132,245.84</b> | <b>\$94,775.32</b>  |

**Assumptions:**

- Actual allocation of \$100 million capital expenditure budget is unknown. Amounts presented are illustrative of how local assessor may determine assessment value for project property based on Arizona statutes. Land that qualifies as Agricultural Property will be valued by the income approach pursuant to A.R.S. Title 42, Chapter 13, Article 3, which would have a lower value than land used for Legislative Class 1 or 6.2 purposes.
- Legislative Class 1 Commercial and Legislative Class 2 Agricultural Business Personal Property qualify for additional depreciation reduction under current statutes. Legislative Class 6.2 Foreign Trade Zone Business Personal Property does not qualify for additional depreciation under current statutes.
- Assessor will likely apply Rule B in determining Year 1 Taxable Limited Value of property when significant change in use occurs. In future years, Taxable Limited Value cannot increase by more than 5% above prior year Limited Value and cannot exceed property's Full Cash Value.

**ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 6**

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   |  |   |   |
| Land Acquisition (8 acres @ \$30,000 per acre)                            | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Site Preparation & Utilities  | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Architectural & Design Costs (7% of Capex)                                | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$0  | \$0   | \$0   |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$0  | \$0   | \$0   |
| Total Land, Design, Preparation & Improvements                            | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| Estimated Business Personal Property                                      | \$85,300,000                               | \$85,300,000  | \$85,300,000  |
|   | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

**Assessor Assessment Value**

| <b>Real Property</b>  |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| Land (8 acres)  | \$3,500,000         | \$155,000           | \$3,500,000         |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)            | \$18,200,000        | \$18,200,000        | \$18,200,000        |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                 | \$0                 | \$0                 | \$0                 |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)           | \$48,500,000        | \$48,500,000        | \$48,500,000        |
| <b>Total Real Property Land &amp; Improvements</b>                                  | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| Taxable Limited Value Relative To Full Cash Value (Max 5% Increase from prior year) | 1.000               | 1.000               | 1.000               |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                           | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Property Legislative Class Assessment Ratio</b>                                  | <b>18.00%</b>       | <b>15.00%</b>       | <b>5.00%</b>        |
| Real Property Assessed Value  | \$12,636,000        | \$10,028,250        | \$3,510,000         |
| Less: Real Property Exemptions  | \$0                 | \$0                 | \$0                 |
| <b>Equals: Real Property Net Assessed Value</b>                                     | <b>\$12,636,000</b> | <b>\$10,028,250</b> | <b>\$3,510,000</b>  |

**Business Personal Property**

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Estimated Business Personal Property                                     | \$9,300,000      | \$9,300,000      | \$9,300,000      |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926        | \$152,926        | \$152,926        |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074      | \$9,147,074      | \$9,147,074      |
| Estimated Business Personal Property Useful Life                         | 10 Years         | 10 Years         | 10 Years         |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 5</b> |                  |                  |                  |
| Property Qualifies for Additional Depreciation                           | 44.00%           | 44.00%           |                  |
| Property Does Not Qualify for Additional Depreciation                    |                  |                  | 44.00%           |
| Assessor Full Cash Value For Business Personal Property                  | \$4,024,712.56   | \$4,024,712.56   | \$4,024,712.56   |
| <b>Property Legislative Class Assessment Ratio</b>                       | <b>18.00%</b>    | <b>15.00%</b>    | <b>5.00%</b>     |
| Business Personal Property Assessed Value                                | \$724,448        | \$603,707        | \$201,236        |
| Less: Business Personal Property Property Exemptions                     | \$0              | \$0              | \$0              |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | <b>\$724,448</b> | <b>\$603,707</b> | <b>\$201,236</b> |

|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | <b>\$13,360,448</b> | <b>\$10,631,957</b> | <b>\$3,711,236</b> |
|--|---------------------|---------------------|--------------------|

|  |           |           |           |
|--|-----------|-----------|-----------|
| Assessor Tax Area Code For Subject Property Site                                     | 0603      | 0603      | 0603      |
| Total State & Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value) | \$14.3645 | \$14.3645 | \$14.3645 |

**TAX YEAR 2015 PROPERTY TAX BY JURISDICTION**

|  |                       |                       |                     |
|--|-----------------------|-----------------------|---------------------|
| PIMA COUNTY PRIMARY & DEBT SERVICE (\$5.0877)                    | \$679,739.51          | \$540,922.08          | \$188,816.55        |
| STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)                     | 67,523.70             | 53,733.92             | 18,756.59           |
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY (\$6.3370)            | 846,651.59            | 673,747.11            | 235,181.03          |
| PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)                        | 182,891.17            | 145,540.86            | 50,803.11           |
| JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)          | 6,680.22              | 5,315.98              | 1,855.62            |
| CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400) | 18,704.63             | 14,884.74             | 5,195.73            |
| PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)          | 39,613.86             | 31,438.56             | 11,003.85           |
| PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)                | 68,846.39             | 54,786.47             | 19,124.00           |
| FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)                | 6,239.33              | 4,965.12              | 1,733.15            |
| <b>TOTAL PROPERTY TAXES</b>                                      | <b>\$1,916,890.40</b> | <b>\$1,525,334.84</b> | <b>\$532,469.63</b> |

**PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS**

|  | CLASS 1      | CLASS 2      |
|--|--------------|--------------|
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY | \$611,470.56 | \$438,566.08 |
| PIMA COMMUNITY COLLEGE PRIMARY             | \$132,088.06 | \$94,737.75  |

**Assumptions:**

- Actual allocation of \$100 million capital expenditure budget is unknown. Amounts presented are illustrative of how local assessor may determine assessment value for project property based on Arizona statutes. Land that qualifies as Agricultural Property will be valued by the income approach pursuant to A.R.S. Title 42, Chapter 13, Article 3, which would have a lower value than land used for Legislative Class 1 or 6.2 purposes.
- Legislative Class 1 Commercial and Legislative Class 2 Agricultural Business Personal Property qualify for additional depreciation reduction under current statutes. Legislative Class 6.2 Foreign Trade Zone Business Personal Property does not qualify for additional depreciation under current statutes.
- Assessor will likely apply Rule B in determining Year 1 Taxable Limited Value of property when significant change in use occurs. In future years, Taxable Limited Value cannot increase by more than 5% above prior year Limited Value and cannot exceed property's Full Cash Value.

## ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 7

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   |  |   |   |
| Land Acquisition (8 acres @ \$30,000 per acre)                            | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Site Preparation & Utilities  | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Architectural & Design Costs (7% of Capex)                                | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$0  | \$0   | \$0   |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$0  | \$0   | \$0   |
| Total Land, Design, Preparation & Improvements                            | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| Estimated Business Personal Property                                      | \$85,300,000                               | \$85,300,000  | \$85,300,000  |
|   | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

### Assessor Assessment Value

| <b>Real Property</b>  |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| Land (8 acres)  | \$3,500,000         | \$155,000           | \$3,500,000         |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)            | \$18,200,000        | \$18,200,000        | \$18,200,000        |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                 | \$0                 | \$0                 | \$0                 |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)           | \$48,500,000        | \$48,500,000        | \$48,500,000        |
| <b>Total Real Property Land &amp; Improvements</b>                                  | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| Taxable Limited Value Relative To Full Cash Value (Max 5% Increase from prior year) | 1.000               | 1.000               | 1.000               |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                           | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Property Legislative Class Assessment Ratio</b>                                  | <b>18.00%</b>       | <b>15.00%</b>       | <b>5.00%</b>        |
| Real Property Assessed Value  | \$12,636,000        | \$10,028,250        | \$3,510,000         |
| Less: Real Property Exemptions  | \$0                 | \$0                 | \$0                 |
| <b>Equals: Real Property Net Assessed Value</b>                                     | <b>\$12,636,000</b> | <b>\$10,028,250</b> | <b>\$3,510,000</b>  |

### Business Personal Property

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Estimated Business Personal Property                                     | \$9,300,000      | \$9,300,000      | \$9,300,000      |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926        | \$152,926        | \$152,926        |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074      | \$9,147,074      | \$9,147,074      |
| Estimated Business Personal Property Useful Life                         | 10 Years         | 10 Years         | 10 Years         |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 5</b> |                  |                  |                  |
| <b>Property Qualifies for Additional Depreciation</b>                    | <b>33.00%</b>    | <b>33.00%</b>    |                  |
| <b>Property Does Not Qualify for Additional Depreciation</b>             |                  |                  | <b>33.00%</b>    |
| Assessor Full Cash Value For Business Personal Property                  | \$3,018,534.42   | \$3,018,534.42   | \$3,018,534.42   |
| <b>Property Legislative Class Assessment Ratio</b>                       | <b>18.00%</b>    | <b>15.00%</b>    | <b>5.00%</b>     |
| Business Personal Property Assessed Value                                | \$543,336        | \$452,780        | \$150,927        |
| Less: Business Personal Property Property Exemptions                     | \$0              | \$0              | \$0              |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | <b>\$543,336</b> | <b>\$452,780</b> | <b>\$150,927</b> |

|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | <b>\$13,179,336</b> | <b>\$10,481,030</b> | <b>\$3,660,927</b> |
|--|---------------------|---------------------|--------------------|

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>Assessor Tax Area Code For Subject Property Site</b>   | <b>0603</b>      | <b>0603</b>      | <b>0603</b>      |
| <b>Total State &amp; Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value)</b> | <b>\$14.3645</b> | <b>\$14.3645</b> | <b>\$14.3645</b> |

### TAX YEAR 2015 PROPERTY TAX BY JURISDICTION

|  |                       |                       |                     |
|--|-----------------------|-----------------------|---------------------|
| PIMA COUNTY PRIMARY & DEBT SERVICE (\$5.0877)                    | \$670,525.08          | \$533,243.37          | \$186,256.98        |
| STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)                     | 66,608.36             | 52,971.13             | 18,502.33           |
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY (\$6.3370)            | 835,174.52            | 664,182.87            | 231,992.94          |
| PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)                        | 180,411.93            | 143,474.82            | 50,114.43           |
| JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)          | 6,589.67              | 5,240.52              | 1,830.46            |
| CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400) | 18,451.07             | 14,673.44             | 5,125.30            |
| PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)          | 39,613.86             | 31,438.56             | 11,003.85           |
| PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)                | 67,913.12             | 54,008.75             | 18,864.76           |
| FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)                | 6,154.75              | 4,894.64              | 1,709.65            |
| <b>TOTAL PROPERTY TAXES</b>                                      | <b>\$1,891,442.36</b> | <b>\$1,504,128.10</b> | <b>\$525,400.70</b> |

### PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS

|  | CLASS 1      | CLASS 2      |
|--|--------------|--------------|
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY | \$603,181.58 | \$432,189.93 |
| PIMA COMMUNITY COLLEGE PRIMARY             | \$130,297.50 | \$93,360.39  |

#### Assumptions:

- Actual allocation of \$100 million capital expenditure budget is unknown. Amounts presented are illustrative of how local assessor may determine assessment value for project property based on Arizona statutes. Land that qualifies as Agricultural Property will be valued by the income approach pursuant to A.R.S. Title 42, Chapter 13, Article 3, which would have a lower value than land used for Legislative Class 1 or 6.2 purposes.
- Legislative Class 1 Commercial and Legislative Class 2 Agricultural Business Personal Property qualify for additional depreciation reduction under current statutes. Legislative Class 6.2 Foreign Trade Zone Business Personal Property does not qualify for additional depreciation under current statutes.
- Assessor will likely apply Rule B in determining Year 1 Taxable Limited Value of property when significant change in use occurs. In future years, Taxable Limited Value cannot increase by more than 5% above prior year Limited Value and cannot exceed property's Full Cash Value.

**ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 8**

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   |  |   |   |
| Land Acquisition (8 acres @ \$30,000 per acre)                            | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Site Preparation & Utilities  | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Architectural & Design Costs (7% of Capex)                                | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$0  | \$0   | \$0   |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$0  | \$0   | \$0   |
| Total Land, Design, Preparation & Improvements                            | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| Estimated Business Personal Property                                      | \$85,300,000                               | \$85,300,000  | \$85,300,000  |
|   | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

**Assessor Assessment Value**

| <b>Real Property</b>  |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| Land (8 acres)  | \$3,500,000         | \$155,000           | \$3,500,000         |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)            | \$18,200,000        | \$18,200,000        | \$18,200,000        |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                 | \$0                 | \$0                 | \$0                 |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)           | \$48,500,000        | \$48,500,000        | \$48,500,000        |
| <b>Total Real Property Land &amp; Improvements</b>                                  | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| Taxable Limited Value Relative To Full Cash Value (Max 5% Increase from prior year) | 1.000               | 1.000               | 1.000               |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                           | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Property Legislative Class Assessment Ratio</b>                                  | <b>18.00%</b>       | <b>15.00%</b>       | <b>5.00%</b>        |
| Real Property Assessed Value  | \$12,636,000        | \$10,028,250        | \$3,510,000         |
| Less: Real Property Exemptions  | \$0                 | \$0                 | \$0                 |
| <b>Equals: Real Property Net Assessed Value</b>                                     | <b>\$12,636,000</b> | <b>\$10,028,250</b> | <b>\$3,510,000</b>  |

**Business Personal Property**

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Estimated Business Personal Property                                     | \$9,300,000      | \$9,300,000      | \$9,300,000      |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926        | \$152,926        | \$152,926        |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074      | \$9,147,074      | \$9,147,074      |
| Estimated Business Personal Property Useful Life                         | 10 Years         | 10 Years         | 10 Years         |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 5</b> |                  |                  |                  |
| <b>Property Qualifies for Additional Depreciation</b>                    | <b>22.00%</b>    | <b>22.00%</b>    |                  |
| <b>Property Does Not Qualify for Additional Depreciation</b>             |                  |                  | <b>22.00%</b>    |
| Assessor Full Cash Value For Business Personal Property                  | \$2,012,356.28   | \$2,012,356.28   | \$2,012,356.28   |
| <b>Property Legislative Class Assessment Ratio</b>                       | <b>18.00%</b>    | <b>15.00%</b>    | <b>5.00%</b>     |
| Business Personal Property Assessed Value                                | \$362,224        | \$301,853        | \$100,618        |
| Less: Business Personal Property Property Exemptions                     | \$0              | \$0              | \$0              |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | <b>\$362,224</b> | <b>\$301,853</b> | <b>\$100,618</b> |

|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | <b>\$12,998,224</b> | <b>\$10,330,103</b> | <b>\$3,610,618</b> |
|--|---------------------|---------------------|--------------------|

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>Assessor Tax Area Code For Subject Property Site</b>   | <b>0603</b>      | <b>0603</b>      | <b>0603</b>      |
| <b>Total State &amp; Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value)</b> | <b>\$14.3645</b> | <b>\$14.3645</b> | <b>\$14.3645</b> |

**TAX YEAR 2015 PROPERTY TAX BY JURISDICTION**

|   |                       |                       |                     |
|---|-----------------------|-----------------------|---------------------|
| <b>PIMA COUNTY PRIMARY &amp; DEBT SERVICE (\$5.0877)</b>                | <b>\$661,310.64</b>   | <b>\$525,564.66</b>   | <b>\$183,697.41</b> |
| <b>STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)</b>                     | <b>65,693.02</b>      | <b>52,208.35</b>      | <b>18,248.06</b>    |
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY (\$6.3370)</b>        | <b>823,697.45</b>     | <b>654,618.62</b>     | <b>228,804.86</b>   |
| <b>PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)</b>                        | <b>177,932.68</b>     | <b>141,408.78</b>     | <b>49,425.75</b>    |
| <b>JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)</b>          | <b>6,499.11</b>       | <b>5,165.06</b>       | <b>1,805.31</b>     |
| <b>CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400)</b> | <b>18,197.51</b>      | <b>14,462.14</b>      | <b>5,054.87</b>     |
| <b>PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)</b>          | <b>39,613.86</b>      | <b>31,438.56</b>      | <b>11,003.85</b>    |
| <b>PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)</b>                | <b>66,979.85</b>      | <b>53,231.02</b>      | <b>18,605.51</b>    |
| <b>FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)</b>                | <b>6,070.17</b>       | <b>4,824.16</b>       | <b>1,686.16</b>     |
| <b>TOTAL PROPERTY TAXES</b>   | <b>\$1,865,994.29</b> | <b>\$1,482,921.35</b> | <b>\$518,331.78</b> |

**PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS**

|   | CLASS 1             | CLASS 2             |
|---|---------------------|---------------------|
| <b>MARANA SCHOOL DISTRICT PRIMARY &amp; SECONDARY</b> | <b>\$594,892.59</b> | <b>\$425,813.76</b> |
| <b>PIMA COMMUNITY COLLEGE PRIMARY</b>                 | <b>\$128,506.93</b> | <b>\$91,983.03</b>  |

**Assumptions:**

- Actual allocation of \$100 million capital expenditure budget is unknown. Amounts presented are illustrative of how local assessor may determine assessment value for project property based on Arizona statutes. Land that qualifies as Agricultural Property will be valued by the Income approach pursuant to A.R.S. Title 42, Chapter 13, Article 3, which would have a lower value than land used for Legislative Class 1 or 6.2 purposes.
- Legislative Class 1 Commercial and Legislative Class 2 Agricultural Business Personal Property qualify for additional depreciation reduction under current statutes. Legislative Class 6.2 Foreign Trade Zone Business Personal Property does not qualify for additional depreciation under current statutes.
- Assessor will likely apply Rule B in determining Year 1 Taxable Limited Value of property when significant change in use occurs. In future years, Taxable Limited Value cannot increase by more than 5% above prior year Limited Value and cannot exceed property's Full Cash Value.

**ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 9**

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   |  |   |   |
| Land Acquisition (8 acres @ \$30,000 per acre)                            | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Site Preparation & Utilities  | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Architectural & Design Costs (7% of Capex)                                | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$0  | \$0   | \$0   |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$0  | \$0   | \$0   |
| <b>Total Land, Design, Preparation &amp; Improvements</b>                 | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| Estimated Business Personal Property                                      | \$85,300,000                               | \$85,300,000  | \$85,300,000  |
|   | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

**Assessor Assessment Value**

| <b>Real Property</b>   |              |              |              |
|--|--------------|--------------|--------------|
| Land (8 acres)   | \$3,500,000  | \$155,000    | \$3,500,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)                   | \$18,200,000 | \$18,200,000 | \$18,200,000 |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                        | \$0          | \$0          | \$0          |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)                  | \$48,500,000 | \$48,500,000 | \$48,500,000 |
| <b>Total Real Property Land &amp; Improvements</b>   | \$70,200,000 | \$66,855,000 | \$70,200,000 |
| <b>Taxable Limited Value Relative To Full Cash Value (Max 5% Increase from prior year)</b> | 1.000        | 1.000        | 1.000        |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                                  | \$70,200,000 | \$66,855,000 | \$70,200,000 |
| <b>Property Legislative Class Assessment Ratio</b>   | 18.00%       | 15.00%       | 5.00%        |
| Real Property Assessed Value   | \$12,636,000 | \$10,028,250 | \$3,510,000  |
| Less: Real Property Exemptions   | \$0          | \$0          | \$0          |
| <b>Equals: Real Property Net Assessed Value</b>  | \$12,636,000 | \$10,028,250 | \$3,510,000  |

**Business Personal Property**

|  |                |                |                |
|--|----------------|----------------|----------------|
| Estimated Business Personal Property                                     | \$9,300,000    | \$9,300,000    | \$9,300,000    |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926      | \$152,926      | \$152,926      |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074    | \$9,147,074    | \$9,147,074    |
| Estimated Business Personal Property Useful Life                         | 10 Years       | 10 Years       | 10 Years       |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 5</b> |                |                |                |
| <b>Property Qualifies for Additional Depreciation</b>                    | 12.00%         | 12.00%         |                |
| <b>Property Does Not Qualify for Additional Depreciation</b>             |                |                | 20.00%         |
| Assessor Full Cash Value For Business Personal Property                  | \$1,097,648.88 | \$1,097,648.88 | \$1,829,414.80 |
| <b>Property Legislative Class Assessment Ratio</b>                       | 18.00%         | 15.00%         | 5.00%          |
| Business Personal Property Assessed Value                                | \$197,577      | \$164,647      | \$91,471       |
| Less: Business Personal Property Property Exemptions                     | \$0            | \$0            | \$0            |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | \$197,577      | \$164,647      | \$91,471       |

|  |              |              |             |
|--|--------------|--------------|-------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | \$12,833,577 | \$10,192,897 | \$3,601,471 |
|--|--------------|--------------|-------------|

|   |           |           |           |
|---|-----------|-----------|-----------|
| <b>Assessor Tax Area Code For Subject Property Site</b>   | 0603      | 0603      | 0603      |
| <b>Total State &amp; Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value)</b> | \$14.3645 | \$14.3645 | \$14.3645 |

**TAX YEAR 2015 PROPERTY TAX BY JURISDICTION**

|  |                |                |              |
|--|----------------|----------------|--------------|
| PIMA COUNTY PRIMARY & DEBT SERVICE (\$5.0877)                    | \$652,933.90   | \$518,584.03   | \$183,232.04 |
| STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)                     | 64,860.89      | 51,514.91      | 18,201.83    |
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY (\$6.3370)            | 813,263.77     | 645,923.88     | 228,225.22   |
| PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)                        | 175,678.83     | 139,530.56     | 49,300.54    |
| JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)          | 6,416.79       | 5,096.45       | 1,800.74     |
| CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400) | 17,967.01      | 14,270.06      | 5,042.06     |
| PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)          | 39,613.86      | 31,438.56      | 11,003.85    |
| PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)                | 66,131.42      | 52,524.00      | 18,558.38    |
| FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)                | 5,993.28       | 4,760.08       | 1,681.89     |
| <b>TOTAL PROPERTY TAXES</b>                                      | \$1,842,859.75 | \$1,463,642.53 | \$517,046.55 |

**PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS**

|  | CLASS 1      | CLASS 2      |
|--|--------------|--------------|
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY | \$585,038.55 | \$417,698.66 |
| PIMA COMMUNITY COLLEGE PRIMARY             | \$126,378.29 | \$90,230.02  |

**Assumptions:**

- Actual allocation of \$100 million capital expenditure budget is unknown. Amounts presented are illustrative of how local assessor may determine assessment value for project property based on Arizona statutes. Land that qualifies as Agricultural Property will be valued by the income approach pursuant to A.R.S. Title 42, Chapter 13, Article 3, which would have a lower value than land used for Legislative Class 1 or 6.2 purposes.
- Legislative Class 1 Commercial and Legislative Class 2 Agricultural Business Personal Property qualify for additional depreciation reduction under current statutes. Legislative Class 6.2 Foreign Trade Zone Business Personal Property does not qualify for additional depreciation under current statutes.
- Assessor will likely apply Rule B in determining Year 1 Taxable Limited Value of property when significant change in use occurs. In future years, Taxable Limited Value cannot increase by more than 5% above prior year Limited Value and cannot exceed property's Full Cash Value.

**ESTIMATED ASSESSOR ASSESSMENT VALUE AND PROPERTY TAXES - YEAR 10**

|   | Legislative Class 1<br>Commercial Property | Legislative Class 2<br>Agricultural Property<br>(Qualified Ag Property) | Legislative Class 6.2<br>Foreign Trade Zone<br>Property |
|---|--|---|---|
| <b>Capital Expenditures</b>   |  |   |   |
| Land Acquisition (8 acres @ \$30,000 per acre)                            | \$94,600,000                               | \$94,600,000  | \$94,600,000  |
| Site Preparation & Utilities  | \$3,500,000                                | \$3,500,000   | \$3,500,000   |
| Architectural & Design Costs (7% of Capex)                                | \$15,100,000                               | \$15,100,000  | \$15,100,000  |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)  | \$0  | \$0   | \$0   |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)       | \$18,200,000                               | \$18,200,000  | \$18,200,000  |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot) | \$0  | \$0   | \$0   |
| Total Land, Design, Preparation & Improvements                            | \$48,500,000                               | \$48,500,000  | \$48,500,000  |
| Estimated Business Personal Property                                      | \$85,300,000                               | \$85,300,000  | \$85,300,000  |
|   | \$9,300,000                                | \$9,300,000   | \$9,300,000   |

| <b>Assessor Assessment Value</b>   |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| <b>Real Property</b>   |                     |                     |                     |
| Land (8 acres)   | \$3,500,000         | \$155,000           | \$3,500,000         |
| Greenhouse Facilities (6 acres (261,360 sq. ft.) @ \$32 per square foot)                   | \$18,200,000        | \$18,200,000        | \$18,200,000        |
| Storage Warehouse Space (43,000 square feet @ \$45 per square foot)                        | \$0                 | \$0                 | \$0                 |
| Other Real Estate Improvements (5,000 square feet @ \$75 per square foot)                  | \$48,500,000        | \$48,500,000        | \$48,500,000        |
| <b>Total Real Property Land &amp; Improvements</b>   | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Taxable Limited Value Relative To Full Cash Value (Max 5% Increase from prior year)</b> | <b>1.000</b>        | <b>1.000</b>        | <b>1.000</b>        |
| <b>Equals: Real Property Tax Assessment Limited Value</b>                                  | <b>\$70,200,000</b> | <b>\$66,855,000</b> | <b>\$70,200,000</b> |
| <b>Property Legislative Class Assessment Ratio</b>   | <b>18.00%</b>       | <b>15.00%</b>       | <b>5.00%</b>        |
| Real Property Assessed Value   | \$12,636,000        | \$10,028,250        | \$3,510,000         |
| Less: Real Property Exemptions   | \$0                 | \$0                 | \$0                 |
| <b>Equals: Real Property Net Assessed Value</b>  | <b>\$12,636,000</b> | <b>\$10,028,250</b> | <b>\$3,510,000</b>  |

| <b>Business Personal Property</b>  |                 |                 |              |
|--|-----------------|-----------------|--------------|
| Estimated Business Personal Property                                     | \$9,300,000     | \$9,300,000     | \$9,300,000  |
| Company Business Property Exemption (2016 exemption amount)              | \$152,926       | \$152,926       | \$152,926    |
| Estimated Business Personal Property, net of company exemption           | \$9,147,074     | \$9,147,074     | \$9,147,074  |
| Estimated Business Personal Property Useful Life                         | 10 Years        | 10 Years        | 10 Years     |
| <b>10-Year Useful Life Personal Property Valuation Factor for Year 5</b> |                 |                 |              |
| <b>Property Qualifies for Additional Depreciation</b>                    | <b>2.50%</b>    | <b>2.50%</b>    |              |
| <b>Property Does Not Qualify for Additional Depreciation</b>             |                 |                 | <b>0.00%</b> |
| Assessor Full Cash Value For Business Personal Property                  | \$228,676.85    | \$228,676.85    | \$0.00       |
| <b>Property Legislative Class Assessment Ratio</b>                       | <b>18.00%</b>   | <b>15.00%</b>   | <b>5.00%</b> |
| Business Personal Property Assessed Value                                | \$41,162        | \$34,302        | \$0          |
| Less: Business Personal Property Property Exemptions                     | \$0             | \$0             | \$0          |
| <b>Equals: Business Personal Property Net Assessed Value</b>             | <b>\$41,162</b> | <b>\$34,302</b> | <b>\$0</b>   |

|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Total Taxable Value Of Real Property &amp; Business Personal Property</b> | <b>\$12,677,162</b> | <b>\$10,062,552</b> | <b>\$3,510,000</b> |
|--|---------------------|---------------------|--------------------|

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>Assessor Tax Area Code For Subject Property Site</b>   | <b>0603</b>      | <b>0603</b>      | <b>0603</b>      |
| <b>Total State &amp; Local Jurisdiction Tax Rates (\$ per \$100 Taxable Net Assessed Value)</b> | <b>\$14.3645</b> | <b>\$14.3645</b> | <b>\$14.3645</b> |

| <b>TAX YEAR 2015 PROPERTY TAX BY JURISDICTION</b>                |                       |                       |                     |
|--|-----------------------|-----------------------|---------------------|
| PIMA COUNTY PRIMARY & DEBT SERVICE (\$5.0877)                    | \$644,975.97          | \$511,952.46          | \$178,578.27        |
| STATE SCHOOL EQUALIZATION PRIMARY (\$0.5054)                     | 64,070.37             | 50,856.14             | 17,739.54           |
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY (\$6.3370)            | 803,351.76            | 637,663.92            | 222,428.70          |
| PIMA COMMUNITY COLLEGE PRIMARY (\$1.3689)                        | 173,537.67            | 137,746.27            | 48,048.39           |
| JOINT TECHNICAL EDUCATION DISTRICT SECONDARY (\$0.0500)          | 6,338.58              | 5,031.28              | 1,755.00            |
| CENTRAL ARIZONA WATER CONSERVATION DISTRICT SECONDARY (\$0.1400) | 17,748.03             | 14,087.57             | 4,914.00            |
| PIMA COUNTY FLOOD CONTROL DISTRICT SECONDARY (\$0.3135)          | 39,613.86             | 31,438.56             | 11,003.85           |
| PIMA COUNTY LIBRARY DISTRICT SECONDARY (\$0.5153)                | 65,325.42             | 51,852.33             | 18,087.03           |
| FIRE DISTRICT ASSISTANCE TAX SECONDARY (\$0.0486)                | 5,920.23              | 4,699.21              | 1,639.17            |
| <b>TOTAL PROPERTY TAXES</b>                                      | <b>\$1,820,881.89</b> | <b>\$1,445,327.74</b> | <b>\$504,193.95</b> |

| <b>PAYMENT IN LIEU OF TAXES FOR SCHOOL DISTRICTS - FTZ DESIGNATION VERSUS</b> | <b>CLASS 1</b> | <b>CLASS 2</b> |
|---|----------------|----------------|
| MARANA SCHOOL DISTRICT PRIMARY & SECONDARY                                    | \$580,923.06   | \$415,235.22   |
| PIMA COMMUNITY COLLEGE PRIMARY  | \$125,489.28   | \$89,697.88    |

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