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CERTIFIED SPECIALIST REAL ESTATE LAW
ARIZONA BOARD OF LEGAL
SPECIALIZATION
DMARTIN@MKBLAWAZ.COM

LEONARD BELL
DECEASED DECEMBER 13, 2009
ATTORNEY

TELEPHONE
(602) 230-0030
TELECOPIER
(602) 604-0004

LAW OFFICES

MARTIN, KERRICK & BELL, L.L.C.

365 EAST CORONADO ROAD
SUITE 200
PHOENIX, ARIZONA 85004

www.mkblawaz.com

April 28, 2014

GOVERNMENT AFFAIRS
JIM WEST
JIMWEST@MKBLAWAZ.COM

LEGAL ASSISTANTS

RACHEL D. GRAYCZYK
RACHEL@MKBLAWAZ.COM

NORMAN B. MARTIN, M.P.A.
NMARTIN@MKBLAWAZ.COM

ELIZABETH BROWN
EBROWN@MKBLAWAZ.COM

SENT VIA ORDINARY AND CERTIFIED MAIL TO:

Pima County Board of Supervisors
c/o Robin Brigode, Clerk of the Board of Supervisors
130 W. Congress, 5th Floor
Tucson, AZ 85701

SENT VIA ORDINARY MAIL TO:

Pima County
ATTN: Charles Huckleberry, County Manager
130 W Congress St
Tucson, AZ 85701

Neil Konigsberg, Manager Real Property Services, Pima County
Public Works Building
201 N. Stone Avenue, 6th Floor
Tucson AZ 85701

Re: Sierrita Gas Pipeline Project Necessary Easements and Temporary Workspace
Tax Parcel Nos. 209-01-057B, 057D, 057E, 058C, 058D, 0600, 0620, 0720 and
076B (and platted roads), all within Section 1, Township 15S, Range 11E [Good
Faith Offer]

Dear Mr. Huckleberry, Mr. Konigsberg, Elected County Supervisors and Ms. Brigode:

We represent Sierrita Gas Pipeline Company, LLC (hereinafter "Sierrita"). We enclose an appraisal prepared by Arizona licensed appraisers, valuing the necessary easements for this pipeline Easement and separately valuing the space necessary for a temporary construction easement, described here as a Temporary Workspace Agreement. That Easement and the Temporary Workspace Agreement are attached with supporting survey detail.

The total compensation as determined within the attached appraisal report is \$9,800. We are aware of comments that you have made as part of the Federal Energy Regulatory Commission (hereinafter "FERC") proposal and we do understand that there have been a series of meetings between agents of Sierrita and the County Manager and his staff seeking to resolve the valuation issue.

CLERK'S NOTE:

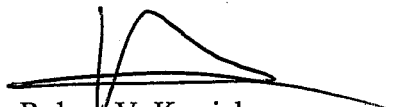
COPY TO SUPERVISORS
COUNTY ADMINISTRATOR

4/30/14

APR 30 14 PM 01:16 PC CLK OF BD

Our clear purpose is to make a good faith offer that continues that dialogue. We are authorized to offer the sum of \$17,000. We look forward to any necessary continuing discussions to resolve this issue. As you know, the final Environmental Impact Statement was issued on or about March 28, 2014 and we anticipate a Federal Energy Regulatory Commission Certificate of Public Use and Necessity (hereinafter the "FERC Certificate") within thirty days or less from today's date.

Cordially,



Robert V. Kerrick
Douglas G. Martin

DGM/rdg
Enclosures
cc: Christie Billings
cc: Bill Biggs

APN 209-01-057B
209-01-057D
209-01-057E
209-01-058C
209-01-058D
209-01-0600
209-01-0620
209-01-071E
209-01-0720
209-01-076B

Upon recording return to:
Sierrita Gas Pipeline LLC
Land and ROW Department
5151 E. Broadway Blvd., Suite 1680
Tucson, Arizona 85711

EASEMENT

THE STATE OF ARIZONA §
 §
COUNTY OF PIMA §

KNOW ALL MEN BY THESE PRESENTS, that **Pima County** (hereinafter referred to as "Grantor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration to the Grantor, in hand paid by **Sierrita Gas Pipeline LLC**, a Delaware limited liability company (the "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, sell, and convey unto Grantee, its successors and assigns, a fifty-foot (50') wide natural gas pipeline easement in which to locate and survey a route, construct, entrench, maintain, operate, protect, and replace a natural gas pipeline with cathodic equipment thereto, and in connection therewith being hereinafter collectively called the "Facilities") and for the transportation of natural gas over, under, and through the Grantor's land (the "Property"), over a a portion of:

<u>Sections</u>	<u>Township</u>	<u>Range</u>	<u>Base & Meridian</u>	<u>County</u>
1	15S	11E	Gila & Salt River	Pima County, AZ

the location of the Easement Right of Way being more particularly described and depicted in Exhibits "A" & "B" attached hereto and made a part hereof for all purposes.

This grant shall carry with it the right of ingress and egress to and from, and access on and over the Easement Right of Way, with the right to use existing roads designated by Grantor, for the purposes of constructing, inspecting, repairing, protecting, maintaining, and replacing the facilities. The pipeline may be replaced or removed by Grantee, its successors or assigns at will, either in whole or in part, and with either like or different size pipe.

TO HAVE AND TO HOLD the above described rights and easement, together with all rights necessary to operate and maintain the facilities over the Easement Right of Way hereby granted unto Grantee, its successors and assigns. The Grantee may assign the rights and easements herein granted, either in whole or in part, subject to the terms of this grant, and such rights and easements shall be covenants running with the land and be binding upon Grantor, its heirs, legal representatives, and successors in title.

Upon the permanent abandonment of the Easement Right of Way, Grantee shall, upon Grantor's written request, execute and record the reconveyance and release hereof, whereupon this Easement Right of Way and all rights and privileges herein mutually granted shall be fully canceled and terminated.

Grantor reserves the right to the use and enjoyment of the Property except for the purposes herein granted, but such use shall not hinder, conflict, or interfere with Grantee's surface or subsurface rights thereunder or disturb its facilities. No road, reservoir, excavation, obstruction, or structure shall be constructed, created, or maintained on, over, under, or within the Easement Right of Way; and Grantor agrees not to increase or decrease the elevation of the earth within the Easement Right of Way without Grantee's prior written consent.

Grantee shall pay to Grantor damages to Grantor's growing crops, timber, and personal property caused by the construction, maintenance, protection, repair, replacement, or removal of the Facilities. Existing road(s) impacted by pipeline construction will be restored to as good or better condition when construction is complete.

Grantor represents and warrants that it is the owner in fee simple of the land described herein, subject only to outstanding mortgages, if any, now of record in said county; and in the event of default by Grantor, Grantee shall have the right to discharge or redeem, in whole or in part, any mortgage, tax, or other lien on the Property and thereupon be subrogated to such lien and rights incident thereto.

It is hereby understood that the parties securing this grant on behalf of the Grantee are without authority to make any covenant or agreement not herein expressed.

WITNESS THE EXECUTION HEREOF this ____ day of _____, 2014.

GRANTOR

By: _____ (printed name)

Its: _____
Pima County

ACKNOWLEDGEMENT

STATE OF ARIZONA §

§

COUNTY OF PIMA §

On this the ____ day of _____, 20____, personally appeared _____, who acknowledged him/herself to be the _____ of Pima County for the property described on Exhibits A and B, located, Pima County, Arizona, and is authorized to do so, executed the foregoing instrument for the purposes therein contained.

Notary Public

My Commission Expires:

DESCRIPTION OF PERMANENT EASEMENT 1:

THE CENTERLINE OF A 50.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF PIMA COUNTY AND ALSO A PART OF THE MILLSTONE INDUSTRIAL DISTRICT NO. 1, RECORDED IN BOOK 13 PAGE 51, LOCATED IN SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, GILA & SALT RIVER B. & M., COUNTY OF PIMA, STATE OF ARIZONA, SAID 50.00 FOOT WIDE STRIP OF LAND BEING 25.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE SOUTH RIGHT OF WAY LINE OF SNYDER HILL ROAD IN SAID SECTION 1, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 87°43'33" WEST, A DISTANCE OF 1327.55 FEET;

THENCE OVER AND ACROSS SAID PARCEL THE FOLLOWING TWO (2) COURSES AND DISTANCES:

1. SOUTH 00°00'09" WEST, A DISTANCE OF 102.82 FEET;
2. SOUTH 89°02'58" WEST, A DISTANCE OF 896.04 FEET, MORE OR LESS, TO A POINT ON THE EAST LINE OF PARCEL 71A, LOT 1, BLOCK 2 AS SHOWN ON THE ASSESSOR'S RECORD MAP, SAID POINT BEING THE **POINT OF TERMINUS**, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 68°24'47" WEST, A DISTANCE OF 463.06 FEET.

THE TOTAL LENGTH OF THE ABOVE DESCRIBED CENTERLINE IS 998.86 FEET (60.54 RODS). CONTAINING 1.146 ACRES (49,943 SQUARE FEET) OF LAND, MORE OR LESS.

THE SIDE LINES OF THIS EASEMENT ARE LENGTHENED OR SHORTENED TO MEET AT ANGLE POINTS AND TERMINATE AT SAID SOUTH RIGHT OF WAY LINE OF SNYDER HILL ROAD AND SAID EAST LINE OF PARCEL 71A. SAID PERMANENT EASEMENT DESCRIBED ABOVE BEING BOUNDED WITHIN THE LANDS OF SAID PARCEL NAMED HEREON.

[CONTINUED ON SHEET 2 OF 2]

NOTES:

1. THIS EXHIBIT WAS PREPARED WITHOUT THE BENEFIT OF A TITLE COMMITMENT, THEREFORE CH2M HILL HAS NOT RESEARCHED OR SHOWN ANY OTHER EASEMENTS, RIGHTS-OF-WAY, VARIANCES AND OR AGREEMENTS OF RECORD EXCEPT AS SHOWN HEREON.
2. ALL DISTANCES SHOWN HEREON ARE INTERNATIONAL FOOT (GRID).
3. SEE EXHIBIT B BY WHICH THIS REFERENCE IS MADE PART HEREOF.

SECTION	PE	
	ACRES	LENGTH
1	3.987	3473.21
TOTAL	3.987	3,473.21

REVISIONS

NO.	DATE	BY	DESCRIPTION

SIERRITA GAS PIPELINE LLC**EXHIBIT A
PIMA COUNTY**

SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 1 OF 3

PIMA COUNTY, AZ



CH2MHILL

1501 W. FOUNTAINHEAD
PKWY., SUITE 401,
TEMPE, AZ, 85282
480-377-8239

DRAWING NUMBER
PIMA COUNTY

REV.

-

[CONTINUED FROM SHEET 1 OF 2]

DESCRIPTION OF PERMANENT EASEMENT 2:

THE CENTERLINE OF A 50.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF THE PIMA COUNTY, AND ALSO A PART OF THE MILLSTONE INDUSTRIAL DISTRICT NO. 1, RECORDED IN BOOK 13 PAGE 51, LOCATED IN SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, GILA & SALT RIVER B. & M., COUNTY OF PIMA, STATE OF ARIZONA, SAID 50.00 FOOT WIDE STRIP OF LAND BEING 25.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE WEST LINE OF PARCEL 71A, LOT 1, BLOCK 2 OF SAID MILLSTONE INDUSTRIAL DISTRICT NO. 1 AS SHOWN ON THE ASSESSORS RECORD MAP, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 47°09'14" WEST, A DISTANCE OF 256.44 FEET;

THENCE OVER AND ACROSS SAID PARCEL SOUTH 89°52'08" WEST, A DISTANCE OF 1155.01 FEET, MORE OR LESS, TO A POINT ON THE EAST LINE OF PARCEL 58A, LOT 2, BLOCK 1, AS SHOWN ON THE ASSESSOR'S RECORD MAP, SAID POINT BEING THE **POINT OF TERMINUS**, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 78°40'46" EAST, A DISTANCE OF 986.01 FEET.

THE TOTAL LENGTH OF THE ABOVE DESCRIBED CENTERLINE IS 1155.01 FEET (70.00 RODS). CONTAINING 1.326 ACRES (57,750 SQUARE FEET) OF LAND, MORE OR LESS.

THE SIDE LINES OF THIS EASEMENT ARE LENGTHENED OR SHORTENED TO MEET AT ANGLE POINTS AND TERMINATE AT SAID WEST LINE OF PARCEL 71A AND SAID EAST LINE OF PARCEL 58A. SAID PERMANENT EASEMENT DESCRIBED ABOVE BEING BOUNDED WITHIN THE LANDS OF SAID PARCEL NAMED HEREON.

DESCRIPTION OF PERMANENT EASEMENT 3:

THE CENTERLINE OF A 50.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF THE PIMA COUNTY, AND ALSO A PART OF THE MILLSTONE INDUSTRIAL DISTRICT NO. 1, RECORDED IN BOOK 13 PAGE 51, LOCATED IN SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, GILA & SALT RIVER B. & M., COUNTY OF PIMA, STATE OF ARIZONA, SAID 50.00 FOOT WIDE STRIP OF LAND BEING 25.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE WEST LINE OF PARCEL 58A, LOT 2, BLOCK 1 OF SAID MILLSTONE INDUSTRIAL DISTRICT NO. 1 AS SHOWN ON THE ASSESSORS RECORD MAP, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 81°15'08" EAST, A DISTANCE OF 1308.23 FEET;

[CONTINUED ON SHEET 3 OF 3]

SIERRITA GAS PIPELINE LLC

**EXHIBIT A
PIMA COUNTY**

**SECTION 1, TOWNSHIP 15 SOUTH
RANGE 11 EAST, GILA AND SALT RIVER B. & M.**

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 2 OF 3

PIMA COUNTY, AZ



CH2MHILL

1501 W. FOUNTAINHEAD
PKWY., SUITE 401,
TEMPE, AZ 85282
480-377-6239

**DRAWING NUMBER
PIMA COUNTY**

**REV.
-**

[CONTINUED FROM SHEET 2 OF 3]

THENCE OVER AND ACROSS SAID PARCEL SOUTH 89°52'08" WEST, A DISTANCE OF 1319.34 FEET, MORE OR LESS, TO A POINT ON THE EAST RIGHT OF WAY LINE OF CONTINENTAL ROAD, SAID POINT BEING THE **POINT OF TERMINUS**, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 1 BEARS NORTH 23°41'46" WEST, A DISTANCE OF 191.76 FEET.

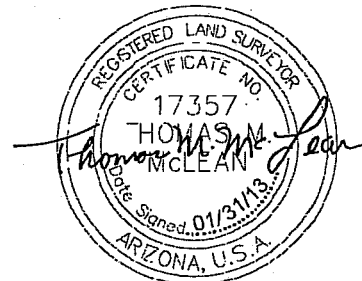
THE TOTAL LENGTH OF THE ABOVE DESCRIBED CENTERLINE IS 1319.34 FEET (79.96 RODS), CONTAINING 1.514 ACRES (65,967 SQUARE FEET) OF LAND, MORE OR LESS.

THE SIDE LINES OF THIS EASEMENT ARE LENGTHENED OR SHORTENED TO MEET AT ANGLE POINTS AND TERMINATE AT SAID WEST LINE OF PARCEL 58A AND SAID EAST RIGHT OF WAY LINE OF CONTINENTAL ROAD. SAID PERMANENT EASEMENT DESCRIBED ABOVE BEING BOUNDED WITHIN THE LANDS OF SAID PARCEL NAMED HEREON.

THE BASIS OF BEARING IS THE WEST LINE OF THE NORTHWEST ONE-QUARTER OF SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, OF THE GILA & SALT RIVER B. & M., BASED ON GPS OBSERVATIONS AND PROJECTED TO UTM-12 NORTH, NAD83 (GRID) WHICH BEARS NORTH 00°40'20" WEST AND IS MONUMENTED BY A 1 1/2" ALUMINUM CAP AT THE WEST ONE-QUARTER CORNER AND A 3/8" REBAR AT THE NORTHWEST CORNER OF SAID SECTION 1, AS SHOWN HEREON.

I, THOMAS M. McLEAN, A LAND SURVEYOR, REGISTERED IN THE STATE OF ARIZONA, HEREBY CERTIFY THAT THIS SURVEY WAS DONE BY ME OR UNDER MY DIRECT SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY ABILITY, FURTHERMORE, THIS SURVEY MEETS THE ARIZONA BOUNDARY SURVEY STANDARDS.

THOMAS M. McLEAN, PLS
ARIZONA REGISTRATION
NUMBER 17357



EXPIRES 09-30-15

SIERRITA GAS PIPELINE LLC

EXHIBIT A PIMA COUNTY

SECTION 1, TOWNSHIP 15 SOUTH
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 3 OF 3

PIMA COUNTY, AZ



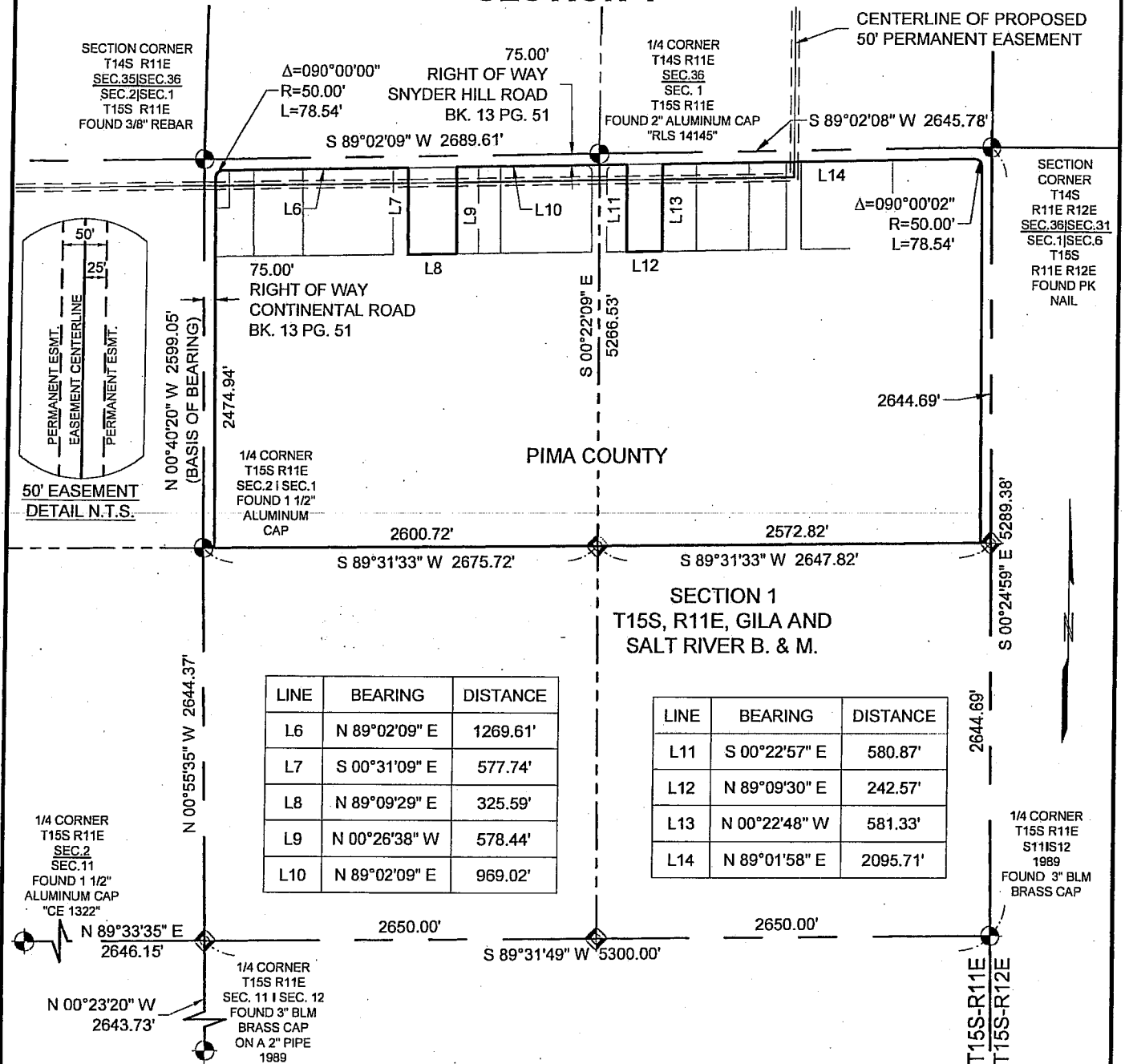
CH2MHILL

1501 W. FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-6239

DRAWING NUMBER
PIMA COUNTY

REV.

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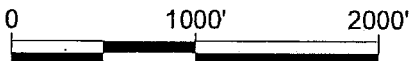
SECTION 1**LEGEND**

COMPUTED LOCATION FROM
FOUND MONUMENTATION

SECTION CORNER

P.O.B. POINT OF BEGINNING

P.O.T. POINT OF TERMINUS



SCALE: 1" = 1000'

SEE EXHIBIT A BY WHICH THIS REFERENCE
IS MADE PART HEREOF.

SIERRITA GAS PIPELINE LLC**EXHIBIT B
PIMA COUNTY**

SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 1 OF 3

PIMA COUNTY, AZ

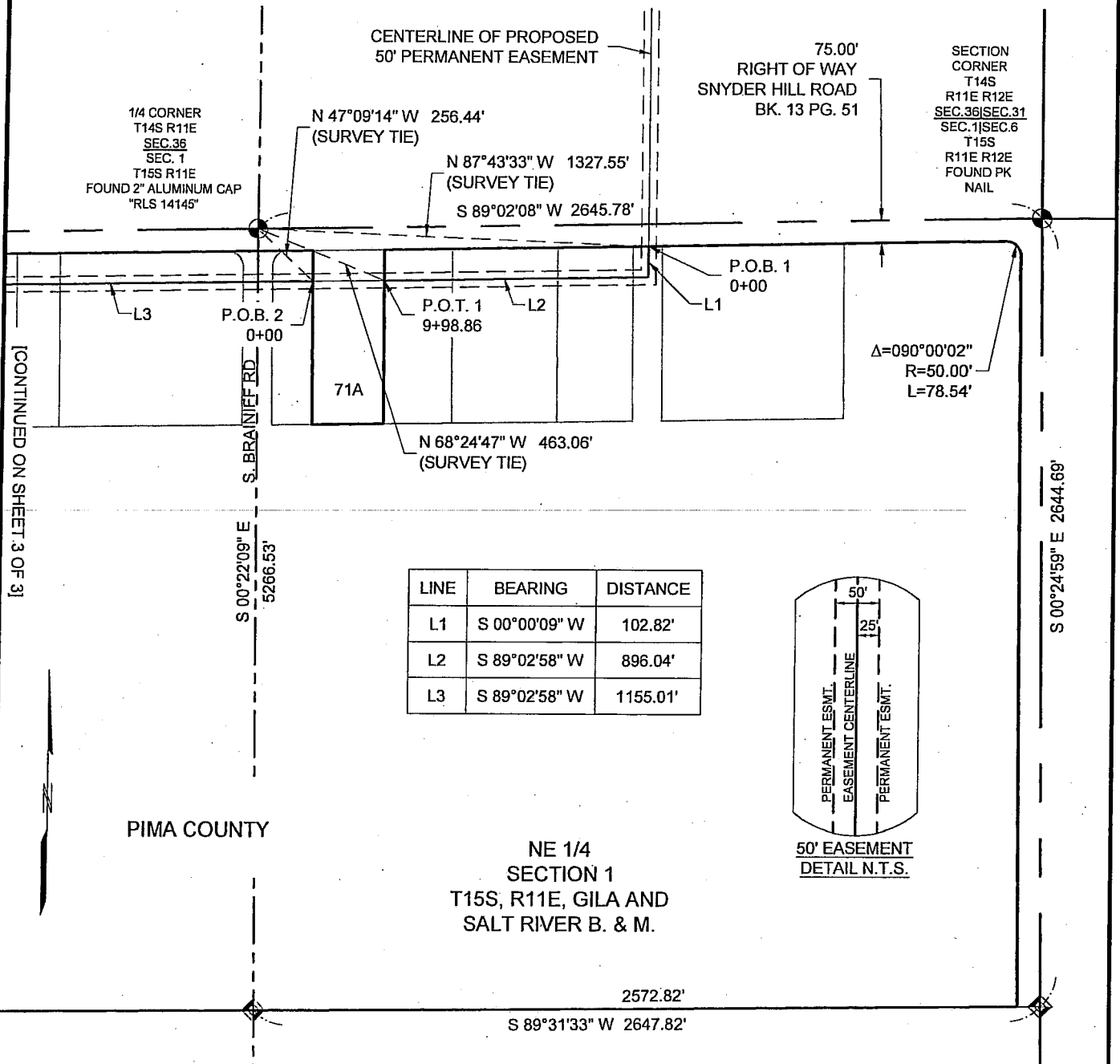


CH2MHILL

1501 W. FOUNTAINHEAD
PKWY., SUITE 401,
TEMPE, AZ 85282
480-377-5239

DRAWING NUMBER
PIMA COUNTY

REV.
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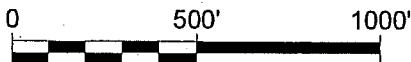
SECTION 1**LEGEND**

◆ COMPUTED LOCATION FROM
FOUND MONUMENTATION

● SECTION CORNER

P.O.B. POINT OF BEGINNING

P.O.T. POINT OF TERMINUS



SCALE: 1" = 500'

SEE EXHIBIT A BY WHICH THIS REFERENCE
IS MADE PART HEREOF.

SIERRITA GAS PIPELINE LLC**EXHIBIT B
PIMA COUNTY**

SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 2 OF 3

PIMA COUNTY, AZ



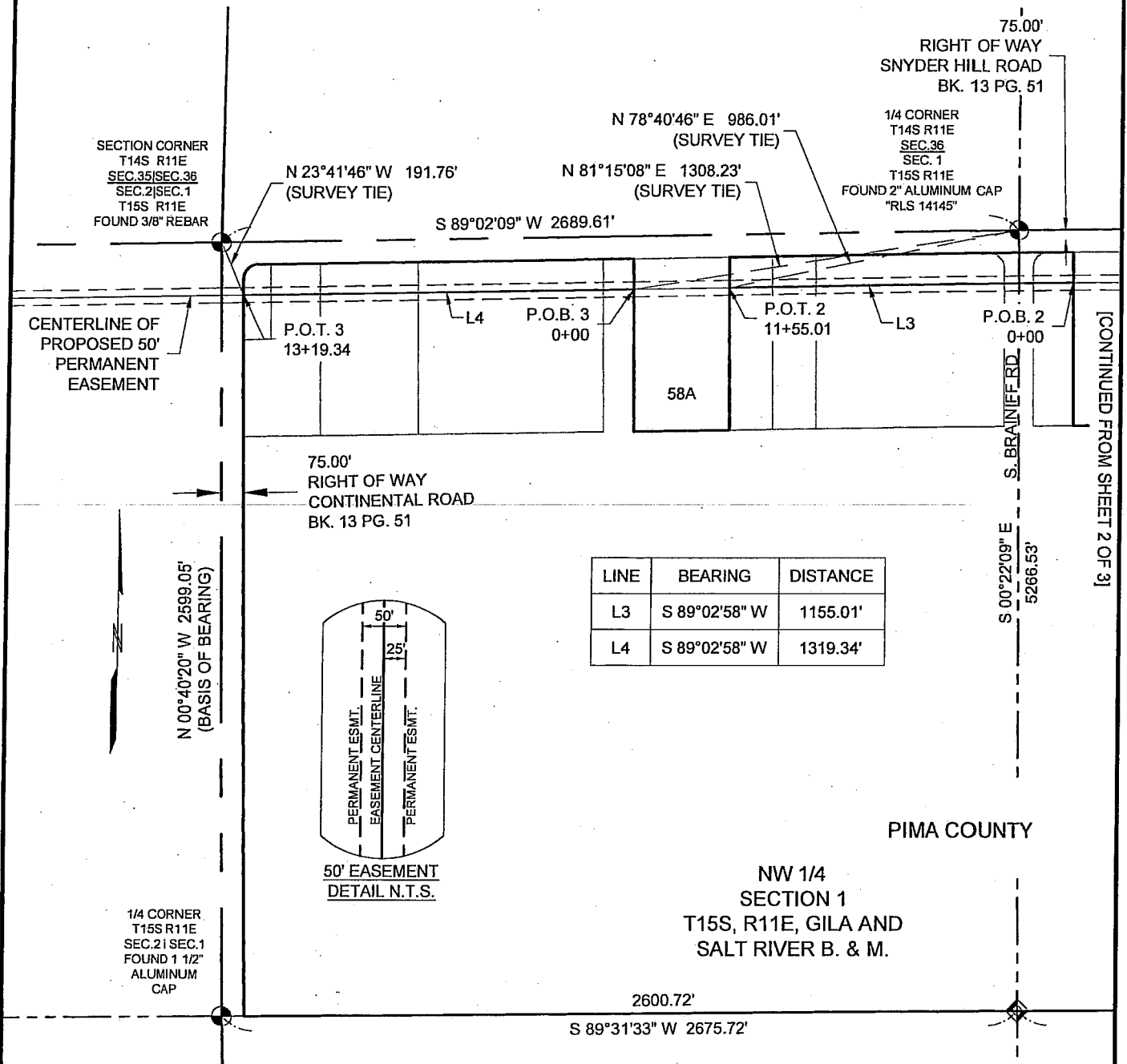
CH2MHILL

1501 W. FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-6239

DRAWING NUMBER
PIMA COUNTY

REV.

-

SECTION 1

[CONTINUED FROM SHEET 2 OF 3]

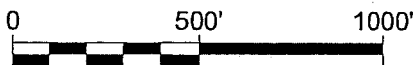
LEGEND

◆ COMPUTED LOCATION FROM
FOUND MONUMENTATION

⊕ SECTION CORNER

P.O.B. POINT OF BEGINNING

P.O.T. POINT OF TERMINUS



SCALE: 1" = 500'

SEE EXHIBIT A BY WHICH THIS REFERENCE
IS MADE PART HEREOF.

SIERRITA GAS PIPELINE LLC

EXHIBIT B
PIMA COUNTY

SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 3 OF 3

PIMA COUNTY, AZ

**CH2MHILL**

1501 W. FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-6239

DRAWING NUMBER
PIMA COUNTY

REV.

-

Sierrita Gas Pipeline LLC
Sierrita Pipeline Project
Temporary Workspace Agreement

APN 209-01-057B; 209-01-057D; 209-03-057E
209-01-058C; 209-01-058D; 209-01-0600;
209-01-0620; 209-01-071E; 209-01-0720;
209-01-076B

STATE OF ARIZONA

) ss

COUNTY OF PIMA

)

AFE 64701

KNOW ALL MEN BY THESE PRESENTS:

THAT **Pima County**, (hereinafter called "Grantor") does hereby grant and convey unto **Sierrita Gas Pipeline LLC**, whose address is Two North Nevada Avenue, Colorado Springs, Colorado 80903 (hereinafter called Grantee"), the following described Temporary Workspace:

2.929 acres located in Sections 1, Township 15 South, Range 11 East, Gila & Salt River Base & Meridian, Pima County, Arizona, and more particularly described in "TEMPORARY WORKSPACE SKETCH", pages 1 of 2 and 2 of 2, attached hereto and made apart hereof, referred to herein as the PROPERTY.

IT IS MUTUALLY UNDERSTOOD AND AGREED THAT:

For valuable consideration receipt of which is acknowledged, Grantor, hereby grants unto Grantee Temporary Workspace (TWS and/or ATWS) for the purpose hereinafter described,

Grantee shall use the PROPERTY for uses associated with constructing a natural gas pipeline, including but not limited to access, excavating, stockpiling dirt spoil, stringing and welding pipe and parking .

Grantee agrees to protect, indemnify, hold harmless and defend Grantor, from any liability or expense, including Attorney fees, arising from claims asserted by any person or persons for personal injury, death, or property damage arising from LESSEE's use as stated above.

The term of this Temporary Workspace Agreement is one (1) year. The term shall commence upon Lessee's initial occupancy of the property.

Upon completion of said use of PROPERTY, Grantee shall grade, level restore and revegetate the surface of the land as close as practical to its original condition.

TO HAVE AND TO HOLD the above-described property, unto Grantee, its successors and assigns, until term of PROPERTY use is completed.

It is agreed that this Temporary Workspace Agreement as written above covers all agreements between the parties and that no other representation has been made modifying, adding to, or changing the terms of the same.

GRANTOR:

Pima County

BY: _____

Sierrita Gas Pipeline, L.L.C.

BY: _____

SECTION 1

[CONTINUED ON SHEET 2 OF 2]

BEGIN ADDITIONAL
TEMPORARY WORK SPACE
NO. 5 AT 2+83.94
200' IN LENGTH

BEGIN ADDITIONAL
TEMPORARY WORK SPACE
NO. 3 AT 0+00.00
183' IN LENGTH

P.O.B. 2
0+00

P.O.T. 1
9+98.87

BEGIN ADDITIONAL
TEMPORARY WORK SPACE
NO. 2 AT 1+88.94
200' IN LENGTH

P.O.B. 1
0+00

BEGIN ADDITIONAL
TEMPORARY WORK SPACE
NO. 6 AT 2+84.19
200' IN LENGTH

BEGIN ADDITIONAL
TEMPORARY WORK SPACE
NO. 4 AT 0+00.40
184' IN LENGTH

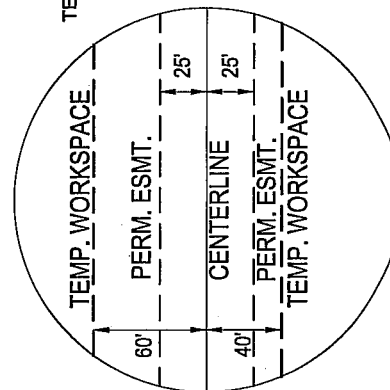
71A

BEGIN ADDITIONAL
TEMPORARY WORK SPACE
NO. 1 AT 0+02.16
157.11' IN LENGTH

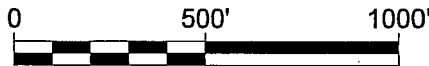
PIMA COUNTY

SECTION 1

T15S, R11E, GILA AND SALT
RIVER B. & M.



EASEMENT DETAIL
N.T.S.



SCALE: 1" = 500'

SECTION	TWS (AC)	ATWS (AC)
1	2.114	0.815
TOTAL	2.114	0.815

LEGEND

SECTION CORNER

P.O.B. POINT OF BEGINNING

P.O.T. POINT OF TERMINUS

NOTES:

- ALL ADDITIONAL TEMPORARY WORK SPACES SHOWN HEREON ARE 25 FEET IN WIDTH, EXCEPT WHERE NOTED OTHERWISE.
- TEMPORARY WORK SPACES DESCRIBED HEREON, REFERENCE THE PERMANENT EASEMENT CENTERLINE DESCRIBED AND SHOWN ON THE ACCOMPANYING EXHIBITS A AND B, AND ARE BASED ON THE ASSUMED STATIONING (COMMENCING AT STATION 0+00 AT THE POINT OF BEGINNING).

SIERRITA GAS PIPELINE LLC

TEMPORARY WORK SPACE SKETCH
PIMA COUNTY

SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 1 OF 2

PIMA COUNTY, AZ

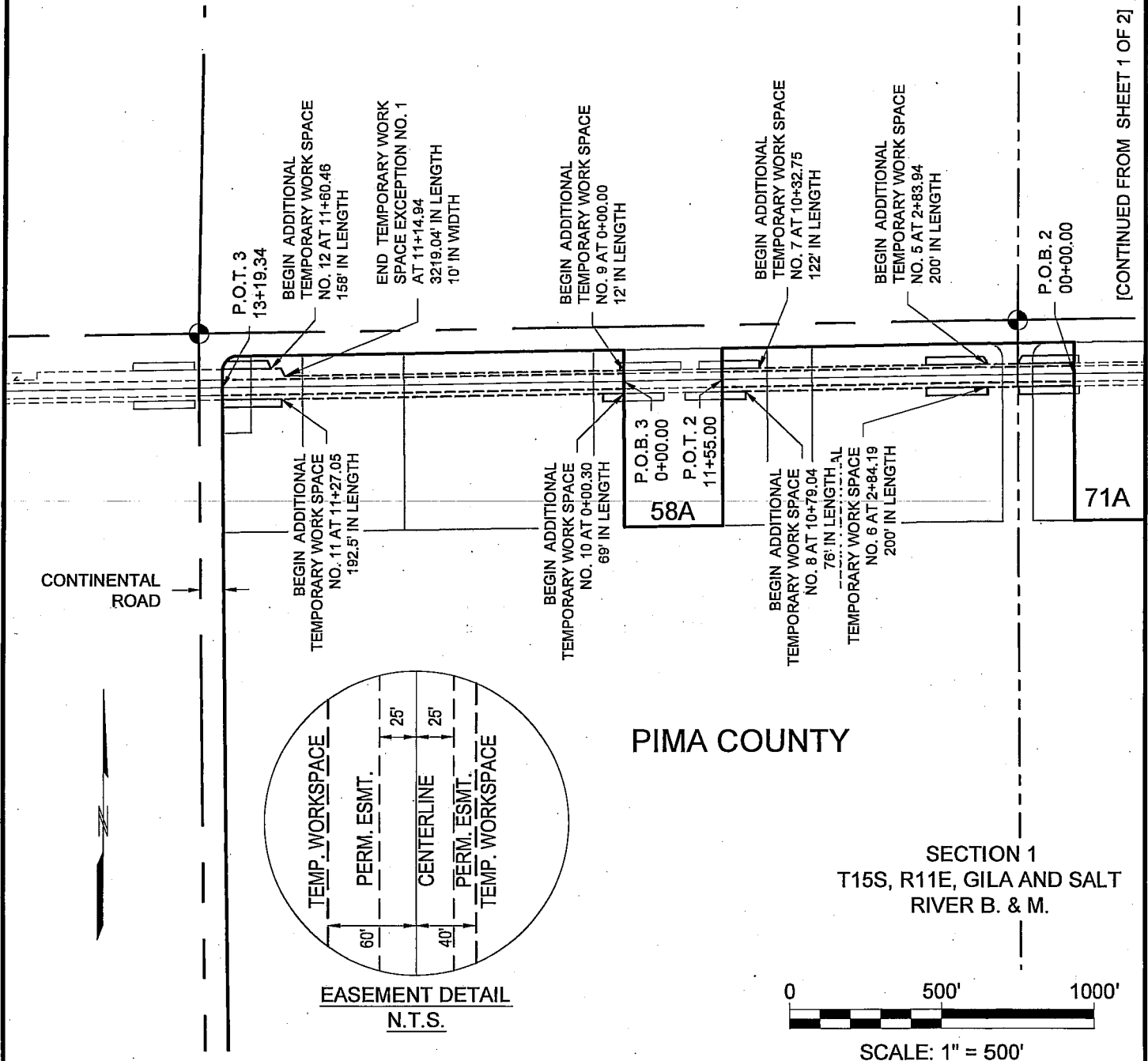


CH2MHILL

1501 W. FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-6239

DRAWING NUMBER
PIMA COUNTY_TWS

REV.
-

SECTION 1**SIERRITA GAS PIPELINE LLC****TEMPORARY WORK SPACE SKETCH
PIMA COUNTY**SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 2 OF 2

PIMA COUNTY, AZ

**CH2MHILL**1501 W. FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-6239DRAWING NUMBER
PIMA COUNTY_TWS

REV.

-

APPRAISAL REPORT

OF

**40.32 ACRES OF
PARTIALLY CONTIGUOUS VACANT LAND**

**LOCATED
ON THE SOUTH SIDE OF SNYDER HILL ROAD, EAST OF
CONTINENTAL ROAD**

**IN BLOCKS 1 AND 2, MILLSTONE INDUSTRIAL DISTRICT NO.1
SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, G&SRB&M
PIMA COUNTY, ARIZONA**

FOR

**SIERRITA GAS PIPELINE, L.L.C., A DELAWARE LIMITED
LIABILITY COMPANY
(SIERRITA GAS PIPELINE PROJECT, EPNG LINE 2177)**

**C/o MR. DOUGLAS G. MARTIN, ATTORNEY
MARTIN, KERRICK & BELL, LLC
365 EAST CORONADO STREET
PHOENIX, ARIZONA 85004**

OWNERSHIP: PIMA COUNTY

**TAX PARCEL NUMBERS:
209-01-057B, 057D, 057E, 058C, 058D, 0600, 0620, 071E, 0720 AND 076B**

**EFFECTIVE DATE OF APPRAISAL
APRIL 7, 2014**

BAKER, PETERSON, BAKER & ASSOCIATES, INC.
Tucson, Arizona

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

REAL ESTATE APPRAISERS - CONSULTANTS

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April 28, 2014

Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company

C/o Mr. Douglas G. Martin, Attorney

Martin, Kerrick & Bell, LLC

365 East Coronado Road

Phoenix, Arizona 85004

RE: An appraisal report of partially contiguous vacant land containing 40.32 acres, located on the south side of Snyder Hill Road, east of Continental Road, in Blocks 1 and 2, Millstone Industrial District No. 1, Section 1, Township 15 South, Range 11 East, G&SRB&M, Pima County, Arizona

<i>Project:</i>	Sierrita Gas Pipeline Project, EPNG Line 2177
<i>Ownership:</i>	Pima County
<i>Tax Parcel Nos.:</i>	209-01-057B, 057D, 057E, 058C, 058D, 0600, 0620, 071E, 0720, and 076B
<i>Effective Date of Appraisal:</i>	April 7, 2014
<i>Date of Report:</i>	April 28, 2014

Mr. Martin:

In response to your authorization, I have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled me to form an opinion of the market value of the fee simple interest and easement interest in the above-named property, both before and after the acquisition of a permanent utility easement and land for temporary construction easements for the construction, operation and maintenance of a subterranean gas transmission pipeline. I have also estimated damages, if any, which may accrue to the remainder property not being acquired as part of the Sierrita Gas Pipeline Project, EPNG Line 2177.

The intended users of this appraisal report are Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company, and its designees and agents. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended users in the determination of the just compensation due for the acquisition of a permanent easement for a gas pipeline over a portion of the subject property, for the acquisition of temporary construction easements for installation of said pipeline, for the acquisition of site improvements, if any, and for the determination of estimated damages, if any, which accrue to the remainder property. It is not intended for any other use.

Mr. Douglas G. Martin, Attorney
Martin, Kerrick & Bell, LLC

I have formed the opinion that, as of the effective date of appraisal, April 7, 2014, and subject to the assumptions and hypothetical (*No. 22 - Value of the Remainder Land, After*) limiting conditions set forth herein, based on a 6 to 12 month marketing period, the just compensation due to the property owner for the acquisition of the easement interests from the subject property, and any severance damages is:

Market Value of Land, Before Acquisition	\$100,800
Market Value of Property Rights To Be Acquired	\$9,000
Market Value of Remainder Property, Before	\$91,800
Market Value of Remainder Property, After	\$91,800
Market Value of Temporary Construction Easement	\$800
Severance Damages	-0-
Special Benefits	-0-

TOTAL COMPENSATION:

Market Value of Property Rights To Be Acquired	\$9,000
Market Value of Temporary Construction Easement	800
Severance Damages	0
Special Benefits	<u>0</u>
TOTAL COMPENSATION	\$9,800

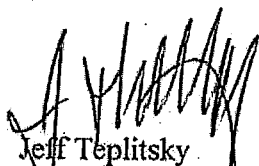
Hypothetical Condition - Value of the Remainder Land, After (No. 22). This appraisal report includes the appraisal of the market value of the remainder land, as if the pipeline project was complete. As the pipeline project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project was completed based upon the plans provided to the appraiser by Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company (hereinafter referred to as Sierrita Gas Pipeline, LLC). If the pipeline project is not completed as indicated by the plans provided by Sierrita Gas Pipeline, LLC, to the appraiser, then the conclusions in this report are subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report (USPAP) and the guidelines of the client. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file.

Mr. Douglas G. Martin, Attorney
Martin, Kerrick & Bell, LLC

The depth of discussion contained in this report is specific to the needs of the intended user and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

Respectfully submitted,



Jeff Teplitsky
Certified General Real Estate Appraiser
Certificate Number 30151

C146849B - PC

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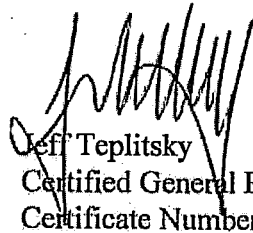
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PART I - CERTIFICATION

I CERTIFY THAT, TO THE BEST OF MY 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
8. My reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Foundation, and any other specifications submitted by the Client, including Title XI, FIRREA.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. In accord with the Uniform Standards of Professional Appraisal Practice, I have the experience and knowledge to complete this assignment in a credible and competent manner.
11. As of the date of this report, I have completed requirements of the continuing education program of the State of Arizona .
12. The effective date (date of valuation) of this appraisal is April 7, 2014.

13. I have made a personal inspection of the property that is the subject of this report.
14. No one provided significant real property appraisal assistance to the person signing this certification.
15. This firm has appraised the subject property in the three years prior to this appraisal.
16. I am a Certified General Real Estate Appraiser in the State of Arizona.



Jeff Teplitsky
Certified General Real Estate Appraiser
Certificate Number 30151

PART II - GENERAL INFORMATION

INTENDED USER:

Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company, and its designees and agents (hereinafter referred to as Sierrita Gas Pipeline, LLC)

APPRAISER:

Jeff Teplitsky

Certified General Real Estate Appraiser

Certificate Number 30151 (Arizona)

SUBJECT PROPERTY:

The subject of this appraisal is 40.32 acres of partially contiguous vacant land located on the south side of Snyder Hill Road, east of Continental Road, in Blocks 1 and 2, Millstone Industrial District No. 1, Section 15 South, Range 11 East, G&SRB&M, Pima County, Arizona.

LAND AREA:

Before: 40.320 acres (fee simple) - Pima County Assessor, approximate
Acquisition: 3.987 acres (permanent utility easement)
Remainder: 36.333 acres (fee simple unencumbered)
3.987 acres (permanent utility easement)
40.320 acres (encumbered/unencumbered with permanent utility easement)

Temporary construction easements containing 2.929 acres are also being acquired as part of this project. The temporary construction easements are described as Temporary Work Space and Additional Temporary Work Space on a map provided by the client (see Exhibits).

According to information provided by Sierrita Pipeline, LLC, the proposed permanent utility easement acquisition for this pipeline will be fifty (50) feet in width to be used for the construction, operation and maintenance of a subterranean transmission pipeline (36 inch diameter) and above ground appurtenances. There will also be a temporary construction easement twenty-five (25) feet in width and may exceed 50 feet at wash crossings and roads and additional area will be included with the temporary construction easements. The temporary easements extinguish upon completion of the project and the land area will revert in fee to the property owner.

ZONING:

CI-2 (General Industrial) - Pima County

PIMA COUNTY COMPREHENSIVE PLAN:

RT - Resource Transition

TAX PARCEL NUMBERS:

209-01-057B, 057D, 057E, 058C, 058D, 0600, 0620, 071E, 0720, and 076B. The title report provided to the appraiser by the client indicates a tax parcel number 302-02-0130 as being owned by Pima County. Parcel 302-02-0130 is located in Section 35, Township 8 East,

Range 20, South, G&SRB&M, which is at the intersection of SR 286 (Sasabe Highway) and Arivaca Road. This parcel is not being included in the valuation of the subject property.

REAL ESTATE TAXES:

None - government exemption

DELINQUENT TAXES:

Not applicable

FULL CASH VALUE:

\$63,197 (2014; land parcels only excluding roadways)

The development of full cash values is based on mass appraisal models as set by the State of Arizona. They are for tax assessment purposes only and cannot be equated with market value as utilized in this appraisal. Thus, they serve only as a point of comparison with other properties.

INTENDED USE OF REPORT:

This report is intended only for use in assisting the intended users in the determination of the just compensation due for the acquisition of a permanent easement for a gas pipeline over a portion of the subject property, for the acquisition of temporary construction easements for installation of said pipeline, for the acquisition of site improvements, if any, and for the determination of estimated damages, if any, which accrue to the remainder property. It is not intended for any other use.

INTENDED USERS OF REPORT:

The intended users of this appraisal report are Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company, and its designees and agents. Use of this report by others is not intended by the appraiser.

INTEREST APPRAISED:

Fee simple interest in the property before the acquisition; permanent and temporary easement interest in the property to be acquired; and fee simple and permanent easement interest in the remainder property after the acquisition.

Fee Simple Interest, as defined in the Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, page 78, is "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."

Easement, as defined in the Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, page 246, is "Nonpossessory (incorporeal) interest in landed property conveying use, but not ownership, of a portion of that property."

Temporary Easement, as defined in the Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, page 195, is "An easement granted for a specific purpose and

applicable for a specific time period. A construction easement, for example, is terminated after the construction of the improvement and the unencumbered fee interest in the land reverts to the owner.”

PURPOSE:

To estimate the market value of the fee simple, permanent easement and temporary easement interest in the subject property as of the effective date of the appraisal, April 7, 2014.

DEFINITION OF JUST COMPENSATION:

Kirby Forest Industries v. United States, 467 US 1 (1984) holds that “Just compensation means the fair market value of the property on the date it is appropriated.”

MARKET VALUE DEFINITION:

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

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

The terms “market value” and “value”, as used in this report, refer to market value as described herein.

PROJECT INFLUENCE:

City of Phoenix v. Clauss, 177Ariz.566; 869 P.2d 1219 (1994) holds that under the “project influence doctrine” a property may not be charged with a lesser or greater value at the time of taking, when the change in value is caused by the taking itself or by anticipation of appreciation or depreciation arising from the planned project. The doctrine applies only to properties that were “probably within the scope of the project from the time the government was committed to it.” The doctrine also excludes evidence of “comparable” sales that reflect an enhanced or reduced value due to the governmental plan or project that occasioned the taking of the property in question.

All steps in the appraisal process, including the selection of comparable sales and analysis of market data, were completed disregarding any influence from the project for which this appraisal is being completed.

DEFINITION, LARGER PARCEL:

Larger Parcel, as utilized in this report, according to The Appraisal Institute, Dictionary of Real Estate Appraisal - Fifth Edition, 2010, page 110, is defined as follows:

“In governmental land acquisitions, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or integrated, highest and best use. Elements for consideration by the appraiser is making a determination in this regard are

contiguity (or proximity as it bears on the highest and best use of the property), unity of ownership, and unity of highest and best use.”

EFFECTIVE DATE OF APPRAISAL:

April 7, 2014

DATE OF INSPECTION:

April 7, 2014. Mr. Jeff Teplitsky inspected the subject property on April 7, 2014 from the adjacent right of way as the appraiser had not received authorization from Pima County Flood Control District to enter the subject property for the inspection.

TITLE REPORT INFORMATION:

The appraiser has reviewed information contained in a title report of the subject property as provided by the client. The appraiser does not consider there to be any impact on the market value of the subject property by items reviewed in the report.

LEGAL DESCRIPTION:

A portion of Blocks 1 and 2, Millstone Industrial District No. 1, Section 1, Township 15 South, Range 11 East, G&SRB&M, Pima County, Arizona (see the Exhibits section of this report for a full legal description).

OWNERSHIP:

According to public records of the Pima County Assessor, titles to the subject property parcels are in the name of Pima County. See the Exhibits section of this report for title report information detailing ownership and dates of transfer.

SALES HISTORY:

No known sales of the subject property have occurred within the last five years. No current listings, options, or agreements of sale of the subject property were discovered in the course of this analysis.

ASSUMPTIONS AND LIMITING CONDITIONS:

Subject to those assumptions and limiting and hypothetical conditions contained in the “*Assumptions and Limiting Conditions*” section of this report.

HYPOTHETICAL CONDITION:

Value of the Remainder Land, After (No. 22). This appraisal report includes the appraisal of the market value of the remainder land, as if the pipeline project was complete. As the pipeline project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project was completed based upon the plans provided to the appraiser by Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company (hereinafter referred to as Sierrita Gas Pipeline, LLC). If the pipeline project is not completed as indicated by the plans provided by Sierrita Gas Pipeline, LLC, to the appraiser, then the conclusions in this report are subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

HIGHEST AND BEST USE:

Before the Acquisition, As Vacant:

Open space use

After the Acquisition, As Vacant:

Open space use

ESTIMATE OF JUST COMPENSATION:

Market Value of Property Rights To Be Acquired

\$9,000

Market Value of Temporary Construction Easement

800

Severance Damages

0

Special Benefits

0**TOTAL JUST COMPENSATION****\$9,800**

PART III - SCOPE OF THE APPRAISAL

Scope of work is identified by USPAP as the "amount and type of information researched and the analysis applied in an assignment." According to the scope of work rule as defined by USPAP, "For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

- 1) identify the problem to be solved;
- 2) determine and perform the scope of work necessary to develop credible assignment results; and
- 3) disclose the scope of work in the report."

This appraisal assignment has been completed in response to authorization by Mr. William Biggs, for Sierrita Pipeline, LLC, and by Mr. Douglas G. Martin, Attorney for Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company (hereinafter referred to as Sierrita Gas Pipeline, LLC), to Jeff Teplitsky for Baker, Peterson, Baker and Associates, Inc. The assignment includes estimating the market value of (1) the subject property before the acquisition, (2) the part of the property to be acquired, and (3) the remainder property, in order to ascertain the "just compensation" to which the owner may be entitled, both for the part to be acquired, and for any severance damages to the remainder property which may occur. The appraisal is prepared and reported according to the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Code of Ethics, the Standards of Professional Practice of the Appraisal Institute, and requirements of the client.

The intended users of this appraisal report are Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company, and its designees and agents. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended users in the determination of the just compensation due for the acquisition of a permanent easement for a gas pipeline over a portion of the subject property, for the acquisition of temporary construction easements for installation of said pipeline, for the acquisition of site improvements, if any, and for the determination of estimated damages, if any, which accrue to the remainder property. It is not intended for any other use. The purpose of the appraisal is to estimate the market value in fee simple and easement interests of a specific property which has been previously identified in this report, and is referred to as the subject property, the subject, or the property.

According to information provided by Sierrita Pipeline, LLC, the proposed permanent utility easement acquisition for the subject pipeline known as the Sierrita Gas Pipeline Project, EPNG Line 2177, the proposed permanent utility easement acquisition for this pipeline will be fifty (50) feet in width to be used for the construction, operation and maintenance of a subterranean transmission pipeline (36 inch diameter) and above ground appurtenances. There will also be a temporary construction easement twenty-five (25) feet in width and may exceed 50 feet at wash crossings and roads and additional area will be included with the temporary construction easements. The temporary easements extinguish upon completion of the project and the land area will revert in fee to the property owner.

The exact nature of, and interest in, the subject property is defined elsewhere in this report. The appraisal estimates the market value of the subject property utilizing the sales comparison approach which is defined in the report. In completing this assignment, the appraiser inspected and photographed the subject property, reviewed and confirmed data relative to metropolitan Tucson (from economic and demographic data, including COMPS® Commercial Property Information Services, Tucson Multiple Listing Service (MLS), Swango Land Sales, CoStar Group, Inc., Loopnet, Metropolitan Tucson Land Use Study (MTLUS), and the Pima County Real Estate Research Council), the neighborhood and the site.

An opinion of the "highest and best use" of the property was formed, utilizing resources to identify such factors as land use, supply and demand, governmental requirements, environmental concerns, and economic elements, present and anticipated, which may impact upon the marketability of the property.

In the sales comparison approach, a thorough search was made for sale and listing data regarding properties considered directly competitive to the subject property. This data was confirmed with one or more parties related to the transaction and (in the case of sales) by review of deeds and records of the Pima County Assessor. Each sale and listing chosen as a reliable indicator of the value of the subject property was then compared to the subject in terms of those factors which were superior to the subject, inferior to the subject, and equal or offsetting.

This data was correlated and an opinion of the market value of the subject property was estimated by the sales comparison approach to value to arrive at a final opinion of market value. To develop the opinion of value, the appraiser performed an appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This appraisal report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in the appraiser's file.

Hypothetical Condition - Value of the Remainder Land, After (No. 22). This appraisal report includes the appraisal of the market value of the remainder land, as if the pipeline project was complete. As the pipeline project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project was completed based upon the plans provided to the appraiser by Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company (hereinafter referred to as Sierrita Gas Pipeline, LLC). If the pipeline project is not completed as indicated by the plans provided by Sierrita Gas Pipeline, LLC, to the appraiser, then the conclusions in this report are subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

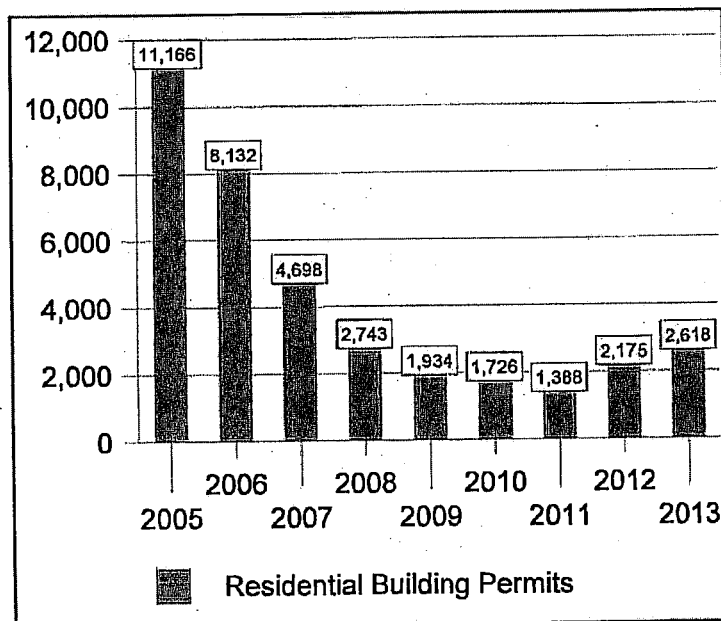
PART IV - DESCRIPTION OF REAL ESTATE APPRAISED

SECTION A - THE LAND BEFORE ACQUISITION

TUCSON OVERVIEW:

Tucson is Arizona's second largest city and the "hub" of commerce in southeastern Arizona. According to the Pima Association of Governments, in July, 2010, the estimated population of all of Pima County (including Tucson) was 981,168 persons while the population of Tucson alone was estimated to be 520,795 persons.

Starting in 2006, fewer single-family residential permits were issued due to the current oversupply of lots and residential homes on the market. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2012. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012 and continuing through 2013.



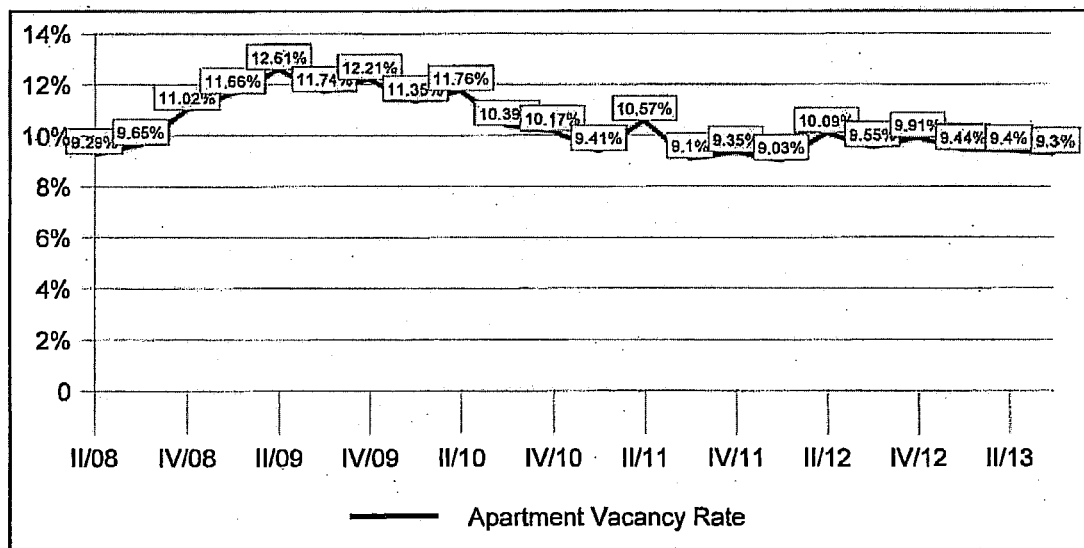
Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on

the market, resulting in declining home prices. The slow down in sales has resulted in an increase in the inventory of available houses and a decrease in housing prices in the Tucson Metropolitan area. There has been a 56 percent increase in residential permits in 2012 from the bottom in 2011. This is an indication that the new home residential market is beginning to recover. The number of permits for 2013 shows a continued improvement in the market, but new home sales are still well below peak or stabilized levels seen in the past.

Multi-Family Market

Vacancy rates for apartment properties in the Tucson Metropolitan area continued to remain high into 2011. Figure 2 shows vacancy rates in metropolitan Tucson between Second Quarter 2008 and Third Quarter 2013, according to Apartment Insights' *Statistics/Trends Summary*.

The vacancy rate peaked in the Second Quarter 2009 and generally declined through early 2012. However, vacancy rates for apartment properties typically increase in the second quarter of each year due to seasonal changes in population. In 2012, the vacancy rate began to increase slightly again, although there was a small decline in the First Quarter 2013. The current rent levels for multi-family properties have remained generally stable. There is limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities.

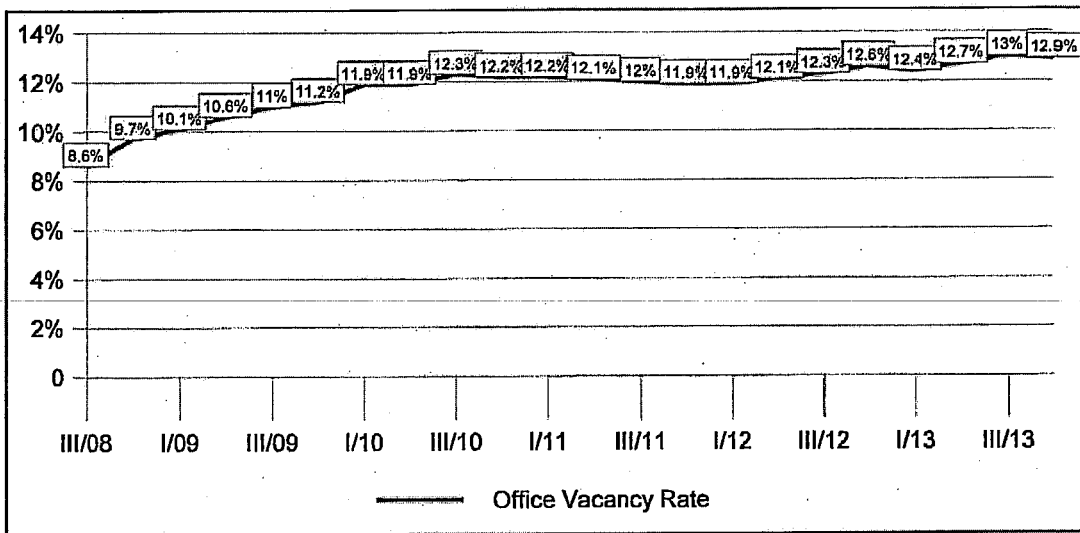


Office Market

Overall, the leasable *office market* experienced net positive absorption of 34,021 square feet in the Fourth Quarter 2013, according to *The CoStar Office Report, Tucson Office Market, Year-End 2013*. This compares to net negative absorption of 69,286 square feet in Third Quarter 2013, net negative absorption of 83,063 square feet in Second Quarter 2013, and net positive absorption of 52,318 square feet in First Quarter 2013.

One new office building containing 6,313 square feet in the Fourth Quarter 2013. No new office buildings were completed in the Third, Second, and First Quarters 2013. One office building containing 15,067 square feet was completed in the Fourth Quarter 2012.

Figure 3 shows trends in the vacancy rates for office properties in Tucson between Third Quarter 2008 and Fourth Quarter 2013. The vacancy rate increased until late 2010 and then remained mostly stable with a slight decline through mid 2012. The vacancy rate has increased since that time.



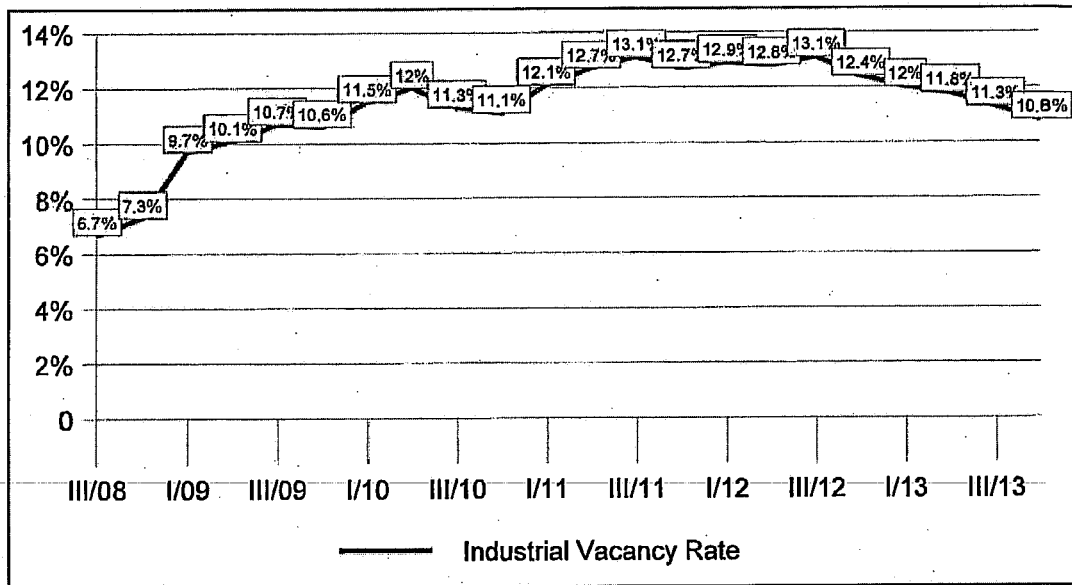
The slight increased overall annual vacancy rate indicates an office market which is coupled to the overall declining real estate market. There has been a decline in demand for owner/user office buildings which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013. Market conditions for office properties are expected to remain stable and will improve slowly.

Industrial Market

Tucson experienced rapid *industrial* growth from the late 70's to the mid-80's. There has been limited new industrial space constructed recently in Tucson, no new buildings completed in Fourth Quarter 2013, one new building containing 3,947 square feet completed in Third Quarter 2013, one new building containing 15,000 square feet completed in the Second Quarter 2013, and no new industrial buildings completed in First Quarter 2013.

There was net positive absorption of 186,096 square feet of industrial space in the Fourth Quarter 2013. This compares to net positive absorption of 204,392 square feet of industrial space in the Third Quarter 2013, net positive absorption of 111,199 square feet of industrial space in the Second Quarter 2013, and net positive absorption of 137,903 square feet of industrial space in the First Quarter 2013, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End 2013*.

Figure 4 shows trends in the industrial vacancy rate in Tucson between Third Quarter 2008 and the Fourth Quarter 2013, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End 2013*.



Overall, the industrial vacancy rate increased through 2011, peaking in the Third Quarter 2011 and Third Quarter 2012. The vacancy rate has declined since late 2012. There are some indications of stabilization in the industrial market. There continues to be a large supply of fully zoned and improved industrial lots available in the Tucson market with limited demand in the current market. The overall decline in the economy is affecting many potential industrial users and a slowing of demand for industrial zoned land is being experienced in the market.

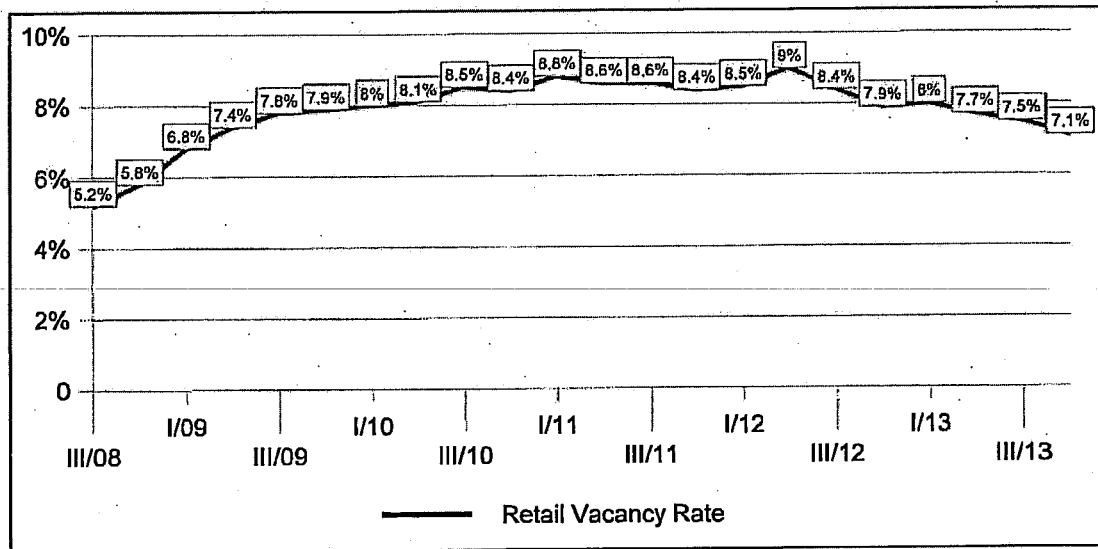
Retail Market

Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the end of 2007. Some reasons for a decline in market conditions includes contracts cancelled, development projects put on hold with reasons including reduced demand and increased competition of other developments coming out of the ground, offers and counter offers at considerably below the listing price, listings being repriced at lower levels, existing tenants looking for rental relief, businesses closing their stores and vacating the premises, and excess developed land without demand. Several large retail developments appear to be on hold.

There was net positive absorption of 226,340 square feet in the Fourth Quarter 2013, according to *The CoStar Retail Report, Tucson Retail Market, Year-End 2013*. This compares to net positive absorption of 224,701 square feet in the Third Quarter 2013, net positive absorption of 196,012 square feet in the Second Quarter of 2013, and net positive absorption of 81,458 square feet in the First Quarter of 2013.

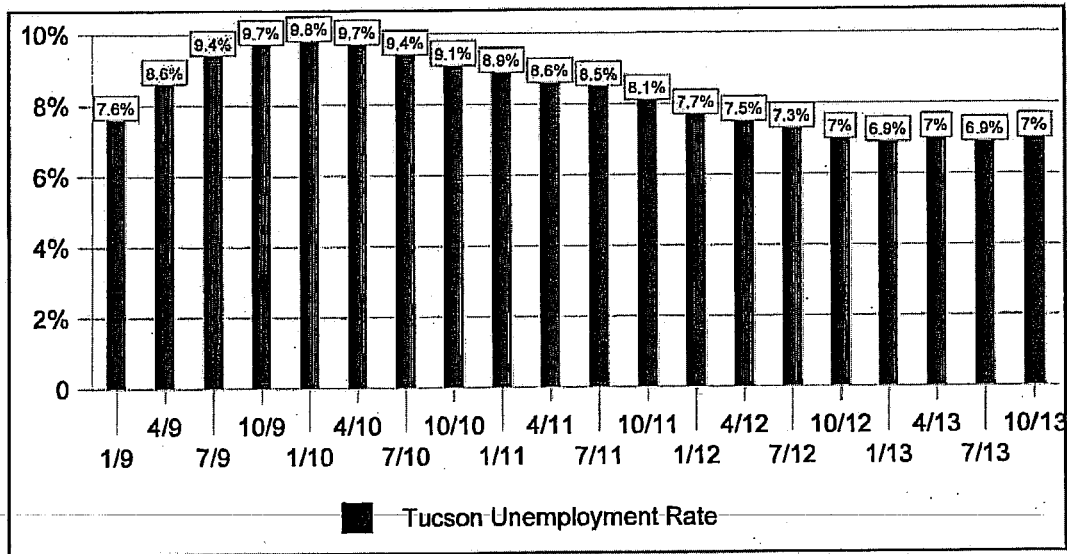
In the Fourth Quarter 2013, five buildings totaling 44,860 square feet were completed. This compares to seven buildings totaling 173,193 square feet in the Third Quarter 2013, seven buildings totaling 49,284 square feet in the Second Quarter 2013, and six retail buildings totaling 129,833 square feet in the First Quarter 2013.

Figure 5 shows trends in the vacancy rate for retail properties in the Tucson market between Third Quarter 2008 and Fourth Quarter 2013, according to *The CoStar Retail Report, Tucson Retail Market, Year-End 2013*.



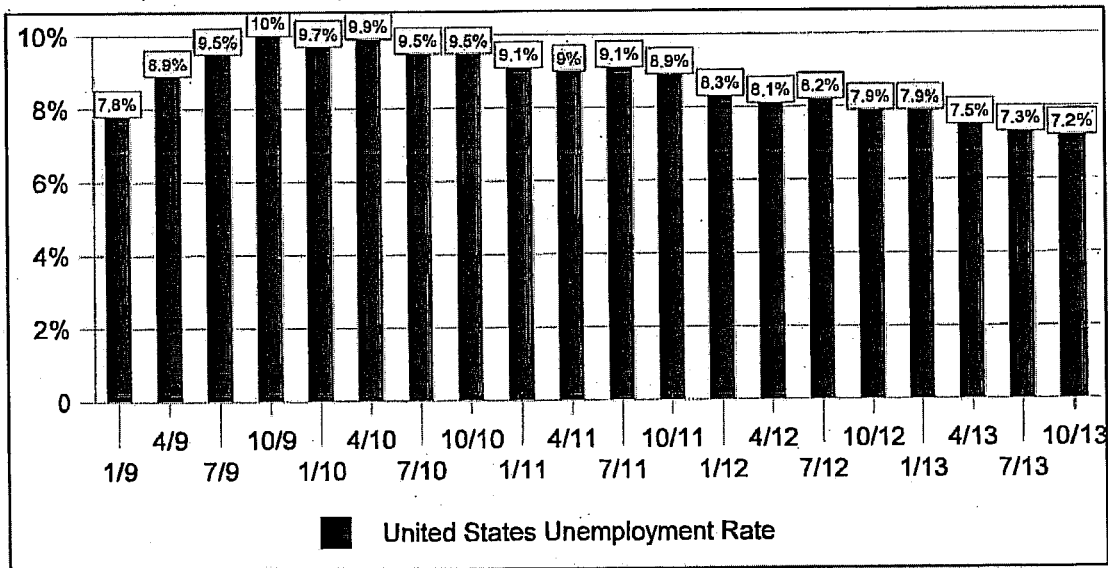
The vacancy rate for retail properties increased starting through early 2011. The retail vacancy rate remained mostly stable in 2011 but peaked in the Second Quarter 2012. The retail vacancy rate declined since that time, with the decline continuing through 2013. This indicates that the retail market is starting to stabilize.

According to Arizona Department of Administration, Office of Employment and Population Statistics, the seasonally adjusted unemployment rate for metropolitan Tucson was as follows:



The previous data shows that the unemployment rate in the Tucson metropolitan area increased and peaked in early 2010. The unemployment rate has slowly been declining since early 2010 but remains elevated above 2008 levels. It remained stable in 2013.

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate has also increased since 2008 through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined but remains higher than in 2008. The unemployment rate is projected to remain high as the economy recovers slowly from the recession.



Overall, the commercial real estate markets reveal that most investors hold a cautionary outlook for early 2014 due to the slow drop in unemployment, the tight credit that adversely affects tenants, owners and investors, the sequester of 2013, the government shutdown of late 2013, and the continuing uncertainty of the government conditions. The stabilizing supply and demand fundamentals will result in stable to slowly improving values. In the short term, limited growth is projected for Tucson over the next one to two years, with market conditions expected to stabilize and slowly start to improve during this time. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

NEIGHBORHOOD DESCRIPTION:

The subject neighborhood is that area located west and south of the City of Tucson. It includes the southern portion of Avra Valley south and west of the Tucson Mountains, south of Mile Wide Road, east of the Rockridge Mountains and portions of the Roskrige Mountains and portions of the Tohono O'Odham Nation north of State Route 86 (Ajo Highway) and it includes Altar Valley that is south of State Route 86 (Ajo Highway), west of the Sierrita Mountains, north of the U.S.-Mexican Border and east of the Baboquivari Mountains.

The portion of the neighborhood west of Ryan Airfield is predominately rural with numerous ranches, ranchettes, and low density single family and manufactured housing interspersed throughout the neighborhood. The area east of Ryan Airfield has more residential subdivision development with subdivisions ranging from one residence per acre to four residences per acre and it has large parcels of land with planned developments. Ranches in the neighborhood typically include leased forest land, Bureau of Land Management (BLM) land, and/or state owned land.

Access to the neighborhood is adequate considering its rural nature. Major east-west roads within the neighborhood include State Route 86 (Ajo Highway), Valencia Road, and Kinney Road. Major north-south roads include State Route 286 (Sasabe Highway), Sandario Road, and San Joaquin Road. The topography ranges from level to sloping hilly foothill land. The western portion of the neighborhood is generally flood prone and lacks infrastructure for sewer and water which results in low density development or no development.

The neighborhood is interspersed with public and reservation lands including Tucson Mountain Park, Ironwood Forest National Monument, Saguaro National Park West, Buenos Aires National Wildlife Refuge, Coronado National Forest, and the Tohono O'Odham Nation Reservation, and the Pascua Yaqui Tribe Reservation. Other significant uses within the neighborhood include Ryan Airfield which is owned and operated by the City of Tucson. It is used for general aviation, law enforcement, and military helicopter aviation. The Casino Del Sol Resort, Spa and Conference Center is located within the eastern portion of the neighborhood and is owned and operated by the Pascua Yaqui Tribe.

There is a substantial supply of available undeveloped vacant land zoned and infrastructured for residential and commercial development in the eastern portion of the neighborhood with limited demand due to the negative impact of the recent great recession, continuing overall market condition, and a substantial supply of foreclosed and bank owned properties. The western portion of the neighborhood is rural in nature with very limited residential and commercial development due to the low density development resulting in limited population growth. The supply of land is ample, however, the demand is limited due to the lingering effect of the recession. Due to the large supply of vacant land in the east and west portions of the neighborhood, new development is not expected to occur in the foreseeable future (5 to 15 years) in the east portion of the neighborhood and 15 to 30 years in the western portion of the neighborhood. The western portion of neighborhood land use will likely continue operating as working ranches for the next 25 to 50 years because of the lack of demand for residential development.

SITE DESCRIPTION:

The subject property is partially contiguous land located on the south side of Snyder Hill Road, east of Continental Road, in Blocks 1 and 2, Millstone Industrial District No. 1, Section 1, Township 15 South, Range 11 East, G&SRB&M, Pima County, Arizona. The subject extends along the south side of Snyder Hill Road east a distance of approximately 4,620 feet. It has approximately 580 feet of frontage on Continental Road, approximately 616 feet of frontage on Braniff Road, approximately 620 feet of frontage on two unnamed roads. The various parcels that comprise the subject site are mostly rectangular in shape although non-contiguous and contains 40.32 acres of land based on the Pima County Assessor's records. The subject site is covered with natural desert vegetation with some dense vegetation around wash areas. Physical access to the subject site is from Snyder Hill Road, Continental Road, and Braniff Road. Snyder Hill Road is a two-lane asphalt paved roadway toward the east portion of the subject and unpaved dirt near the west portion of the subject. Continental and Braniff Roads at the subject site are two-lane, graded dirt roads with no sidewalks, curbs or streetlights. The topography of the site is mostly level and at grade with the surrounding roads, sloping generally in a northwesterly direction. Properties bordering the subject property include vacant land and the Avra Valley Wastewater Treatment Facility to the north, and vacant land surrounding the site to the east, south and west. There is a limited commercial use to the south of the subject site which appears to be used as a scrap metal storage yard.

The Avra Valley Wastewater Treatment Facility is located across Snyder Hill Road to the north of the site. According to Pima County Development Services there is a 1,000 foot buffer setback from the Avra Valley Wastewater Treatment Facility property. Based on the Pima County Assessor information and calculations by the appraiser the site is located within this 1,000 foot setback area. The limitations to the site based on the 1,000 foot setback indicate that no habitable structures can be built within this buffer setback area. Recreational and park uses, and open space uses are an allowable use according to Pima County Development.

Ryan airfield is located one mile south and east of the subject site and the western portion of the subject site is located within the Airport Environs Height Overlay Zone 2. This zone

restricts density of residential development to one residence per acre. All of the subject is located in the Avigation Easement and Disclosure Area for Ryan Airfield.

Utilities available to the subject property include electric (Tucson Electric Power Company) and telephone (CenturyLink). There is no public sewer or water available to the property as of the date of this report. Water would be provided by a private or shared well and waste disposal would be by private septic system. There are sewer lines in Snyder Hill Road to the east of the subject site which could be extended to provide sewer service. Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C2245L, dated June 16, 2011, the entire property is identified as being located in Special Flood Hazard Area Zone A0 (depth 2) (see Exhibits). Zone A0 is areas of 100-year shallow flooding where depths are between one (1) and three (3) feet; average depths of inundations are shown, but no flood hazard factors are determined. The property is not in a seismic zone. There are no known easements or encumbrances that adversely affect the subject property.

There is a wash traversing the subject in a north-south direction, a portion which has an estimated flow of 5,000 to 10,000 cubic feet per second which requires an erosion hazard setback of 100 feet from each side of this wash according to the Pima County Regional Flood Control District. The site is located within the administrative floodway of the Black Wash. No development can occur with the area of the Black Wash or within designated setback areas. There is heavy vegetation in parts of the subject and a significant portion of the subject property is designated as an Important Riparian Area (underlying Hydromesoriparian or Mesoriparian H area) by Pima County.

The entire subject site is located either within the 1,000 foot setback area of the Avra Valley Wastewater Treatment Facility and/or within the administrative floodway of the Black Wash. Based on these limitations created by the setback requirements no habitable structures can be developed on the subject property.

ZONING:

Zoning of the site is CI-2 (General Industrial), according to the Pima County Zoning Code. The Pima County zoning code indicates that this zone permits uses which include light and heavy industrial uses, with restrictions on potentially offensive uses. Allowable uses include industrial buildings, airports, and junk yards. No residential uses are allowed. Limited CB-2 uses and CI-1 uses are allowed. The zoning and development requirements are located on the following page.

Development standards include the following:

CI-2 ZONING REQUIREMENTS

Min. Lot Area (SF)	Min. Area per Unit	Minimum Yards (feet)			Bldg. Height
		Front	Side	Rear	
None	None	15	None	10	54 ft.* 39 ft.**

* = Industrial

** = Non-industrial

PIMA COUNTY COMPREHENSIVE PLAN:

The subject is located in an area designated as Resource Transition (RT) according to the Pima County Comprehensive Plan. The purpose of this designation is to protect private land with environmentally sensitive characteristics that include wildlife corridors, natural washes, floodplains, peaks and ridges, buffers to public preserves, and other environmentally sensitive areas. Development of such land shall emphasize design that blends with the natural landscape and supports environmentally sensitive linkages in developing areas. Only land area zoned and planned for residential use, or natural or cluster open space areas shall be included in gross density calculations. Natural and cluster open space shall be defined as set forth in Section 18.09.040B, except that cluster open space shall not include land developed under the GC Golf Course Zone. There is no minimum gross density. The maximum residential gross density is 0.3 residences per acre (RAC). Allowable zonings under the RT designation are RH, SR, and MR.

EXPOSURE/MARKETING TIME:

Exposure time is defined as "the length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market." Exposure time varies for different types of real estate and under varying market conditions. Reasonable exposure time assumes both adequate, sufficient, and reasonable time and effort.

Marketing time is defined as "the amount of time it would probably take to sell a property interest in real estate at the concluded market value level during the period immediately after the effective date of the appraisal." Marketing time differs from exposure time, which is assumed to always precede the effective date of the appraisal. The reasonable exposure and marketing time is estimated to be 6 to 12 months based on the sales used in this report and based on conversations with brokers familiar with properties similar to the subject property.

On the following pages are the comments solicited from market participants relating to the investor land market conditions.

MARKET PARTICIPANT COMMENTS - LAND MARKET:

Recognizing that the subject property can not be developed and can only be used for open space/investment the comments of market participants were solicited by the appraiser as to the state of the vacant land market in Tucson, Arizona. The market participants contacted include Mr. Jim Marion and Mr. Aaron Mendenhall from Chapman, Lindsey Commercial Real Estate, Mr. Ben Becker from CBRE, and Mr. Will White from Land Advisors.

Jim Marion commented that the sale of investor grade land without any entitlements in the Tucson market are rare and that most investors do not currently view land as a reasonable investment. The costs associated with holding the land and the outlook for increases in the land prices keep investors from purchasing land listings. Mr. Marion indicated that he has had parcels of land listed for extended periods of time without any activity occurring. He further indicated that many land owners have removed properties from the market and are waiting for an improvement in market conditions which will only occur when residential lot prices exceed the cost of new lot development.

Aaron Mendenhall commented that there is very limited demand for investment land in the Tucson market. He also stated that the cost to develop new lots exceeds the current prices that finished lots are selling for in most location in the Tucson market. He indicated that there are two active areas for residential development (northwest and southeast sectors) and that these areas are seeing some increases in finished lot prices. He stated that the existing inventory of lots in Starr Valley and Camino Verde areas are more than sufficient to meet the existing demand from builders active in the southwest market sector. Finally, he stated that there are approved specific plans for two major developments (Pomegranate and Sendero) and that when these developments start there will be a more than adequate supply of residential lots for the southwest sector of the Tucson market.

Ben Becker commented that in the southwest sector of the Tucson land market is the weakest sector for investor land purchases. He stated that he had a parcel of land listed for sale that was located adjacent to Ryan Airfield and that he offered to Pima County as part of an open space purchase. He indicated that the potential sale to the county was the only activity for the listing over an extended period of time.

Will White commented that he has sold two properties known as Sendero Pass and Pomgranate Farms. These properties sold with approved specific plans (land entitlements) but no infrastructure was in-place as of the date of sale. He indicated that properties that have entitlements or partial entitlement attract more potential purchasers in the current market. He also commented that he had sold properties in the northwest Tucson (Marana/Sanders Grove) that also had approved specific plans and that these properties are showing signs of increasing prices.

There are some early indications that the decline in residential market conditions is starting to stabilize and even increase in some market areas. However, market participants recognize that the residential home and residential vacant land market will remain stable with some increases for a time before starting to substantially improve, and that this will be a slow, long-term recovery. The same market participants indicated that purchases of large vacant

investment properties are few and this trend will continue for the near future as the market regains balance and value begin to stabilize and increase.

HIGHEST AND BEST USE, BEFORE, AS VACANT:

The 5th edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2010), defines highest and best use as follows:

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

The subject site is partially contiguous vacant land located on the south side of Snyder Hill Road east of Continental Road, Pima County, Arizona. The site has a size of 40.32 acres according to Pima County Assessor's records. The topography of the site is mostly level and at grade with surrounding roads, sloping in a northwesterly direction. It is identified as being entirely flood prone, completely within the Black Wash floodway and within the wastewater treatment facility setback area. The site is within the jurisdiction of the Pima County and is zoned CI-2 (General Industrial) according to the Pima County Zoning Code.

The highest and best use of a property must meet four criteria. The highest and best use must be legally permissible, physically possible, financially feasible, and maximally productive. These criteria are usually considered in order; however, the four criteria interact and may be considered together.

Legally Permissible Use. Zoning of the site is CI-2 (General Industrial) according to the Pima County Zoning Code. The CI-2 (General Industrial) zoning code indicates that this zone permits uses which include light and heavy industrial uses, with restrictions on potentially offensive uses. Allowable uses include industrial buildings, airports, and junk yards. No residential uses are allowed. Limited CB-2 uses and CI-1 uses are allowed. The entire subject site is located within the Black Wash setback and the Avra Valley Wastewater Treatment setback and development of habitable structures is prohibited within these setback areas. No habitable structures can be built on the subject site although recreational, park uses, and open space uses are an allowable use.

Physically Possible Use. The second area of concern is a highest and best use being physically possible. From among the uses of the subject property which are legally permissible, certain uses would also be physically possible. The subject property is subject to several constraints that limit the physically possible uses including proximity to Ryan Airfield that place restrictions on development; proximity to the Avra Valley Wastewater Treatment Facility that restricts all of the subject property from development of any habitable structures; and, location within designated Special Flood Hazard Area Zone AO-2. Analysis of the subject property after taking in to account these constraints indicates that there are no

portions of the subject property that are outside of the setback areas from the Avra Valley Wastewater Treatment Facility and outside of the most severe flood zones. Due to the significant physical constraints the potential physical use of the site could include non-habitable structures or uses such as the development of park, recreational uses, or open space uses.

Financially Feasible. The development restrictions as a result of the setbacks combined with the oversupply of available land in the subject neighborhood make the subject only suitable for land investment. Thus, the maximally productive and highest and best use of the subject site as vacant would be for land investment with a potential future use for a park, recreational uses, or open space uses.

Maximally Productive. Once a potential use is considered financially feasible, the test of maximum productivity will decide to what specific use the property should be put. Due to lack of development potential, the highest and best use of the subject property is for land investment for the foreseeable future.

SECTION B - VALUATION OF PROPERTY, BEFORE

SALES COMPARISON APPROACH

The sales comparison approach to value considers what a typical well-informed purchaser would pay for a property, based on an analysis of similar properties. This approach reflects the application of the principle of substitution, which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property.

In this approach, sales and listings of properties considered comparable are reviewed, and those considered most relevant as indicators of value of the subject property are chosen to be compared to the subject, making adjustments for dissimilarities such as terms of sale, site size, location, zoning, and utility. For a sale to be utilized in this approach, it must contain these elements: 1) both parties are typically motivated; 2) both parties are well-informed; 3) a reasonable market exposure time is allowed; 4) payment is made in cash or its equivalent; and 5) financing reflects terms typically available, and not affected by special or unusual terms. A summary of the land sales used in this report is illustrated below.

Table of Comparable Land Sales, Before

Sale No.	Sale Date	Property Address	Sale Price	Land Size (Acres)	Price Per Acre	Zoning
1.	1/2010	North side of Twin Peaks Road bridge, west of the Twin Peaks I-10 Interchange, within the channel and floodway of the Santa Cruz River	\$203,364	29.10	\$6,988	D
2.	4/2011	South side of Leon Ranch Road at Pantano Wash	\$56,400	16.06	\$3,512	GR-1
3.	1/2014	North side of Peaceful Lane, east of Sandario Road	\$105,000	80.00	\$1,313	RH
Subject Property				40.32		CI-2

SUMMARY OF COMPARABLE SALES ADJUSTMENT, BEFORE

	Subject	Comp 1	Comp 2	Comp 3
Sale Date		1/2010	4/2011	1/2014
Site Size (Acres)	40.32	29.10	16.06	80.00
Zoning	CI-2	E	GR-1	RH
Utility/Floodplain	AO-2	AE	AE	A/AO
Sale Price		\$203,364	\$56,400	\$105,000
Price per Acre		\$6,988	\$3,512	\$1,313

Summary of Adjustments

Unadjusted Price / Acre	\$6,988	\$3,512	\$1,313
Property Rights	0	0	0
Adjusted Price	\$6,988	\$3,512	\$1,313
Financing	0	0	0
Adjusted Price	\$6,988	\$3,512	\$1,313
Conditions of Sale	-36%	-15%	20%
Adjusted Price	\$4,500	\$2,985	\$1,577
Date/Market Conditions	-20%	0	0
Adjusted Price	\$3,600	\$2,985	\$1,577
Physical Adjustments (%)			
Location	-25	0	15
Zoning	5	0	0
Site Size	-10	-15	20
Site Utility/Floodplain	5	0	-10
Net Adjustment	-25%	-15%	25%
Indicated Value / Acre	\$2,700	\$2,537	\$1,971

Three sales of similar land were analyzed on the basis of price per acre. This is the sale price divided by the total acreage of the site. Sale prices range from \$1,313 to \$6,988 per acre before adjustment. The reflected adjustments have been indicated in the adjustment grid above. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

Comparable Sale One requires a downward adjustment for conditions of sale to reflect that the purchaser paid an above market price for the property. A downward adjustment is indicated for date and market conditions as market conditions have declined overall since the date of this sale although this sale occurred before the peak of the market in 2006. Based on observation of sales and conversations with market participants prices have declined approximately 20 percent since the date of sale for this type of property.

Physical adjustments to the comparable sale include a downward adjustment for superior overall location in an area with a higher level of development. A minor upward adjustment is indicated for inferior zoning in comparison to the subjects zoning. A downward adjustment is indicated for size as smaller parcels of land typically sell for more per acre as compared to larger parcels of land, all other factors being equal. An upward adjustment is indicated for the comparable sale being more impacted by a designated flood zone as compared to the subject. After adjustments the comparable sale is adjusted downward in comparison to the subject property.

Comparable Sale Two indicates a downward adjustment for conditions of sale to reflect that the sellers were able to negotiate a higher price for the property than the market price being offered to them which was based on an appraisal.

Physical adjustment include a downward adjustment for smaller size as compared with the subject's size, as smaller parcels typically sell for more per acre as compared to larger parcels, with all else being equal. Overall the comparable sale is adjusted downward in comparison to the subject property.

Comparable Sale Three indicates an upward adjustment for conditions of sale to reflect that the seller was motivated to sell the property for personal reasons according to the selling broker.

Physical adjustments include an upward adjustment for inferior overall location in comparison to the subject's location. An upward adjustment is indicated for larger size as compared with the subject's size, as larger parcels typically sell for less per acre as compared to smaller parcels, with all else being equal. An overall downward adjustment is indicated for superior site utility as the comparable sale is a backage parcel which is inferior to the subject but it is a usable parcel with limited restrictions which is superior to the subject. Overall the comparable sale is adjusted upward in comparison to the subject property.

SALES COMPARISON APPROACH SUMMARY, BEFORE:

	Sale 1	Sale 3	Sale 3
Adjusted Sale Price/Acre	\$2,700	\$2,537	\$1,971

SALES COMPARISON APPROACH CONCLUSION, BEFORE ACQUISITION:

These three comparable sales indicate a range of price from \$1,971 to \$2,700 per acre after adjustment. Each comparable sale reflects varying adjustments and each is concluded to indicate a reasonable value for the subject. After analyzing the comparable sales and making adjustments for differences and subject to the assumptions and hypothetical (*No. 22 - Value of the Remainder Land, After*) limiting conditions contained in this report, the estimated market value of the subject property by the sales comparison approach, as of April 7, 2014, is \$2,500 per acre, times 40.32 acres, equaling \$100,800.

**MARKET VALUE OF SUBJECT PROPERTY BEFORE ACQUISITION
AS OF APRIL 7, 2014
\$100,800**

SECTION C - THE PROPERTY TO BE ACQUIRED

DESCRIPTION:

Sierrita Gas Pipeline, LLC is seeking to acquire a portion of the subject property for a permanent utility easement and temporary construction easements as part of the Sierrita Gas Pipeline Project. According to information provided by the client, the proposed permanent utility easement acquisition for this pipeline will be fifty (50) feet in width to be used for the construction, operation and maintenance of a subterranean transmission pipeline (36 inch diameter) and above ground appurtenances. The permanent utility easement acquisition traverses the subject property in an east-west direction approximately 180 feet south of the north property line (see Exhibits). The area being acquired as a permanent utility easement totals 3.987 acres, according to a legal description provided by and prepared for the client (see Exhibits).

In addition to the permanent easement acquired a temporary construction easement will also be acquired as part of the project. The temporary construction easements run adjacent to the entire length of the pipeline project and vary in width between fifty (50) feet and twenty-five (25) feet and may exceed 50 feet at wash crossings and roads with additional temporary construction easements. The areas for the temporary construction easements contain 2.929 acres. The temporary easements extinguish upon completion of the project. See Temporary Construction Easements Section G following.

PERMANENT EASEMENT ACQUISITION:

The portion of the land to be acquired will be acquired as a permanent utility easement, with a portion of property rights transferring to Sierrita Gas Pipeline, LLC. The acquisition area totals 3.987 acres in size. The easement rights to be acquired for the permanent utility easement are considered to be ninety percent (90%) of the bundle of property rights which the owner had prior to the acquisition. Therefore, the market value of the bundle of rights being acquired of the easement is equal to ninety percent (90%) of the fee simple rights typically associated with ownership.

LAND VALUE, PART TO BE ACQUIRED (EASEMENT):

The value of the part to be acquired is based on the "part of the whole" theory which states that the sum of the value of the parts equals, but does not exceed the value of the whole. Therefore, the value per acre applicable to the land before the acquisition is applicable to the easement area being acquired. The estimated market value of the subject property before the acquisition is \$2,500 per acre. The market value of the permanent utility easement area to be acquired is \$2,500 times 3.987 acres, equaling \$9,968, times 90 percent, equaling \$8,971, rounded to \$9,000.

LAND VALUE, PART TO BE ACQUIRED (PERMANENT UTILITY EASEMENT):

3.987 acres x \$2,500 per acre =	\$9,967	
Percentage of rights to be acquired (90%) =	<u>x 0.90</u>	
		\$8,971
	Rounded to:	\$9,000

MARKET VALUE OF PART TO BE ACQUIRED
\$9,000

SECTION D - VALUATION OF THE REMAINDER PROPERTY, BEFORE

REMAINDER PROPERTY BEFORE:

The market value of the remainder property before the acquisition is the difference between the value of the entire property before the acquisition less the value of the part to be acquired. This step reflects the value of the remainder property without recognizing any increase or decrease in value as the result of any special benefits or severance damages.

Value of Property Before Acquisition:	\$100,800
Value of Property Rights To Be Acquired:	<u>(9,000)</u>
Value of Remainder Property Before:	\$91,800

MARKET VALUE OF REMAINDER PROPERTY, BEFORE

\$91,800

SECTION E - THE REMAINDER LAND, AFTER ACQUISITION

DESCRIPTION:

After the acquisition, the remainder land will consist of a mostly rectangular shaped non-contiguous parcel undiminished in size by the land to be acquired (see Exhibits). The gross area of the property is 40.32 acres, of which 3.987 acres will be encumbered with a permanent utility easement. Therefore, a total of 36.333 acres will be unencumbered fee simple land and 3.987 acres will be encumbered with a permanent utility easement. After the acquisition, the shape of the remainder land will be unchanged from that which existed before the acquisition. The site will have the same access to the subject property that existed in the before condition. The shape of the remaining land remains the same to that which existed before the acquisition. The land maintains the same highest and best use. Therefore the use and any potential use of the site does not change with the permanent utility easement in place in the after condition.

Hypothetical Condition - Value of the Remainder Land, After (No. 22). This appraisal report includes the appraisal of the market value of the remainder land, as if the pipeline project was complete. As the pipeline project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project was completed based upon the plans provided to the appraiser by Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company (hereinafter referred to as Sierrita Gas Pipeline, LLC). If the pipeline project is not completed as indicated by the plans provided by Sierrita Gas Pipeline, LLC, to the appraiser, then the conclusions in this report are subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

RESTORATION OF EASEMENT AREAS:

After the pipeline is installed, Sierrita Gas Pipeline, LLC will restore the disturbed areas by returning the easements to their original grades, re-fencing (if required) to its original state, and hydro-seeding all disturbed areas with a custom mixture of various desert plant seeds. There will be a long term monitoring process (up to 5 years) implemented by Sierrita Gas Pipeline, LLC to assess the restoration of the disturbed areas.

HIGHEST AND BEST USE, AFTER, AS VACANT:

After the acquisition, the subject has a highest and best use that is the same as in the before condition. That use is for open space. This use is considered to be the most feasible use based on the legal restrictions affecting any development of the site. According to Mr. William Biggs, Land and Right of Way Agent for Sierrita Gas Pipeline, LLC, any future development of the subject property will be permitted to cross the permanent easement area. The easement area will be able to be used for driveways, landscaping, or other similar uses. However, no buildings will be permitted to be developed in the easement area.

Potential Severance Damages to Land Analysis. Consideration of the potential future development of the subject property after the easement has been acquired and the gas pipeline is in place was analyzed by the appraiser to determine if there are severance damages that

accrue to the subject property as a result of the pipeline easement. The subject property can not be developed with habitable structures but it can be used for recreational uses, a park, or open space.

The following analysis included the examination of parcels of land that were encumbered with gas or electric line easements prior to being developed. The analysis also included soliciting comments from market participants as to the potential negative affect on the subject property from the acquisition of the easement and the installation of a high pressure gas pipeline.

The following seven examples demonstrate properties that were encumbered with utility transmission line easements (gas and/or electric) when the properties were purchased. These properties were eventually developed with residential subdivisions. The seven examples demonstrate residential developments that have integrated existing utility easements as part of the subdivision design/development and utilized the easements for access, density transfer, minimum lot density and open space (see Exhibit N for subdivision plat maps of the following examples).

Example 1. This is a residential subdivision known as Saguaro Springs located in Avra Valley west of the Tucson Mountains. This subdivision is transversed by a 30 foot wide El Paso Gas transmission pipeline easement. This subdivision has MH, R-6, R-36 and C zonings as identified by the Town of Marana zoning map. The easement transverses the site at an angle and was used for open space, density calculations, setback requirements and street access according to the recorded plat.

Example 2. This is a residential subdivision known as Wonderland located at the northeast corner of Bopp Road and San Joaquin Road in Avra Valley. This subdivision is transversed by a 120 foot wide El Paso Gas transmission pipeline easement transversing the southwest side of the subdivision. The subdivision is zoned CR-1 according to the Pima County zoning map. In this example the easement was used to calculate minimum lot size, setback requirements for buildings, and was used for internal subdivision roads that cross the easement according to the recorded plat.

Example 3. This is a residential subdivision known as Critterland II located at the southeast corner of Bopp Road and San Joaquin Road in Avra Valley. This subdivision is transversed by a 60 foot wide El Paso Gas transmission easement transversing the southwest side of the subdivision. This subdivision is zoned CR-1 according to the Pima County zoning map. In this example, the easement was used to calculate minimum lot size, provide setback requirements for buildings, and was used for a subdivision road that crosses the easement according to the recorded plat.

Example 4. This is a residential subdivision known as Ina & Silverbell located on the west side of Silverbell Road, south of Ina Road. The subdivision is transversed by

a 100 foot wide Bureau of Reclamation electric transmission line easement transversing through the middle of the subdivision. The subdivision is zoned R-16 according to the Town of Marana zoning map. The subdivision was platted but never developed and is a dormant subdivision. In this example, the easement was used to calculate minimum lot sizes, provide setback requirements for buildings, and was used for internal subdivision roads accessing across the easement according to the recorded plat.

Example 5. This is a residential subdivision known as Silver Shadows located north of Ina Road and west of Silverbell Road. The subdivision is transversed by a 100 foot wide Bureau of Reclamation electric transmission line easement and an abutting 20 foot wide Tucson Electric Power electric transmission line easement for a total width of 120 feet. The subdivision is zoned R-144 according to the Town of Marana zoning map. The easements are used to calculate minimum lot sizes and setback requirements for buildings according to the recorded plat.

Example 6. This is a residential subdivision known as Stoneridge located south of Pima Farms Road and west of Silverbell Road. The subdivision is transversed by a 60 foot wide El Paso Natural Gas pipeline easement and an adjacent 10 foot wide Tucson Electric Power easement. The subdivision is zoned SP- MDR according to the Town of Marana zoning map. The easements are used to calculate minimum lot sizes and setback requirements for buildings according to the recorded plat. The easement is located on the east side of the subdivision and houses are built immediately to the west of the easement. The easement is identified on the plat as natural open space and common area and is adjacent to a 30 foot wide equestrian easement. There is a designated public trail access from the subdivision to the easement area allowing the entire common area space to be used for recreational uses.

Example 7. This is a residential subdivision known as Continental Reserve located on the north side of Pima Farms Road and west of Silverbell Road. The subdivision is transversed by a 60 foot wide El Paso Natural Gas pipeline easement and an adjacent 10 foot wide Tucson Electric Power easement. The subdivision is zoned SP- MDR according to the Town of Marana zoning map. The easements are used to calculate minimum lot sizes and setback requirements for buildings according to the recorded plat. The easement is located directly through the middle of the subdivision and houses are built immediately to the east and west sides of the easement. The easement is identified on the plat as common area and is adjacent to a 30 foot wide equestrian easement. There is from the subdivision to the easement area allowing the entire common area space to be used for recreational uses. There are internal subdivision roads that cross the easement in several locations.

In addition to the examples cited previously that demonstrate subdivisions that incorporated utility easements as part of the platting process several market participants were interviewed

by the appraiser regarding the potential impact that a utility easement may have on future development and value. The market participants comments are as follows:

Comment 1. Jim Marion, Chapman, Lindsey Commercial Real Estate Services, LLC. Mr. Marion was contacted as an expert in the marketing of vacant residential land in Tucson and Pima County. Mr. Marion was asked about his experience in selling land that had utility easements, either overhead or underground, in-place as of the date of the sale of property and whether the easements had an affect on the marketability or sale price of the land. Mr. Marion indicated that he had handled several of these transactions over the term of his career and it was his experience that the larger the parcel of land the lower the overall impact an easement has on the value. Mr. Marion stated that any future development on a large parcel of land could be planned around the easement without difficulty or extra costs and that in his opinion there would be no affect on the overall value as a result of a utility easement.

Comment 2. Mike Bowman, Construction Manager for Rancho Sahuarita. Mr. Bowman was contacted as an expert in the development of large parcels of land for commercial and residential uses. Mr. Bowman has been integral to the development of Rancho Sahuarita which is located on both sides of Interstate 19 at Sahuarita Road and has been developed over the past 15 years with a master-planned community. Mr. Bowman indicated that there are several utility easements that transverse the development including 345 Kv easement for the Southwest Transmission Co-op. Mr. Bowman indicated that depending on the type of utility (gas/petroleum vs. electric) may make a difference in the overall impact to a property. He indicated that in his experience the easements are a development constraint that have to be addressed and overcome as part of the development process. He stated that the easement areas can be used for open space requirements, parking lots, landscaped areas, roadways, driveways, etc. Mr. Bowman stated that any future development on a large parcel of land could be planned around the easement without difficulty or extra costs. He further indicated that a gas easement may have different constraints due to the danger factor which he understands is controlled by development standards, the size (width) of the easement, and the uses that the easement can be used for in any future development.

Comment 3. Bruce Wilson, P.E. is a civil engineer with EEC Engineering. Mr. Wilson has been the lead engineer for many residential and commercial project in the Tucson area and was able to comment on the land planning process when easement are present for underground or overhead utility transmission lines. Mr. Wilson land planned/engineered Continental Ranch in northwest Tucson and stated that the Continental Ranch property has drainage easements, utility line easements (overhead and underground), major wash areas, floodway setbacks, and other development issues to contend with as part of the planning process. He stated that the easements were used to meet density requirements,

open space requirements, and internal subdivision roads, and that many of the easements were used for parking areas, common areas, and landscape areas to meet overall development requirements. He stated that the easement could be incorporated into a development and that in his experience there were no extra costs associated with the engineering of a property that had a utility easement to contend with as part of the development process. Mr. Wilson also commented on the proximity of development to an underground high pressure gas line. It was his opinion that Pima County regulates the set-back requirements based on the development code and that there were no development constraints to a property other than the those placed on the property by the Pima County development standards and those of the utility company.

Comment 4. Ira Gold, SRA, is a residential appraiser in Tucson, Arizona. Mr. Gold was contacted based on his expertise in the valuation of residential property. Mr. Gold was asked if he had appraised homes adjacent to utility easements. He comments that he had appraised homes adjacent to both overhead and underground utility lines located within the utility easements, and that while he notes that a home is adjacent to a utility easement it is his opinion that it has no affect on value.

Potential Severance Damages to Land Conclusion. The conclusion of the potential for severance damages accruing to subject property as a result of the acquisition of a permanent utility easement is based on the previous examples of subdivisions that were developed adjacent to existing utility easement and comments from the cited market participants. While it is not feasible to develop the subject property with habitable structures, the potential to develop a recreational use, a park, or continued use as open space would also be unaffected by the acquisition and use of the easement. The market examples demonstrates that the proximity to the utility easements did not cause these properties to be less usable. The comments support the conclusion that with reasonable engineering and site design the utility easement can be incorporated into the development process. In the after condition the subject property will be encumbered with a permanent easement for the gas pipeline. The potential future development of the subject property is concluded to continue to have the same potential even with the impact of the easement as is supported by the previous examples and market participant comments. Properties similar to the subject are subject to any number of public constraints. Typically, the public constraints allow a potential developer to adjust the density of the development through various options allowed by the governing authority. Specifically regarding the proposed gas pipeline easement, Sierrita Gas Pipeline, LLC will allow the easement area to be used for landscaped areas, open space, crossings by internal roadways, parking areas, and driveway access. Pima County will allow the easement area to be used for density transfer, gross area calculations, and set-back requirements. There is no indication from either the Sierrita Gas Pipeline, LLC or the Pima County development standards that the subject land cannot be fully utilized and developed in the future when the pipeline is completed for any potential residential or commercial development. Therefore, it is the opinion of the appraiser that after the acquisition of the easement and the installation of

the gas pipeline, the subject land is not damaged and no severance damages are recognized as a result of the easement.

LAND VALUE AFTER ACQUISITION, CONCLUSION:

The remainder land is being appraised using the same comparable sales, the same adjustments, and the same value conclusion used to value the property in the before condition. After the acquisition, the shape of the parcel remains the same and the site size is unchanged. The highest and best use of the property is considered to be the same as in the before condition.

Based on the same highest and best use, the same comparable sales are utilized for the estimate of land value after the acquisition. The sales indicate a fee value of \$2,500 per acre for the land. Property rights remaining to the property owner include a ten percent (10%) interest in the permanent utility easement area. Therefore, the estimated market value of the property after the acquisition is estimated as follows:

Land Value, After, Unencumbered (Fee Simple):

36.333 acres x \$2,500 per acre = \$90,833

Land Value, After, Encumbered with Utility Easement:

3.987 acres x \$2,500 per acre = \$9,968

Percentage of rights remaining (10%) = x 0.10

997

Land Value, After, Unencumbered and Encumbered Land: \$91,830

Rounded to: \$91,800

MARKET VALUE CONCLUSION, AFTER:

Therefore, based on the above analysis and subject to the assumptions and hypothetical (No. 22 - *Value of the Remainder Land, After*) limiting conditions contained in this report, the opinion of market value of the subject property after the acquisition, "as is", as of the effective date of the appraisal, April 7, 2014, is \$91,800.

**MARKET VALUE OF SUBJECT PROPERTY, AFTER
AS OF APRIL 7, 2014**

\$91,800

SECTION F - SEVERANCE DAMAGES

DESCRIPTION OF SEVERANCE DAMAGES:

Severance damages are a loss in value to the remainder property not acquired which arises as the result of a partial acquisition or construction of public improvements which have a negative impact on the remaining property. Severance damages are typically estimated by deducting the value of the remainder property after the acquisition from the value of the remainder property before the acquisition.

CONCLUSION OF SEVERANCE DAMAGES:

The market value of the land, before the acquisition is \$100,800. The market value of the land to be acquired of \$9,000 is deducted from the market value of \$100,800 to arrive at the market value of the remainder, before, of \$91,800. The market value of the remainder, after, is estimated at \$91,800. Therefore, there are no severance damages reflected to the subject property.

Value of Remainder Property, Before:	\$91,800
Value of Remainder Property, After:	<u>(91,800)</u>
Severance Damages:	-0-

SECTION G - TEMPORARY CONSTRUCTION EASEMENTS

TEMPORARY CONSTRUCTION EASEMENTS (TEMPORARY WORK SPACES):

A temporary construction easement is a non-possessory right which allows the holder of the easement to use the land for construction of improvements in the area to be acquired for a stated period of time. After the stated period of time, the easement rights revert to the owner of the fee simple interest. The estimated loss in value that results from temporary easements is generally based on the economic rent loss of the area encumbered by the easement for the term of the easement. The fee simple value of the area encumbered by the easement to be acquired is multiplied by an appropriate rate of return which equals the annual market rent. The annual market rent is adjusted to reflect the market rent for the term of the temporary easement.

Sierrita Gas Pipeline, LLC is seeking to acquire temporary construction easements over portions of the subject property adjacent to the area to be acquired as a permanent utility easement. In general these easements are 10 feet wide to the north of the permanent easement and 15 feet wide to the south of the permanent easement for the entire length of the project across the subject property. In one portion of this alignment the north portion is increased to 35 feet in width. There are also ten additional temporary construction areas which increase the width required which are located at the east property line along the permanent easement. These areas contain a total of 2.929 acres (see exhibits for illustration depicting easement areas as provided by the client). The duration of the temporary construction easement will be one year for purposes of this analysis.

RESTORATION OF EASEMENT AREAS:

After the pipeline is installed, Sierrita Gas Pipeline, L.L.C. will restore any disturbed areas by returning the temporary easements to their original grades, re-fencing to its original state, and hydro-seeding all disturbed areas with a custom mixture of various desert plant seeds. There will be a long term monitoring process (up to 5 years) implemented by Sierrita Gas Pipeline, L.L.C. to assess the restoration of the disturbed areas.

VALUATION OF TEMPORARY CONSTRUCTION EASEMENTS (TEMPORARY WORK SPACES):

The rate of return is based on investigations of land leases, land contracts, and conversations with market participants, including Terry Dalhstrohm with the Volk Company, Jim Marian with Chapman Lindsey, Andy Romo with Lyons Romo, and Bill Young with Horseshoe Management. Mr. Terry Dalhstrohm, a broker with the Volk Company, indicated that land leases are generally written at a rate of return of ten (10) percent. He also indicated that sellers carrying back a first deed of trust will generally expect a rate range from 8.5 to 10 percent, depending on the terms of sale. Mr. Jim Marian, a broker with Chapman Lindsey, indicated that sellers carrying back notes on land sales transactions will generally reflect a rate of return range from 8 to 11 percent, depending on the terms of sale and the financial strength of the buyer. Mr. Andy Romo, broker and investor, indicated that the most recent ground lease he negotiated was in 1993, at the northeast corner of Speedway Boulevard and Campbell Avenue. The tenant is Boston Chicken. The lease rate was 10 percent. Mr. Bill Young, an investor with Horseshoe Management, indicated he would want a rate of return of

10 to 12 percent. If the tenant is financially strong and the value is at market, then the rate would be 10 percent. If the tenant is financially weak and the value is low, then the rate of return would be 12 percent. Land contracts or first deeds of trust that he carries back are typically at a rate of 10 percent.

The following are some recent leases in the Tucson market:

- **Andy Romo, Lyons Romo Real Estate.** Mr. Romo has been involved in the lease of land for commercial uses and is an active real estate broker in the Tucson market. Mr. Romo indicated that he recently sold commercial land located on the south side of Grant Road, west of Interstate 10, to QuikTrip Convenience Stores and that prior to the sale the purchaser had also investigated the possibility of a land lease. The rate of return discussed during the negotiations for the potential land lease was 8 percent according to Mr. Romo. He further indicated that in his real estate experience the rate of return for a land lease is typically between 8 and 10 percent, depending on the credit of the tenant, in that if the tenant has a strong credit rating the rate of return is lower than 10 percent.
- **George Larsen, Larsen, Baker Real Estate.** Mr. Larsen has been active in the sale and leasing of land for commercial uses and is an active real estate broker in the Tucson market. Mr. Larsen indicated that he recently leased a parcel of land located on Houghton Road and Golf Links Road to QuikTrip Convenience Stores. Mr. Larsen indicated that the parcel totals 78,400 square feet and is leasing at a rate of \$129,000 per year. Mr. Larsen indicated that he based the lease rate on a 10 percent return to the value, or \$1,290,000 total land value (\$129,000 divided by .10 = \$1,290,000). This is equal to \$16.45 per square foot for the land. Mr. Larsen indicated that in his real estate experience the rate of return for a land lease is typically between 8 and 10 percent.
- **Jonathan Jump, Jump Real Estate Investments.** Mr. Jump has been active in the sale and leasing of land for commercial uses and is an active real estate broker in the Tucson market. Mr. Jump indicated that he recently leased a parcel of land to Valero for the development of a gas station/convenience store. The land is located at Drexel Road and Houghton Road. Mr. Jump indicated that the parcel totals 75,000 square feet and is leasing at a rate of \$150,000 per year. He related that he did not use a typical rate of return formula to estimate the land lease rate, but that he is familiar with the industry standard rate of return being between 8 and 10 percent.
- **Bill Young, Horseshoe Management.** Mr. Young has been active in the sale and leasing of land for commercial uses and is an active real estate broker in the Tucson market. Mr. Young indicated that he recently extended a land lease to Wells Fargo Bank for property located on the west side of Campbell Avenue, north of Glenn Street. Mr. Young indicated that he based the land lease on a 10 percent return to the land value, which he estimated to be \$15.00 per square foot. The parcel size totals 65,489 square feet which indicates a total estimated land value at \$982,000 (rounded). The new land lease to Wells Fargo is at \$100,000 for the first year with 3 percent

annual increases based on a 10-year term with two 5-year option periods. The lease rate reflects a rate of return to the estimated value of 10.18 percent (\$100,000 divided by \$982,000).

- **David DeConcini, 4-D Properties.** Mr. DeConcini indicated that his company recently entered into two land leases. The first land lease is at the northwest corner of Irvington Road and Benson Highway. The tenant is QuickTrip. Mr. DeConcini indicated that the rate of return used for the land lease was 10 percent on a land value of \$1,320,000, or \$132,000 per year. The lease is for a 20 year period of time with 6 five year option periods. Mr. DeConcini related information about a second lease that his company had entered into recently with Circle K. The land is located at 6th Avenue and Interstate 10. He indicated that the Circle K Corporation dictates a non-negotiable 8 percent rate of return for the land lease, but that the land value is valued at the upper end of the value range which had the net effect of equaling a 10 percent rate of return to the lessor. The lease period is for 20 years with 8 five year options. In the opinion of Mr. DeConcini, the rate of return for the subject property would be less due to the risk associated with the downtown market in terms of vacancy rates and difficulty in development standards. He indicated a rate one to two points lower than the industry standard, or 7 to 9 percent.
- **City of Tucson.** The City of Tucson recently entered into a lease with Fotowatio Renewable Ventures for a Utility-Scale Solar Project on city land in Avra Valley. According to Mr. Wade Clark and review of the executed lease, the lease rate is based on a 10 percent rate of return to the appraised land value. The City of Tucson had the land appraised and the lease rate was based on the appraised value. Mr. Clark indicated that the lease remains level for the first five year period, and that there is an increase of 3 percent every five years. The total term of the lease is 20 years. The tenant is responsible for all real estate taxes during the term of the lease.

CONCLUSION OF VALUE FOR TEMPORARY CONSTRUCTION EASEMENTS (TEMPORARY WORK SPACES):

Based on the preceding information provided by brokers, investors, and city and county real estate personnel, the estimated annual rate of return for the temporary easement is ten (10) percent. The temporary easement land area will be valued at the same \$2,500 per acre as the fee simple land value conclusion. Therefore, the value of the temporary construction easement for the duration of the construction on the subject property of one year, is as follows:

Easement Area

Easement Area Value (2.929 acres x \$2,500 per acre) =	\$7,323
Rate of Return	<u>x 10%</u>
Annual Total	\$732

Total Estimated Compensation for Temporary Construction
Easements (Temporary Work Spaces)

(Rounded) \$800

SECTION H - SUMMARY OF VALUE CONCLUSIONS

Market Value of Land, Before Acquisition	\$100,800
Market Value of Property Rights To Be Acquired	\$9,000
Market Value of Remainder Property, Before	\$91,800
Market Value of Remainder Property, After	\$91,800
Market Value of Temporary Construction Easement	\$800
Severance Damages	-0-
Special Benefits	-0-
TOTAL COMPENSATION:	
Market Value of Property Rights To Be Acquired	\$9,000
Market Value of Temporary Construction Easement	800
Severance Damages	0
Special Benefits	<u>0</u>
TOTAL COMPENSATION	\$9,800

Hypothetical Condition - Value of the Remainder Land, After (No. 22). This appraisal report includes the appraisal of the market value of the remainder land, as if the pipeline project was complete. As the pipeline project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project was completed based upon the plans provided to the appraiser by Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company (hereinafter referred to as Sierrita Gas Pipeline, LLC). If the pipeline project is not completed as indicated by the plans provided by Sierrita Gas Pipeline, LLC, to the appraiser, then the conclusions in this report are subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

PART V - ASSUMPTIONS AND LIMITING CONDITIONS

1. **Definitions.** "Appraisal," as herein defined, is the process of completing a service; namely, a valuation assignment. "Subject property" refers to the property which is the subject of the assignment. "Appraisers" are those persons, whether one or more, who have accepted the assignment and who have participated in the analyses, opinions, and conclusions formed in the appraisal. "Company" refers to Baker, Peterson, Baker & Associates, Inc. "Report" refers to this written document containing the analyses, opinions, and conclusions which constitute the appraisal.
2. **Liability.** The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraisers responsible for this report, is limited to the Client only, and to the fee actually received by the Company. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of any person other than the Client, the Client is responsible for making such party aware of all assumptions and limiting conditions related thereto. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the subject property, whether physical, financial, or legal.
3. **Title.** No opinion as to title is rendered. Data related to ownership and legal description was provided by the Client or was obtained from available public records and is considered reliable. Unless acknowledged in this report, no title policy or preliminary title report were provided. Title is assumed to be marketable and free and clear of all liens, encumbrances, and restrictions except those specifically discussed in the report. The property is appraised assuming responsible ownership, competent management and ready availability for its highest and best use.
4. **Survey or Engineering.** No survey or engineering analysis of the subject property has been made by the appraisers. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraisers assume no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the value thereof, excepting those items which are specifically mentioned in the report.
5. **Data Sources.** The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the Client consider independent verification within these categories prior to any transaction involving a sale, lease, or other significant commitment of the subject property, and that such verification be performed by appropriate recognized specialists.

6. ***Subsequent Events.*** The date of valuation to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The appraisers assume no responsibility for economic or physical factors occurring after the date of valuation which may affect the opinions in this report. Further, in any prospective valuation assignment, the appraisers cannot be held responsible for unforeseeable events that alter market conditions prior to the date of valuation. Such prospective value estimates are intended to reflect the expectations and perceptions of market participants along with available factual data, and should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized.
7. ***Adjustments.*** The appraisers reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available subsequent to issuance of the report.
8. ***Special Rights.*** No opinion is expressed as to the value of any subsurface (oil, gas, mineral) or aerial rights or whether the property is subject to surface entry for the exploration or removal of materials except where expressly stated in the report.
9. ***Value Distribution.*** The distribution of total value in this report between land and improvements applies only under the specified highest and best use of the subject property as herein described. The allocations of value among the land and improvements do not apply to any other property other than the property which is the subject of this report.
10. ***Legal or Special Opinions.*** No opinion is intended to be expressed for matters which require legal expertise, specialized investigation, or a level of professional or technical knowledge beyond that customarily employed by real estate appraisers.
11. ***Personal Property.*** Unless expressly stated within this report, no consideration has been given as to the value of any personal property located on the premises, or to the cost of moving or relocating such personal property. Only the real property has been considered.
12. ***Soil Conditions.*** Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraisers. Therefore, it is assumed that existing soil conditions are capable of supporting development of the subject property in a manner consistent with its highest and best use without extraordinary foundation or soil remedial expense. Further, it is assumed that there are no hidden or unapparent matters (hazardous materials, toxic substances, etc.) related to the soil or subsoil which would render the subject more or less valuable by knowledge thereof.

13. **Court Testimony.** Testimony or attendance in court or at any other hearing (including depositions) is not required by reason of rendering this appraisal or issuing this report, unless such arrangements have previously been made and are part of a contract for services.
14. **Exhibits.** Maps, floor plans, photographs, and any other exhibits contained in this report are for illustration only, and are provided as an aid in visualizing matters discussed within the report. They should not be considered as surveys or scale renderings, or relied upon for any other purpose.
15. **Statute, Regulation, and License.** Unless otherwise stated within the report, the subject property is assumed to be in full and complete compliance with all applicable federal, state, and local laws related to zoning, building codes, fire, safety, permits, and environmental regulations. Further, it is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authorizations have been, or can be, readily obtained or renewed as related to any use of the subject property on which the value estimate contained herein is based.
16. **Hidden or Unapparent Conditions.** It is assumed that there are no hidden or unapparent conditions which, if known, would affect the analyses, opinions or conclusions contained in this report. This includes, but is not limited to, electrical, mechanical, plumbing, and structural components.
17. **Hazardous/Toxic Substances.** In this appraisal assignment, no observation was made of the existence of potentially hazardous material used in the construction and/or maintenance of the improvements, or from any other source, whether borne by land or air, including, but not limited to, asbestos, lead, toxic waste, radon, and urea formaldehyde. While not observed, and while no information was provided to confirm or deny the existence of such substances (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such substances. Unless otherwise stated, no consideration has been given to the presence of, nature of, or extent of such conditions, nor to the cost to "cure" such conditions or to remove any toxic or hazardous substances which could potentially affect the value or marketability of the property. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. This value estimate assumes that there is no such material on or in the property.
18. **Americans with Disabilities Act of 1990.** The ADA became effective on January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence

relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

19. **Disclosure.** Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, including the value estimate, the identity of the appraisers or their professional designations, or the company with which the appraisers are associated, shall be used for any purpose by anyone other than the Client as herein stated, without the prior written consent of the appraisers. Nor shall it be conveyed, in whole or in part, in the public through advertising, news, sales, listings, or any other media without such prior written consent. Possession of this report does not carry with it any right of public distribution.
20. **Type of Report.** This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
21. **Endangered and Threatened Species.** The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.
22. **Value of the Remainder Land, After.** This appraisal report includes the appraisal of the market value of the remainder land, as if the pipeline project was complete. As the pipeline project is not complete as of the effective date of value, the appraisal of the market value of the remainder land, after, is based upon the hypothetical condition that the project was completed based upon the plans provided to the appraisers by Sierrita Gas Pipeline, L.L.C., a Delaware limited liability company (hereinafter referred to as Sierrita Gas Pipeline, LLC). If the pipeline project is not completed as indicated by the plans provided by Sierrita Gas Pipeline, LLC, to the appraiser, then

the conclusions in this report are subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

23. ***Acceptance of Report.*** Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.

PART VI - EXHIBITS

Exhibit A	Title Report
Exhibit B	Subject Map
Exhibit C	Aerial Photograph
Exhibit D	Zoning Map
Exhibit E	Comprehensive Plan Map
Exhibit F.1	Flood Plain Map
Exhibit F.2	Pima County Flood Hazard Map
Exhibit G	Riparian Habitat Map
Exhibit H	Maps and Legal Descriptions of Parts To Be Acquired - Permanent Easement
Exhibit I	Maps of Part To Be Acquired - Temporary Construction Easements (Temporary and Additional Work Spaces)
Exhibit J	Proposed Route Map and Aerial Photograph
Exhibit K	Subject Photographs
Exhibit L	Acquisition Photographs
Exhibit M	Comparable Land Sales Location Map, Comparable Land Sales, Maps and Aerial Photographs
Exhibit N	Gas and Electric Transmission Line Easement Examples
Exhibit O	Qualifications

EXHIBIT A - TITLE REPORT

Pima County

ALTA Commitment (6/17/08)

ALTA Commitment Form COMMITMENT FOR TITLE INSURANCE

Issued by



Sanctity of Contract®

STEWART TITLE®
GUARANTY COMPANY

209-01-0620
209-01-071E
209-01-6720
209-01-076B

302-02-0130
209-01-057E
209-01-057D
209-01-057B
209-01-0600
209-01-058C
209-01-058D

STEWART TITLE GUARANTY COMPANY, a Texas Corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate six months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

This Commitment shall not be valid or binding until countersigned by a validating officer or authorized signatory.

IN WITNESS WHEREOF, Stewart Title Guaranty Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

Countersigned by:

John Rafferty

Authorized Signature
Stewart Title & Trust of Tucson
Company
Tucson, AZ 85711
City, State

stewart
title guaranty company



Robert J. Davis
Senior Chairman of the Board

Michael S. Morris
Chairman of the Board

Nicholas J. Smith
President

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquires actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and the Conditions and Stipulations, and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.

As to ALTA 2006 Policy forms:

5. The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <http://www.alta.org/>.

STEWART TITLE® GUARANTY COMPANY

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at P.O. Box 2029, Houston, Texas 77252.

SCHEDULE A

Order Number: 12420161

Escrow Officer: Kim Moss

Effective Date: July 5, 2012 at 5:00 p.m.

Title Officer: Gail Franklin

- | 1. Policy or Policies to be issued: | Amount of Insurance |
|---|---------------------|
| (a) Owner's: LTAA Standard Coverage Owner's Policy | \$ 0.00 |
| Proposed Insured: | |
| El Paso Natural Gas Company, a Delaware corporation | |
| (b) Lender's: None | \$ 0.00 |
| Proposed Insured: | |
| | |
| (c) Lender's: None | \$ 0.00 |
| Proposed Insured: | |
| | |
2. The estate or interest in the land described or referred to in this Commitment and covered herein is:
- FEE
3. Title to said estate or interest in said land is at the effective date hereof vested in:
- Pima County Board of Supervisors acting in behalf of Pima County, a political subdivision of the State of Arizona, as to Parcel 1; and Pima County, a political subdivision of the State of Arizona, as to Parcel 2; and Pima County, a body politic and corporate, as to Parcels, 3 thru 11
4. The land referred to in this Commitment is described as follows:
- See Exhibit A attached hereto and made a part hereof.
5. The Deed of Trust to be insured and the assignments thereof, if any are described as follows:
- N/A

Order Number: 12420161

Exhibit A

PARCEL 1:
(Tax code: 302-02-0130)

The South 807.30 feet of the Southeast Quarter of the Northwest Quarter (SE1/4 NW1/4) of Section 35, Township 20 South, Range 8 East, Gila and Salt River Meridian, Pima County, Arizona, lying west of the centerline of the Tucson-Sasabe Highway and more particularly described as follows:

Begin at the Southwest corner of said Southeast Quarter of the Northwest Quarter (SE1/4 NW1/4);

Thence South 89°52'57" East along the south line thereof, 228.50 feet to the centerline of said Tucson-Sasabe Highway;

Thence along said centerline North 25°54'10" East 896.55 feet to a point on the North line of said South 807.30 feet;

Thence North 89°52'57" West, parallel to the South line of said Southeast Quarter of the Northwest Quarter (SE1/4 NW1/4), 623.05 feet to the West line of said Southeast Quarter of the Northwest Quarter (SE1/4 NW1/4);

Thence South 0°18'10" East, along said West line, 807.30 feet to the POINT OF BEGINNING .

EXCEPT 1/16th of all gas, oil, metals and mineral rights as reserved in the Patent from the State of Arizona.

Jv arb: 1

PARCEL 2:
(Tax code: 209-01-057E)

All that parcel of land as described in Docket 10048 at page 1327, records of Pima County, Arizona, more particularly described as follows:

The West Half of the West half of the Northwest Quarter of Lot 1, Block 1 of MILLSTONE INDUSTRIAL DISTRICT NO. 1, a subdivision of Pima County, Arizona, according to the plat of record in the office of the County Recorder in Book 13 of Maps and Plats, page 51.

EXCEPT the South 334 feet thereof and

Except all coal and other minerals as reserved in the Patent from the United States of America.

Jv arb: 16

Order Number: 12420161

PARCEL 3:
(Tax code: 209-01-057D)

All that parcel as described in Docket 8249 at page 407, records of Pima County, Arizona , more particularly described as follows:

The East Half of the West Half of the Northwest Quarter of Lot 1, Block 1, MILLSTONE INDUSTRIAL DISTRICT NO. 1, and the South 334 feet of the West Half of the West Half of the Northwest Quarter of Lot 1, Block 1, MILLSTONE INDUSTRIAL DISTRICT NO. 1, according to the plat of record in the records of Pima County, Arizona, in Book 13 of Maps at page 51.

Except all coal and other minerals as reserved in the Patent from the United States of America.

Jv arb: 17

PARCEL 4:
(Tax code: 209-01-057B)

All that parcel of land as described in Docket 10077 at page 815, records of Pima County, Arizona , more particularly described as follows:

The East Half of the Northwest Quarter of Lot 1, Block 1 of MILLSTONE INDUSTRIAL DISTRICT NO. 1, a subdivision of Pima County, Arizona, according to the plat of record in the office of the County Recorder in Book 13 of Maps and Plats, page 51.

Except all coal and other minerals as reserved in the Patent from the United States of America.

Jv arb: 15

PARCEL 5:
(Tax code: 209-01-0600)

All that parcel of land as described in Docket 6033 at page 414, records of Pima County, Arizona , more particularly described as follows:

The Northeast Quarter of Lot 1, Block 1, of MILLSTONE INDUSTRIAL DISTRICT NO. 1, a subdivision of Pima County, Arizona , as set forth in the records of Pima County, Arizona , in Book 13 of Maps at page 51.

EXCEPT the East 50 feet thereof for roadway purposes.

Except all coal and other minerals as reserved in the Patent from the United States of America.

Jv arb: 13

Order Number: 12420161

PARCEL 6:
(Tax code: 209-01-058C)

All that parcel of land as described in Docket 9241 at page 800, records of Pima County, Arizona , more particularly described as follows:

The East 295.94 feet of the Northwest Quarter of Lot 2, Block 1, MILLSTONE INDUSTRIAL DISTRICT NO. 1, a subdivision of Pima County, Arizona , as set forth in the records of Pima County, Arizona in Book 13 of Maps at page 51.

EXCEPT the East Half thereof; and

Except all coal and other minerals as reserved in the Patent from the United States of America.

Jv arb: 30

PARCEL 7:
(Tax code: 209-01-058D)

All that parcel of land as described in Docket 9473 at page 1669 records of Pima County, Arizona , more particularly described as follows:

The East Half of the East 295.94 feet of the Northwest Quarter of Lot 2, Block 1, MILLSTONE INDUSTRIAL DISTRICT NO. 1, a subdivision of Pima County, Arizona , as set forth in the records of Pima County, Arizona in Book 13 of Maps at page 51.

Except all coal and other minerals as reserved in the Patent from the United States of America.

PARCEL 8:
(Tax code: 209-01-0620)

All that parcel of land as described in Docket 11640 at page 0132 records of Pima County, Arizona , more particularly described as follows:

The Northeast Quarter of Lot 2, Block 1, MILLSTONE INDUSTRIAL DISTRICT NO. 1, a subdivision of Pima County, Arizona , as set forth in the records of Pima County, Arizona in Book 13 of Maps at page 51.

Except all coal and other minerals as reserved in the Patent from the United States of America.

Jv arb: 21

Order Number: 12420161

PARCEL 9
(Tax code: 209-01-071E)

All that parcel of land as described in Docket 10306 at page 830 records of Pima County, Arizona , more particularly described as follows:

The Northwest Quarter of Lot 1, Block 2, MILLSTONE INDUSTRIAL DISTRICT NO. 1, a subdivision of Pima County, Arizona , as set forth in the records of Pima County, Arizona in Book 13 of Maps at page 51.

EXCEPT the East 505.48 feet thereof; and

Except all coal and other minerals as reserved in the Patent from the United States of America.

Jv arb: 18

PARCEL 10:
(Tax code: 209-01-0720)

All that parcel of land as described in Docket 11969 at page 5729 records of Pima County, Arizona , more particularly described as follows:

The East 232 feet of the Northwest Quarter of Lot 1, Block 2 MILLSTONE INDUSTRIAL DISTRICT NO. 1, a subdivision of Pima County, Arizona , as set forth in the records of Pima County, Arizona in Book 13 of Maps at page 51.

Except all coal and other minerals as reserved in the Patent from the United States of America.

Jv arb: 16

PARCEL 11:
(Tax code: 209-01-076B)

All that parcel of land as described in Docket 11551 at page 1290 records of Pima County, Arizona , more particularly described as follows:

The Northeast Quarter of Lot 1, Block 2 MILLSTONE INDUSTRIAL DISTRICT NO. 1, a subdivision of Pima County, Arizona , as set forth in the records of Pima County, Arizona in Book 13 of Maps at page 51.

EXCEPT the East 304 feet thereof.

Except all coal and other minerals as reserved in the Patent from the United States of America.

Jv arb: 20

SCHEDULE B

Order Number: 12420161

Showing matters which will be excepted in the Policy unless the same are disposed of to the satisfaction of the Company.

- i. Defects, liens, encumbrances, adverse claims or other matters, if any, created first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
- ii. Subject to the usual printed exclusions and exceptions contained in the regular form of policy, reprinted for reference on the Addendum attached hereto.

The following matters will be excepted in Schedule B of the policy to be issued:

1. Taxes and assessments collectible by the County Treasurer, not yet due for the year 2012.
2. Any action by the County Assessor and/or Treasurer, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance.
3. Water rights, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records.

This exception is not limited by reason of the disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.
4. Reservations, exceptions, easements or rights in Patent from the United States of America recorded in Book 214 of Deeds, page 311.
5. Reservations, exceptions, easements or rights in Patent from the State of Arizona recorded in Docket 3169, page 132.
6. Easements, restrictions, reservations and conditions as set forth on the recorded plat of said subdivision recorded in Book 13 of Maps and Plats at page 51.
7. Terms and conditions of Water Agreement by and between Double Z-S Farms Inc., an Arizona corporation and Charles L. Phillips recorded in Docket 698, page 535.
8. Easement for electric transmission lines or systems, and rights incident thereto, as set forth in instrument recorded in Docket 5252, page 279.
9. Easement for electric transmission lines or systems, and rights incident thereto, as set forth in instrument recorded in Docket 6194, page 598.
10. Easement for electric transmission lines or systems, and rights incident thereto, as set forth in instrument recorded in Docket 6216, page 556.

SCHEDULE B (Continued)

Order Number: 12420161

11. Easement for communication facilities, and rights incident thereto, as set forth in instrument recorded in Docket 6388, page 873.
12. Easement for ingress, egress and utilities, and rights incident thereto, as set forth in instrument recorded in Docket 6502, page 273 and Docket 7715, page 1065.
13. Easement for ingress, egress and utilities, and rights incident thereto, as set forth in instrument recorded in Docket 6575, page 373 and Docket 6576, page 162.
14. Restrictions, Conditions, Covenants, Reservations, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument recorded in Docket 7879, page 2259.
15. Restrictions, Conditions, Covenants, Reservations, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument recorded in Docket 8217, page 673.
16. Easement for ingress, egress and utilities, and rights incident thereto, as set forth in instrument recorded in Docket 9241, page 799.
17. Terms, conditions, easements, restrictions, covenants, liabilities and obligations as set forth in Pima County License recorded in Docket 10433, page 895.
18. Provisions within Ordinance No. 1998-51 re: Zoning; Amending Pima County Code and other matters as recorded in Docket 10868, page 1264.
19. Provisions within Resolution No. 2009-24 re: Planning; Amending the Pima County Comprehensive Plan Land Use Map recorded in Docket 13500, page 543.
20. Terms, conditions, easements, restrictions, covenants, liabilities and obligations as set forth in Final Order of Condemnation recorded in Docket 13549, page 1454.
21. Any adverse claim to any portion of said land which has been created by artificial means or which is accretion, alluvion, dereliction or avulsion with particular reference to that portion of the subject property lying within Las Moras Wash or any wash or arroyo and its tributaries.
22. Established and/or existing roads, roadways, highways or rights of way with particular reference to Sasabe Highway.
23. Matters shown on survey recorded in Book 5 of Maps, page 71.

SCHEDULE B (Continued)

Order Number: 12420161

- 24. Liabilities and obligations imposed upon said land by reason of its inclusion within Three Points Fire District.**
 - 25. Any easements or rights of way not disclosed by those public records which impart constructive notice and which are not visible and apparent from an inspection of the surface of said land.**
-

REQUIREMENTS

Order Number: 12420161

The County Recorder may not accept documents for recording which do not comply with Arizona Revised Statutes 11-480 which, among other things, requires the following:

- a) Print must be ten-point type (pica) or larger.
- b) Margins of at least one-half inch along the left and right sides, one-half inch across the bottom, and on the first page at least two inches on top for recording and return address information. (NOTE: Nothing must be contained in the margin areas, including initials.)
- c) Each instrument shall be no larger than 8-1/2 inches in width and 14 inches in length.

Due to changes in Arizona Revised Statutes the County Recorder may not accept for recording any documents containing any more than five numbers that are reasonably identifiable as being part of an individual's Social Security Number, Credit Card, Charge Card or Debit Card Numbers, Retirement Account Numbers, Savings, Checking or Securities Entitlement Account Numbers.

THIS COMMITMENT IS NOT AN ABSTRACT, EXAMINATION, REPORT, OR REPRESENTATION OF FACT OR TITLE AND DOES NOT CREATE AND SHALL NOT BE THE BASIS OF ANY CLAIM FOR NEGLIGENCE, NEGLIGENT MISREPRESENTATION OR OTHER TORT CLAIM OR ACTION. THE SOLE LIABILITY OF COMPANY AND ITS TITLE INSURANCE AGENT SHALL ARISE UNDER AND BE GOVERNED BY THE CONDITIONS OF THE COMMITMENT.

The following requirements must be met and completed to the satisfaction of the Company before its policy of title insurance will be issued:

- 1. PROVIDE a legal description and boundary survey of the real property or easement to be insured herein. Further requirements and/or additional matters may be deemed necessary upon review of said information.
- 2. RECORD Deed from Pima County Board of Supervisors acting in behalf of Pima County, a political subdivision of the State of Arizona; and Pima County, a political subdivision of the State of Arizona and Pima County, a body politic and corporate to El Paso Natural Gas Company, a Delaware corporation.

REQUIREMENTS (Continued)

Order Number: 12420161

NOTE: The Company hereby informs the parties that it has not made a determination of whether or not this transaction is subject to the provisions of A.R.S. 33-422 entitled "Land divisions; disclosure affidavit; recording" and A.R.S. 11-480 entitled "Review of land divisions; definitions". It will be the responsibility of the parties to make this determination; therefore, the Company assumes no liability with respect to these matters.

TAX STATUS NOTE:

Year: 2011
Parcel No.: 302-02-0130 (Parcel 1)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

Year: 2011
Parcel No.: 209-01-057E (Parcel 2)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

Year: 2011
Parcel No.: 209-01-057D (Parcel 3)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

Year: 2011
Parcel No.: 209-01-057B (Parcel 4)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

Year: 2011
Parcel No.: 209-01-0600 (Parcel 5)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

Year: 2011
Parcel No.: 209-01-058C (Parcel 6)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

REQUIREMENTS (Continued)

Order Number: 12420161

Year: 2011
Parcel No.: 209-01-058D (Parcel 7)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

Year: 2011
Parcel No.: 209-01-0620 (Parcel 8)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

Year: 2011
Parcel No.: 209-01-071E (Parcel 9)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

Year: 2011
Parcel No.: 209-01-0720 (Parcel 10)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

Year: 2011
Parcel No.: 209-01-076B (Parcel 11)
Total Amount: \$0.00
First half: \$0.00
Second half: \$0.00 Taxes shown exempt

(Property tax notices are mailed on or about September 1st for the tax year due. First half taxes are due October 1st of the tax year shown and delinquent November 1st of that same year. Second half taxes are due March 1st of the following year and delinquent May 1st of the following year.)

Escrow personnel MUST verify any delinquent taxes information with the Pima County Treasurer's office at (520) 724-8341.

REQUIREMENTS (Continued)

Order Number: 12420161

CHAIN OF TITLE (24 month)/VESTING NOTE:

The subject property is currently vested in the party(ies) shown in Schedule A, Paragraph 3, by instrument recorded in records of Pima County, Arizona as follows:

Parcel 1:

Patent recorded January 25, 1968 in Docket 3169, page 132;

Parcel 2:

Warranty Deed recorded July 20, 2006 in Docket 12850, page 1284.

Parcel 3 and 5, 6, 8, 9, 10:

Final Order of Condemnation recorded May 1, 2009 in Docket 13549, page 1454.

Parcel 4:

Final Order of Condemnation recorded April 14, 2008 in Docket 13284, page 359;

Parcel 7:

Final Order of Condemnation recorded October 29, 2007 in Docket 13170, page 484

And Final Order of Condemnation recorded April 14, 2008 in Docket 13284, page 350;

Parcel 11:

Final Order of Condemnation recorded April 26, 2007 in Docket 13042, page 457.

NOTE: This transaction does not qualify for a short term Re-Issue Rate.

Subject property was previously conveyed by instrument recorded in Docket , page , records of Pima County, Arizona.

POLICY NOTE:

Unless specified otherwise on Schedule A, ALTA 2006 coverage policy(s) will be issued in connection with this transaction.

WIRING NOTE:

Arizona Revised Statutes Section 6-483 regulates the disbursement of funds by escrow agents. Funds received by Stewart Title & Trust of Tucson via wire transfer may be disbursed upon receipt. Other types of payments may delay closing of your transaction. You should contact your escrow officer directly to obtain wiring instructions.

SEARCH NOTE:

REQUIREMENTS (Continued)

Order Number: 12420161

All searches required pursuant to issuance of this commitment for title insurance were performed through a dedicated title plant, including a search of the geographically posted indices affecting the subject real property and any matters disclosed in the general index relating to the parties being insured herein. Accordingly those matters, if any, are shown herein.

ADDENDUM TO COMMITMENT FOR TITLE INSURANCE

The policy or policies to be issued will contain exceptions to or exclusions from coverage as to the following matters unless the same are disposed of to the satisfaction of or by agreement with the Company.

EXCEPTIONS TO STANDARD POLICIES AND ALTA OWNER'S POLICIES

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interest or claims which are not shown by the Public Records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the Public Records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the Public Records.
5.
 - (a) Unpatented mining claims;
 - (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof;
 - (c) water rights, claims or title to water.
6. Any right, title, interest, estate or easement in land beyond the lines of the area specifically described or referred to in Schedule A, or in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing in this paragraph shall modify or limit the extent to which the ordinary right of an abutting owner for access to a physically open street or highway is insured by this policy.
7. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

EXCLUSIONS FROM STANDARD POLICIES, ALTA OWNER'S POLICIES AND ALTA LOAN POLICIES (EXCEPT 2006 POLICY FORMS)

1.
 - (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of the violation of any of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the Public Records at Date of Policy.
 - (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the Public Records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction (vesting in the insured the estate or interest)(creating the interest of the mortgagee) insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the (estate or interest insured by this policy)(interest of the insured mortgagee) being deemed a fraudulent conveyance or fraudulent transfer, or
 - (b) the subordination of the insured mortgage (if applicable) as a result of the application of the doctrine of equitable subordination; or
 - (c) the transaction creating the (estate or interest insured by this policy)(interest of the insured mortgagee) being deemed a preferential transfer except where the preferential transfer results from the failure:

- (i) to timely record the instrument of transfer, or
- (ii) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

In addition, as to an ALTA Loan Policy only:

- 5. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
- 6. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
- 7. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.

NOTE: Exceptions numbered 1 through 7 above will be eliminated from an ALTA (Extended Coverage) Owner's or Loan Policy. Exclusions 1 through 7 are exclusions from coverage in the regular form of the policy and said items cannot be eliminated.

EXCLUSIONS FROM ALTA 2006 OWNER'S POLICY:

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
- 4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
- 5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attached between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

NOTE: Exceptions numbered 1 through 7 above will be eliminated from an ALTA (Extended Coverage) Owner's or Loan Policy. Exclusions 1 through 5 are exclusions from coverage in the regular form of the policy and said items cannot be eliminated.

EXCLUSIONS FROM ALTA 2006 LOAN POLICY:

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to

- (i) the occupancy, use, or enjoyment of the Land;
- (ii) the character, dimensions, or location of any improvement erected on the Land;
- (iii) the subdivision of land; or
- (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters

(a) created, suffered, assumed, or agreed to by the Insured Claimant;

(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

(c) resulting in no loss or damage to the Insured Claimant;

(d) attaching or crated subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or

(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.

5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.

6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is

(a) a fraudulent conveyance or fraudulent transfer, or

(b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

NOTE: Exceptions numbered 1 through 7 above will be eliminated from an ALTA (Extended Coverage) Owner's or Loan Policy. Exclusions 1 through 7 are exclusions from coverage in the regular form of the policy and said items cannot be eliminated.

(All references to ALTA policies shall mean those as revised 10/17/92, unless otherwise noted)

EXCLUSIONS FROM 10/22/03 ALTA HOMEOWNER'S POLICIES

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:

- a. building
- b. zoning
- c. land use
- d. improvements on the land
- e. land division
- f. environmental protection

This exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
 - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records,
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date.
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in Paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

EXCLUSIONS FROM 01/01/08 ALTA HOMEOWNER'S POLICIES

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation concerning:
 - a. building
 - b. zoning
 - c. land use
 - d. improvements on the land
 - e. land division
 - f. environmental protection
- This Exclusion does not limit the coverage described in Covered Risk 8a, 14, 15, 16, 17, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
 4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8e, 25, 26, 27 or 28.
 5. Failure to pay value for Your Title.
 6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in Paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

Title Department

STG Privacy Notice 1 (Rev 01/26/09) Stewart Title Companies

WHAT DO THE STEWART TITLE COMPANIES DO WITH YOUR PERSONAL INFORMATION?

Federal and applicable state law and regulations give consumers the right to limit some but not all sharing. Federal and applicable state law regulations also require us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand how we use your personal information. This privacy notice is distributed on behalf of the **Stewart Title Guaranty Company** and its affiliates (the Stewart Title Companies), pursuant to Title V of the Gramm-Leach-Bliley Act (GLBA).

The types of personal information we collect and share depend on the product or service that you have sought through us. This information can include social security numbers and driver's license number.

All financial companies, such as the Stewart Title Companies, need to share customers' personal information to run their everyday business—to process transactions and maintain customer accounts. In the section below, we list the reasons that we can share customers' personal information; the reasons that we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do we share?	Can you limit this sharing?
For our everyday business purposes —to process your transactions and maintain your account. This may include running the business and managing customer accounts, such as processing transactions, mailing, and auditing services, and responding to court orders and legal investigations.	Yes	No
For our marketing purposes —to offer our products and services to you.	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes —information about your transactions and experiences. Affiliates are companies related by common ownership or control. They can be financial and nonfinancial companies. <i>Our affiliates may include companies with a Stewart name: financial companies, such as Stewart Title Company.</i>	Yes	No
For our affiliates' everyday business purposes —information about your creditworthiness.	No	We don't share
For our affiliates to market to you	Yes	No
For nonaffiliates to market to you. Nonaffiliates are companies not related by common ownership or control. They can be financial and nonfinancial companies.	No	We don't share

We may disclose your personal information to our affiliates or to nonaffiliates as permitted by law. If you request a transaction with a nonaffiliate, such as a third party insurance company, we will disclose your personal information to that nonaffiliate. (We do not control their subsequent use of information, and suggest you refer to their privacy notices.)

Sharing practices	
How often do the Stewart Title Companies notify me about their practices?	We must notify you about our sharing practices when you request a transaction
How often do the Stewart Title Companies protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal and state law. These measures include computer, file, and building safeguards.
How often do the Stewart Title Companies collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> request insurance-related services provide such information to us <p>We also collect your personal information from others, such as the real estate agent or lender involved in your transaction, credit reporting agencies, affiliates or other companies.</p>
What sharing can I limit?	Although federal and state law give you the right to limit sharing (e.g., opt out) in certain instances, we do not share your personal information in those instances.

Contact Us

If you have any questions about this privacy notice, please contact us at: Stewart Title Guaranty Company, 1980 Post Oak Blvd., Privacy Officer, Houston, Texas 77056

EXHIBIT B - SUBJECT MAP

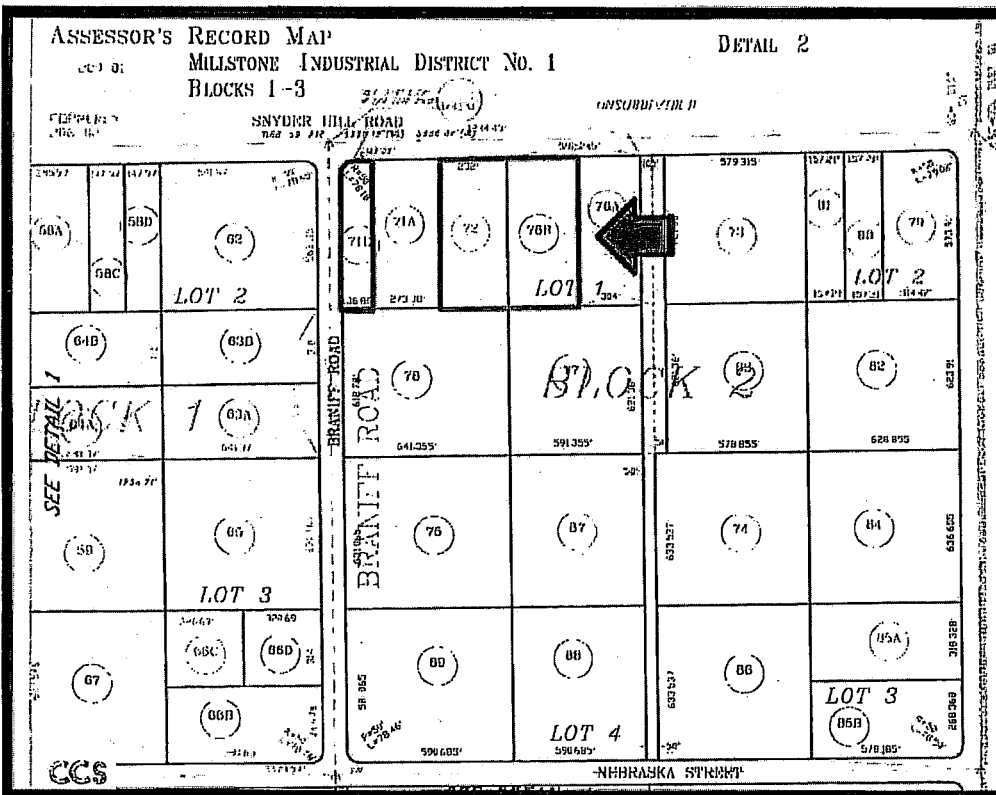
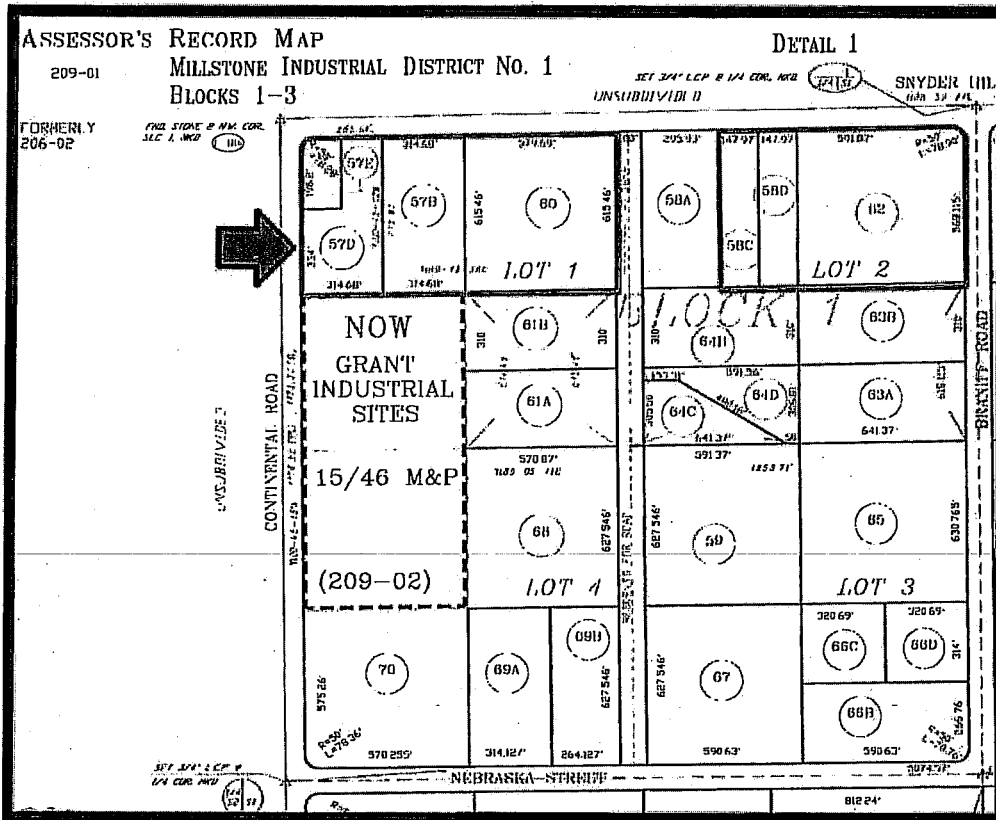


EXHIBIT C - AERIAL PHOTOGRAPH

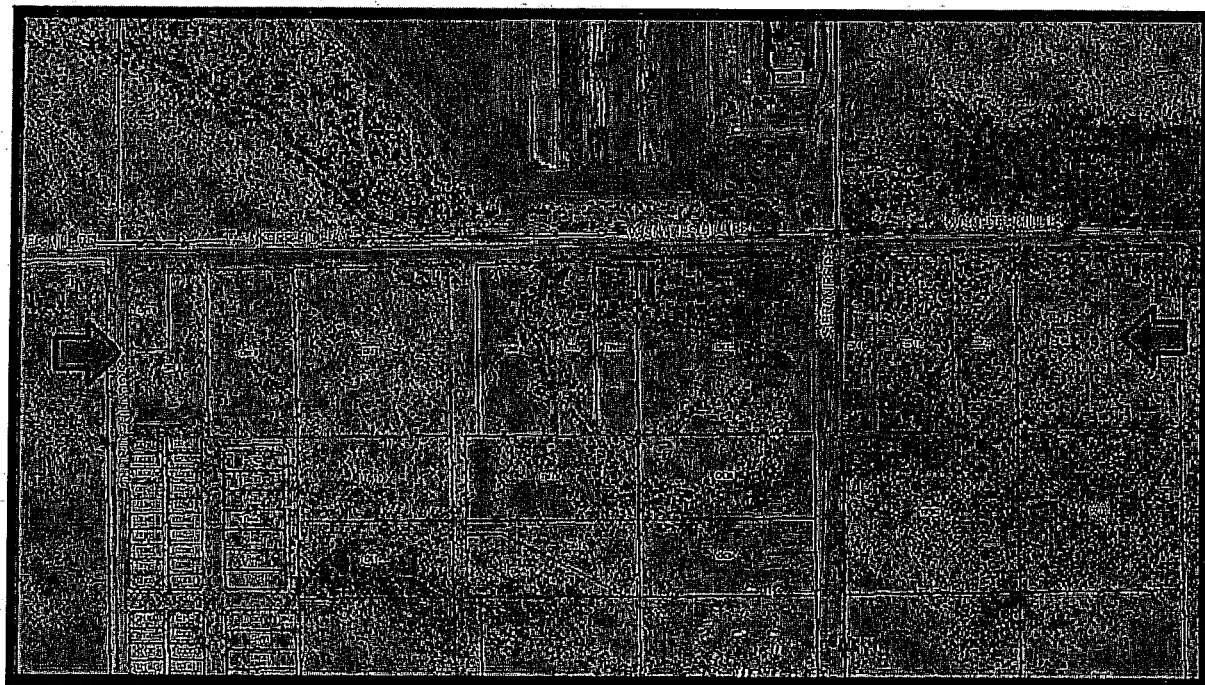
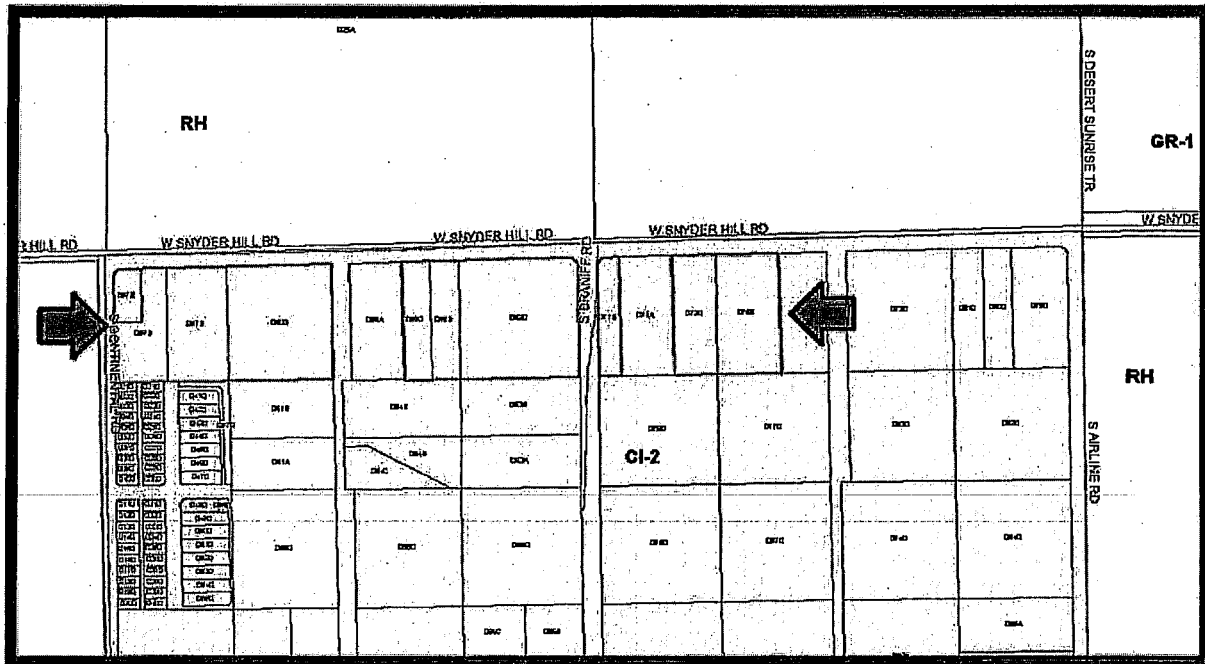


EXHIBIT D - ZONING MAP



<input checked="" type="checkbox"/>	Zoning - County
	CB-1
	CB-1(H)
	CB-2
	CB-2(H)
	CI-1
	CI-2
	CI-3
	CMH-1
	CMH-2
	CPI
	CR-1
	CR-2
	CR-2(H)
	CR-3
	CR-4
	CR-4(H)
	CR-5
	CR-5(GC)
	CR-5(H)
	GR-1
	GR-1(H)

	IR
	ML
	MR
	MU
	RH
	RH(GC)
	RH(H)
	RVC
	SH
	SH(H)
	SP
	SR
	SR-2
	TH
	TH(H)
	TR

EXHIBIT E - PIMA COUNTY COMPREHENSIVE LAND USE PLAN MAP

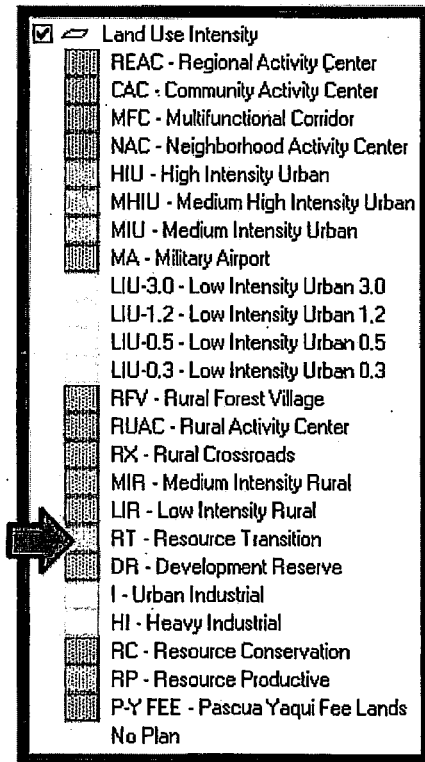
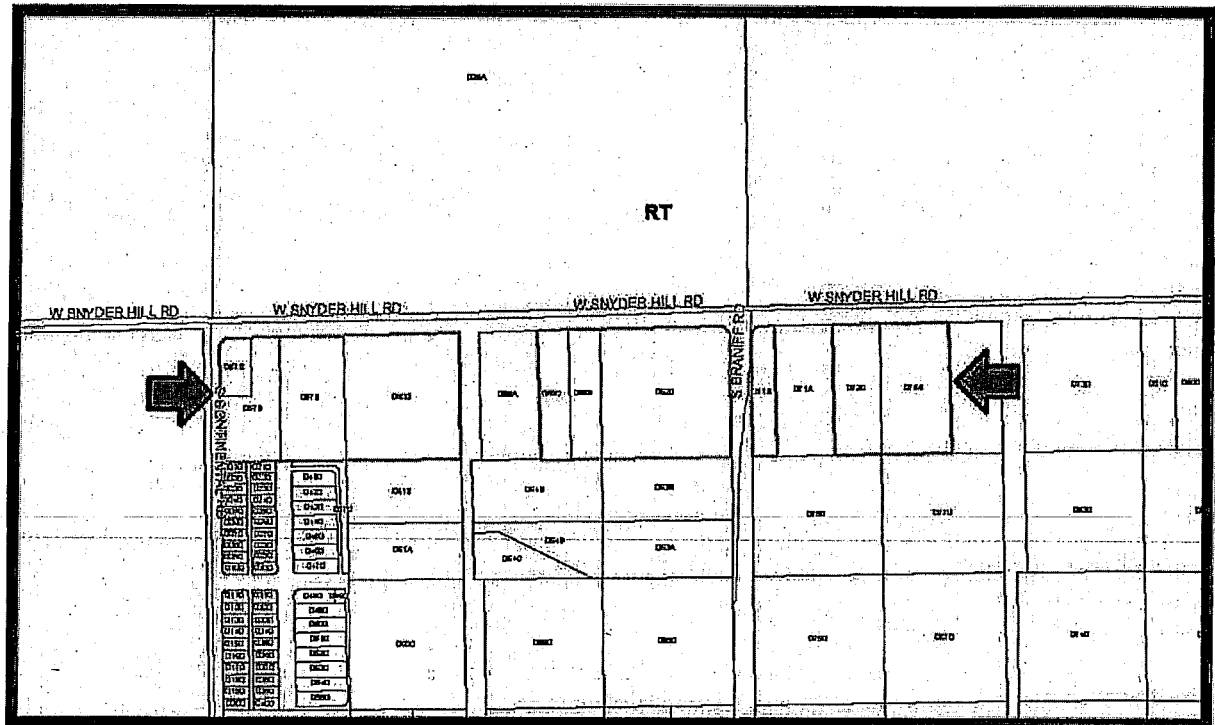


EXHIBIT F.1 - FLOODPLAIN MAP

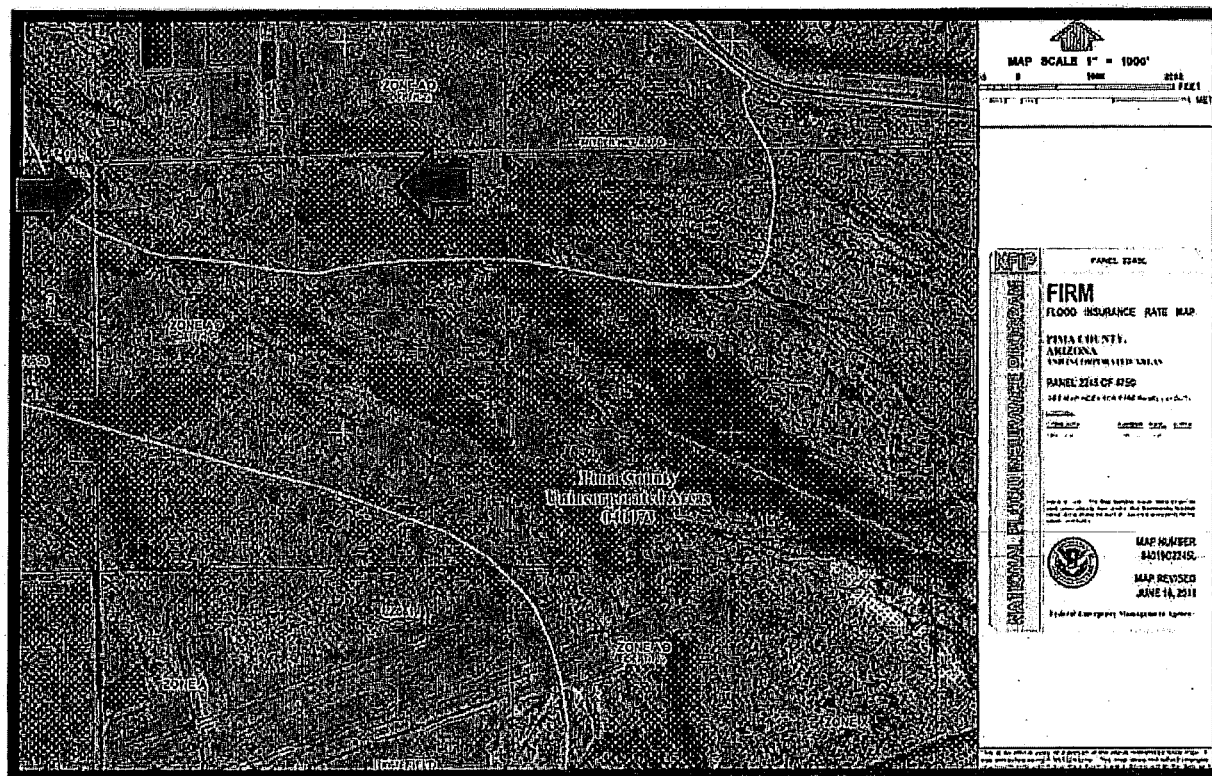
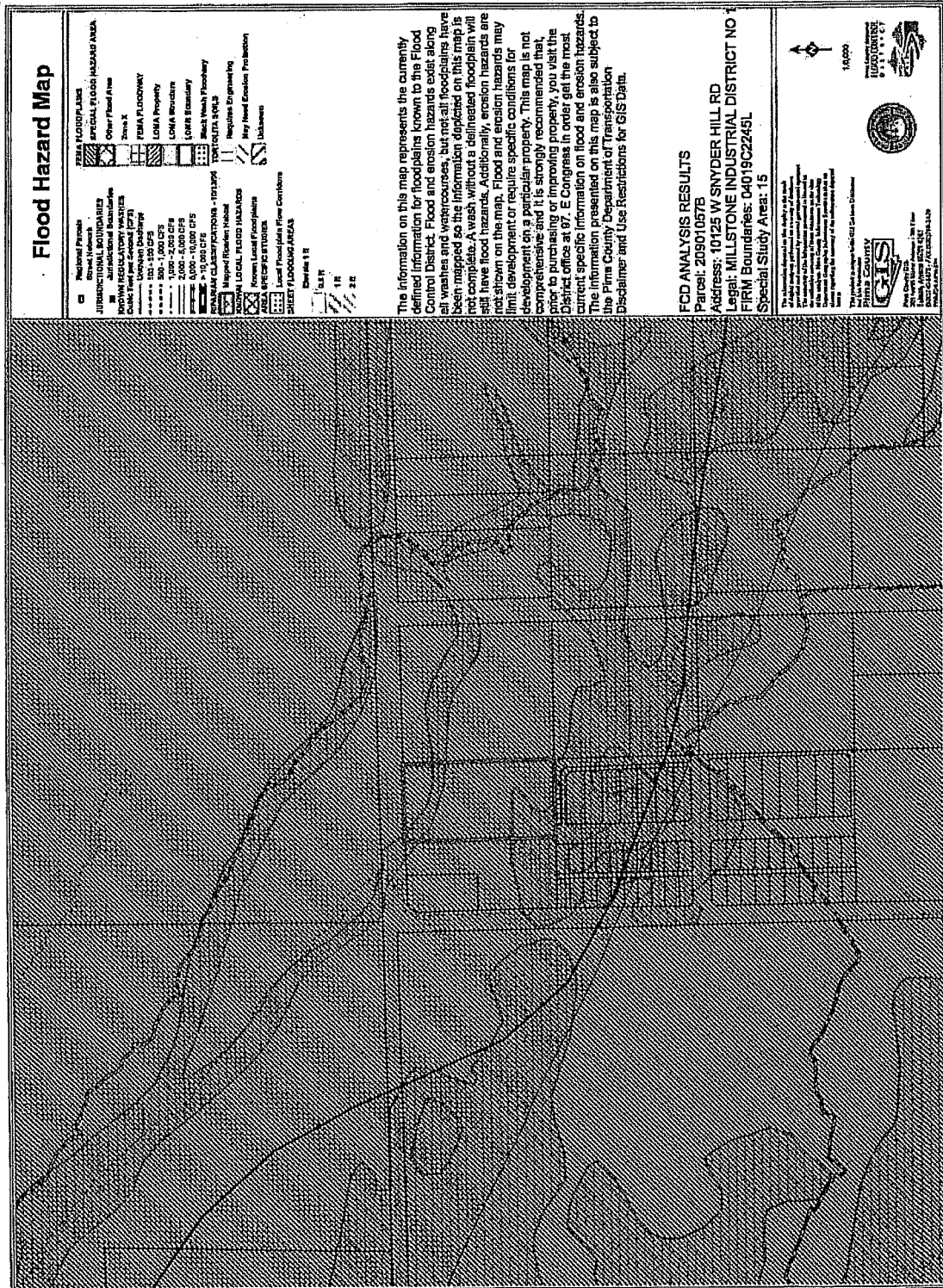


EXHIBIT F.2 - PIMA COUNTY FLOOD HAZARD MAP



Wednesday April 03 2013

EXHIBIT G - RIPARIAN HABITAT MAP

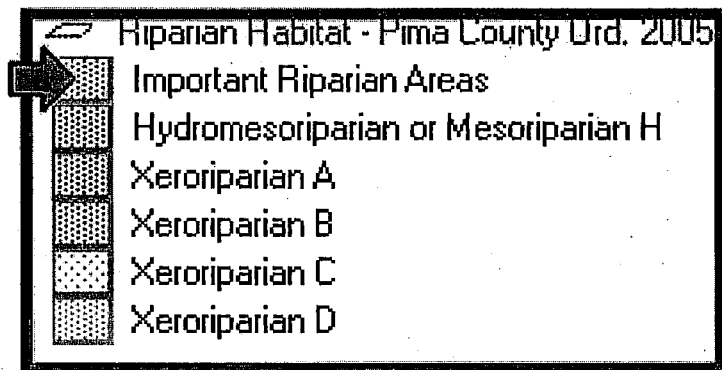
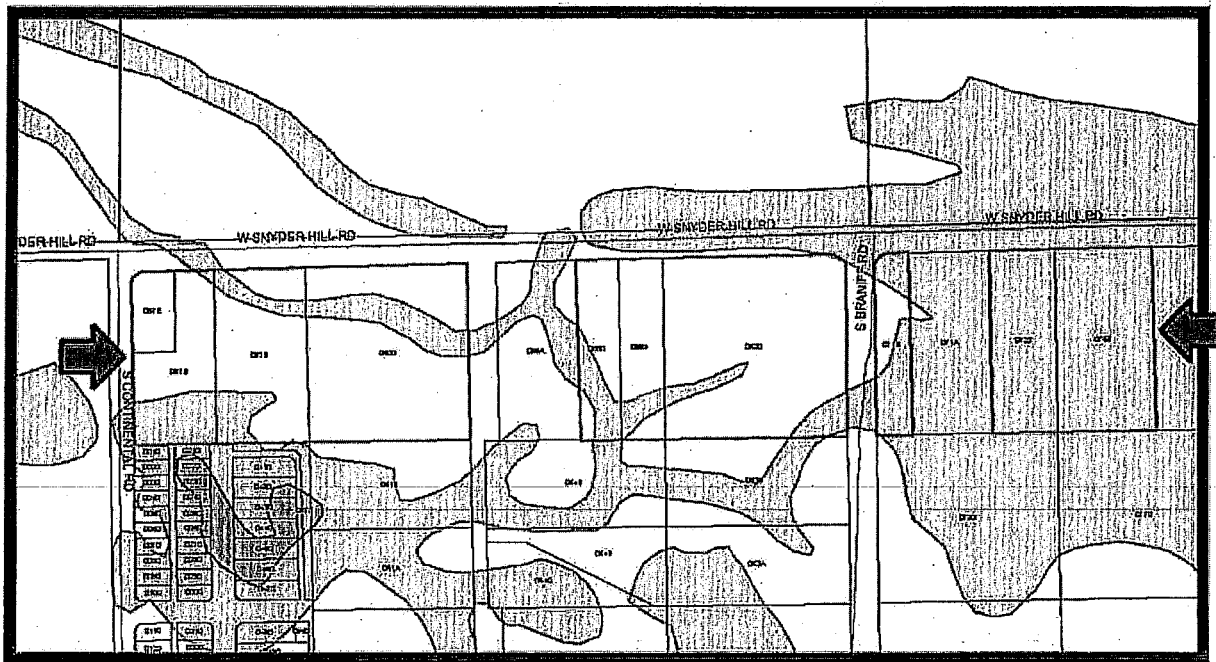


EXHIBIT H - LEGAL DESCRIPTIONS AND MAPS OF PART TO BE ACQUIRED - PERMANENT EASEMENT (6 Pages)

	SIERRITA PIPELINE PROJECT, EPNG LINE 2177	EPNG/KM AFE 59919																						
DESCRIPTION OF PERMANENT EASEMENT 1:																								
<p>THE CENTERLINE OF A 50.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF PIMA COUNTY AND ALSO A PART OF THE MILLSTONE INDUSTRIAL DISTRICT NO. 1, RECORDED IN BOOK 13 PAGE 51, LOCATED IN SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, GILA & SALT RIVER B. & M., COUNTY OF PIMA, STATE OF ARIZONA, SAID 50.00 FOOT WIDE STRIP OF LAND BEING 25.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:</p> <p>BEGINNING AT A POINT ON THE SOUTH RIGHT OF WAY LINE OF SNYDER HILL ROAD IN SAID SECTION 1, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 87°43'33" WEST, A DISTANCE OF 1327.55 FEET;</p> <p>THENCE OVER AND ACROSS SAID PARCEL THE FOLLOWING TWO (2) COURSES AND DISTANCES:</p> <ol style="list-style-type: none"> 1. SOUTH 00°00'09" WEST, A DISTANCE OF 102.02 FEET; 2. SOUTH 89°02'58" WEST, A DISTANCE OF 886.04 FEET, MORE OR LESS, TO A POINT ON THE EAST LINE OF PARCEL 71A, LOT 1, BLOCK 2 AS SHOWN ON THE ASSESSOR'S RECORD MAP, SAID POINT BEING THE POINT OF TERMINUS, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 68°24'47" WEST, A DISTANCE OF 463.06 FEET. <p>THE TOTAL LENGTH OF THE ABOVE DESCRIBED CENTERLINE IS 988.86 FEET (60.54 RODS), CONTAINING 1.146 ACRES (49,943 SQUARE FEET) OF LAND, MORE OR LESS.</p> <p>THE SIDE LINES OF THIS EASEMENT ARE LENGTHENED OR SHORTENED TO MEET AT ANGLE POINTS AND TERMINATE AT SAID SOUTH RIGHT OF WAY LINE OF SNYDER HILL ROAD AND SAID EAST LINE OF PARCEL 71A, SAID PERMANENT EASEMENT DESCRIBED ABOVE BEING BOUNDED WITHIN THE LANDS OF SAID PARCEL NAMED HEREON.</p> <p align="right">[CONTINUED ON SHEET 2 OF 2]</p>																								
NOTES:																								
<ol style="list-style-type: none"> 1. THIS EXHIBIT WAS PREPARED WITHOUT THE BENEFIT OF A TITLE COMMITMENT, THEREFORE CH2M HILL HAS NOT RESEARCHED OR SHOWN ANY OTHER EASEMENTS, RIGHTS-OF-WAY, VARIANCES AND OR AGREEMENTS OF RECORD EXCEPT AS SHOWN HEREON. 2. ALL DISTANCES SHOWN HEREON ARE INTERNATIONAL FOOT (GRID). 3. SEE EXHIBIT B BY WHICH THIS REFERENCE IS MADE PART HEREOF. 	<table border="1" style="width:100%; border-collapse: collapse; text-align: center;"> <tr> <th rowspan="2">SECTION</th> <th colspan="2">FE</th> </tr> <tr> <th>ACRES</th> <th>LENGTH</th> </tr> <tr> <td>1</td> <td>3.987</td> <td>3473.21</td> </tr> <tr> <td>TOTAL</td> <td>3.987</td> <td>3,473.21</td> </tr> </table>		SECTION	FE		ACRES	LENGTH	1	3.987	3473.21	TOTAL	3.987	3,473.21											
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	ACRES	LENGTH																						
1	3.987	3473.21																						
TOTAL	3.987	3,473.21																						
<p>SIERRITA GAS PIPELINE LLC</p> <p>EXHIBIT A</p> <p>PIMA COUNTY</p> <p>SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, GILA AND SALT RIVER B. & M.</p>																								
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">REVISIONS</td> </tr> <tr> <td style="width:10%;">NO.</td> <td style="width:90%;">DATE BY DESCRIPTION</td> </tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </table>			REVISIONS		NO.	DATE BY DESCRIPTION																		
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<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2">DRAWN BY: SDL</td> <td colspan="2">DATE: 01/29/13</td> </tr> <tr> <td colspan="2">SHEET: 1 OF 3</td> <td colspan="2">PIMA COUNTY, AZ</td> </tr> <tr> <td style="width:30%; text-align: center;"> CH2MHILL <small>1501 W. FORTMAYR ROAD PHOENIX, ARIZONA 85022 480-377-0220</small> </td> <td style="width:40%; text-align: center;"> DRAWING NUMBER PIMA COUNTY </td> <td style="width:10%; text-align: center;">REV</td> <td style="width:20%; text-align: center;">-</td> </tr> </table>			DRAWN BY: SDL		DATE: 01/29/13		SHEET: 1 OF 3		PIMA COUNTY, AZ		CH2MHILL <small>1501 W. FORTMAYR ROAD PHOENIX, ARIZONA 85022 480-377-0220</small>	DRAWING NUMBER PIMA COUNTY	REV	-										
DRAWN BY: SDL		DATE: 01/29/13																						
SHEET: 1 OF 3		PIMA COUNTY, AZ																						
CH2MHILL <small>1501 W. FORTMAYR ROAD PHOENIX, ARIZONA 85022 480-377-0220</small>	DRAWING NUMBER PIMA COUNTY	REV	-																					

[CONTINUED FROM SHEET 1 OF 2]

DESCRIPTION OF PERMANENT EASEMENT 2:

THE CENTERLINE OF A 50.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF THE PIMA COUNTY, AND ALSO A PART OF THE MILLSTONE INDUSTRIAL DISTRICT NO. 1, RECORDED IN BOOK 13 PAGE 51, LOCATED IN SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, GILA & SALT RIVER B. & M., COUNTY OF PIMA, STATE OF ARIZONA, SAID 50.00 FOOT WIDE STRIP OF LAND BEING 25.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE WEST LINE OF PARCEL 71A, LOT 1, BLOCK 2 OF SAID MILLSTONE INDUSTRIAL DISTRICT NO. 1 AS SHOWN ON THE ASSESSORS RECORD MAP, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 47°09'14" WEST, A DISTANCE OF 256.44 FEET;

THENCE OVER AND ACROSS SAID PARCEL SOUTH 89°52'08" WEST, A DISTANCE OF 1155.01 FEET, MORE OR LESS, TO A POINT ON THE EAST LINE OF PARCEL 58A, LOT 2, BLOCK 1, AS SHOWN ON THE ASSESSOR'S RECORD MAP, SAID POINT BEING THE **POINT OF TERMINUS**, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 78°40'46" EAST, A DISTANCE OF 986.01 FEET.

THE TOTAL LENGTH OF THE ABOVE DESCRIBED CENTERLINE IS 1155.01 FEET (70.00 RODS). CONTAINING 1.326 ACRES (57,750 SQUARE FEET) OF LAND, MORE OR LESS.

THE SIDE LINES OF THIS EASEMENT ARE LENGTHENED OR SHORTENED TO MEET AT ANGLE POINTS AND TERMINATE AT SAID WEST LINE OF PARCEL 71A AND SAID EAST LINE OF PARCEL 58A. SAID PERMANENT EASEMENT DESCRIBED ABOVE BEING BOUNDED WITHIN THE LANDS OF SAID PARCEL NAMED HEREON.

DESCRIPTION OF PERMANENT EASEMENT 3:

THE CENTERLINE OF A 50.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF THE PIMA COUNTY, AND ALSO A PART OF THE MILLSTONE INDUSTRIAL DISTRICT NO. 1, RECORDED IN BOOK 13 PAGE 51, LOCATED IN SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, GILA & SALT RIVER B. & M., COUNTY OF PIMA, STATE OF ARIZONA, SAID 50.00 FOOT WIDE STRIP OF LAND BEING 25.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE WEST LINE OF PARCEL 58A, LOT 2, BLOCK 1 OF SAID MILLSTONE INDUSTRIAL DISTRICT NO. 1 AS SHOWN ON THE ASSESSORS RECORD MAP, FROM WHICH THE NORTH ONE-QUARTER CORNER OF SAID SECTION 1 BEARS NORTH 81°15'08" EAST, A DISTANCE OF 1308.23 FEET;

[CONTINUED ON SHEET 3 OF 3]

SIERRITA GAS PIPELINE LLC

EXHIBIT A
PIMA COUNTY

SECTION 1, TOWNSHIP 15 SOUTH
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 2 OF 3

PIMA COUNTY, AZ



CH2MHILL

1501 W. FOUNTAINHEAD
PKWY. SUITE 401,
TEMPE, AZ 85282
480-377-6239

DRAWING NUMBER
PIMA COUNTY

REV.

[CONTINUED FROM SHEET 2 OF 3]

THENCE OVER AND ACROSS SAID PARCEL SOUTH 89°52'08" WEST, A DISTANCE OF 1319.34 FEET, MORE OR LESS, TO A POINT ON THE EAST RIGHT OF WAY LINE OF CONTINENTAL ROAD, SAID POINT BEING THE **POINT OF TERMINUS**, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 1 BEARS NORTH 23°41'46" WEST, A DISTANCE OF 191.76 FEET.

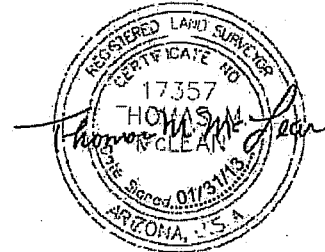
THE TOTAL LENGTH OF THE ABOVE DESCRIBED CENTERLINE IS 1319.34 FEET (79.96 RODS). CONTAINING 1.514 ACRES (65,967 SQUARE FEET) OF LAND, MORE OR LESS.

THE SIDE LINES OF THIS EASEMENT ARE LENGTHENED OR SHORTENED TO MEET AT ANGLE POINTS AND TERMINATE AT SAID WEST LINE OF PARCEL 58A AND SAID EAST RIGHT OF WAY LINE OF CONTINENTAL ROAD. SAID PERMANENT EASEMENT DESCRIBED ABOVE BEING BOUNDED WITHIN THE LANDS OF SAID PARCEL NAMED HEREON.

THE BASIS OF BEARING IS THE WEST LINE OF THE NORTHWEST ONE-QUARTER OF SECTION 1, TOWNSHIP 15 SOUTH, RANGE 11 EAST, OF THE GILA & SALT RIVER B. & M., BASED ON GPS OBSERVATIONS AND PROJECTED TO UTM-12 NORTH, NAD83 (GRID) WHICH BEARS NORTH 00°40'20" WEST AND IS MONUMENTED BY A 1 1/2" ALUMINUM CAP AT THE WEST ONE-QUARTER CORNER AND A 3/8" REBAR AT THE NORTHWEST CORNER OF SAID SECTION 1, AS SHOWN HEREON.

I, THOMAS M. McLEAN, A LAND SURVEYOR, REGISTERED IN THE STATE OF ARIZONA, HEREBY CERTIFY THAT THIS SURVEY WAS DONE BY ME OR UNDER MY DIRECT SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY ABILITY, FURTHERMORE, THIS SURVEY MEETS THE ARIZONA BOUNDARY SURVEY STANDARDS.

THOMAS M. McLEAN, PLS
ARIZONA REGISTRATION
NUMBER 17357



EXPIRES 09-30-15

SIERRITA GAS PIPELINE LLC

EXHIBIT A PIMA COUNTY

SECTION 1, TOWNSHIP 15 SOUTH
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 3 OF 3

PIMA COUNTY, AZ



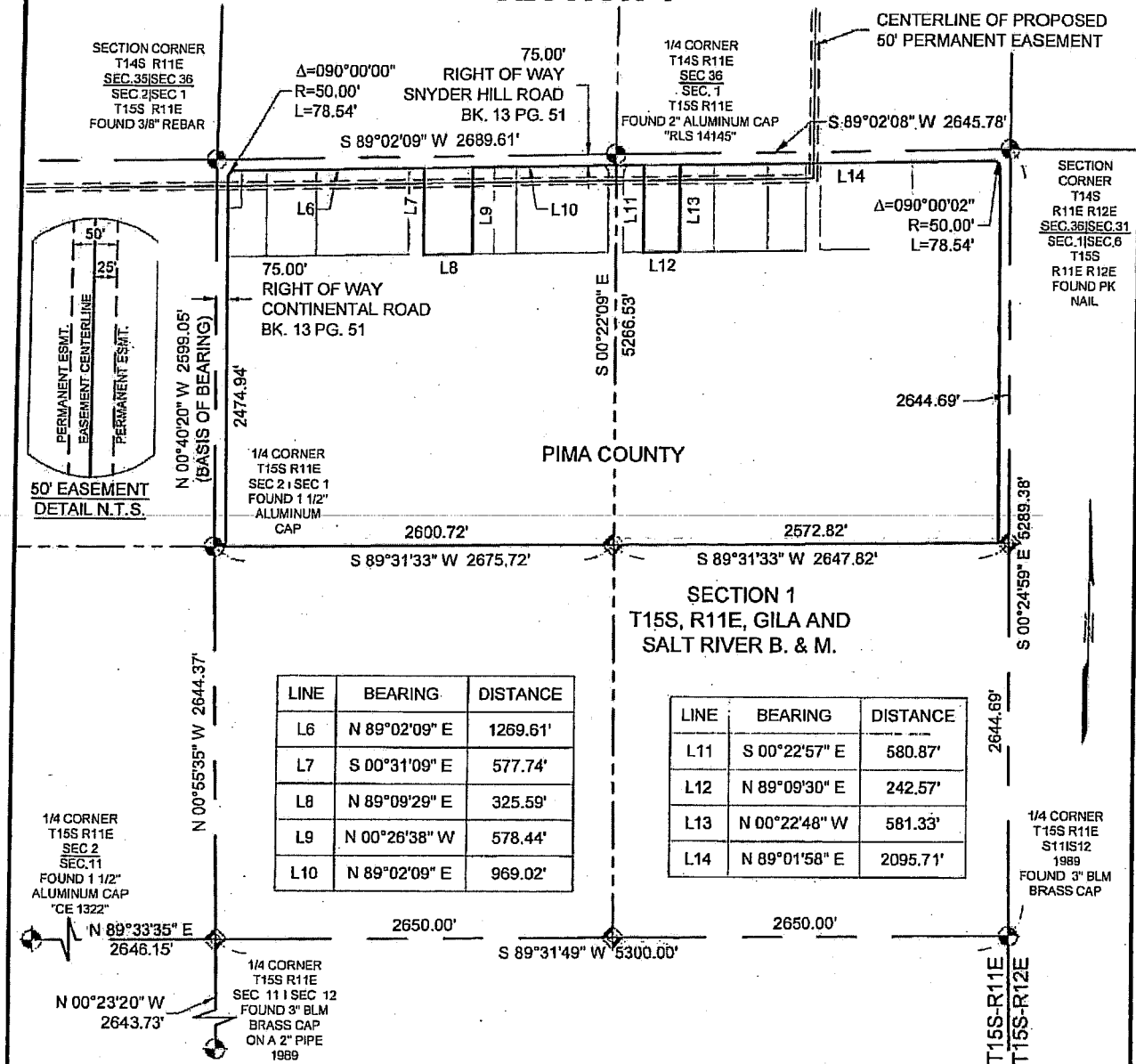
CH2MHILL

1801 W. FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-8239

DRAWING NUMBER

PIMA COUNTY

REV.
-

SECTION 1**SIERRITA GAS PIPELINE LLC****EXHIBIT B
PIMA COUNTY**SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

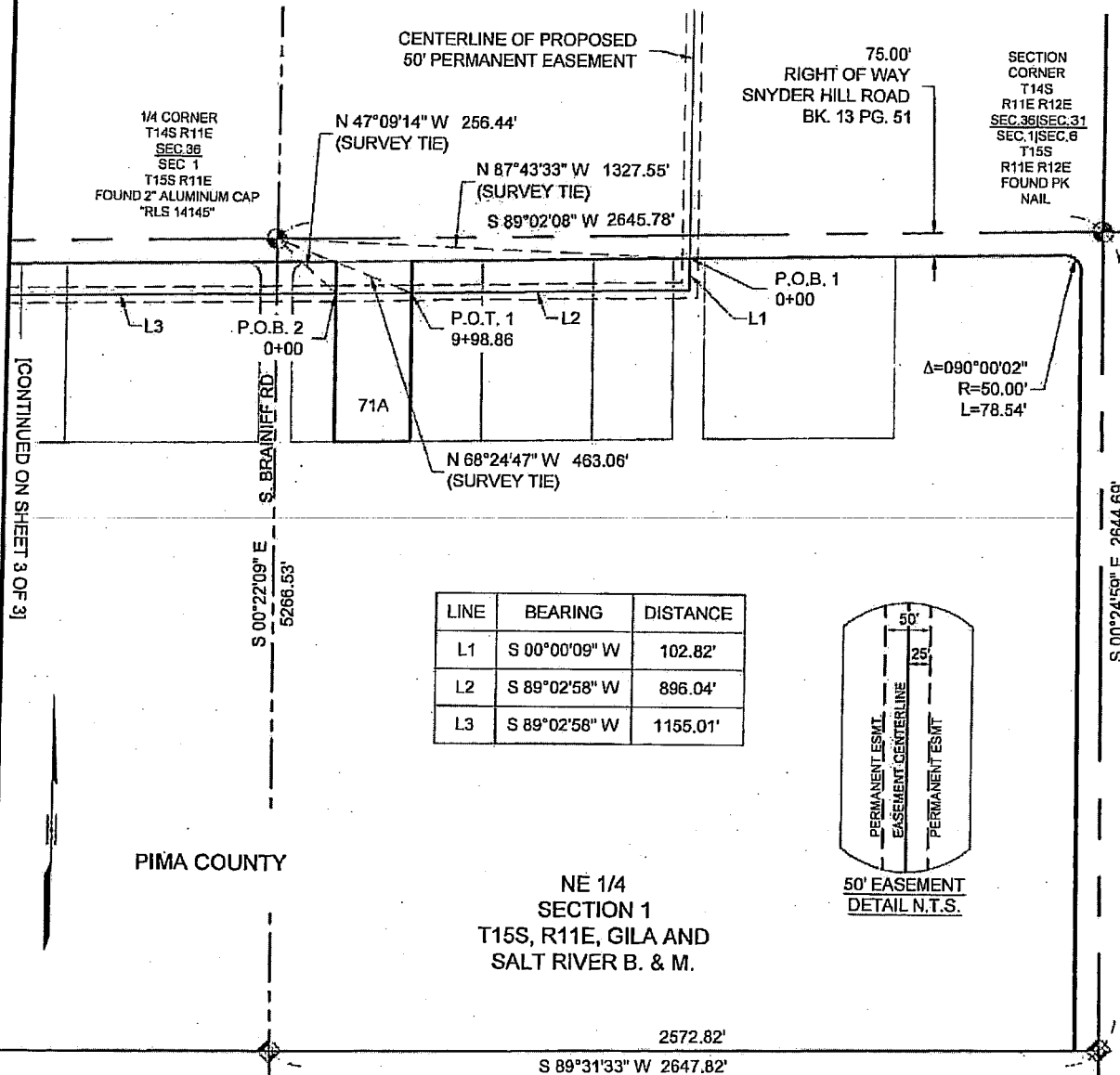
DRAWN BY: SDL

DATE: 01/29/13

SHEET: 1 OF 3

PIMA COUNTY, AZ

**CH2MHILL**1501 W. FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-6289DRAWING NUMBER
PIMA COUNTYREV.
-

SECTION 1**LEGEND**

COMPUTED LOCATION FROM
FOUND MONUMENTATION

SECTION CORNER

P.O.B. POINT OF BEGINNING

P.O.T. POINT OF TERMINUS



SCALE: 1" = 500'

SEE EXHIBIT A BY WHICH THIS REFERENCE
IS MADE PART HEREOF.

SIERRITA GAS PIPELINE LLC**EXHIBIT B
PIMA COUNTY**

SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 2 OF 3

PIMA COUNTY, AZ

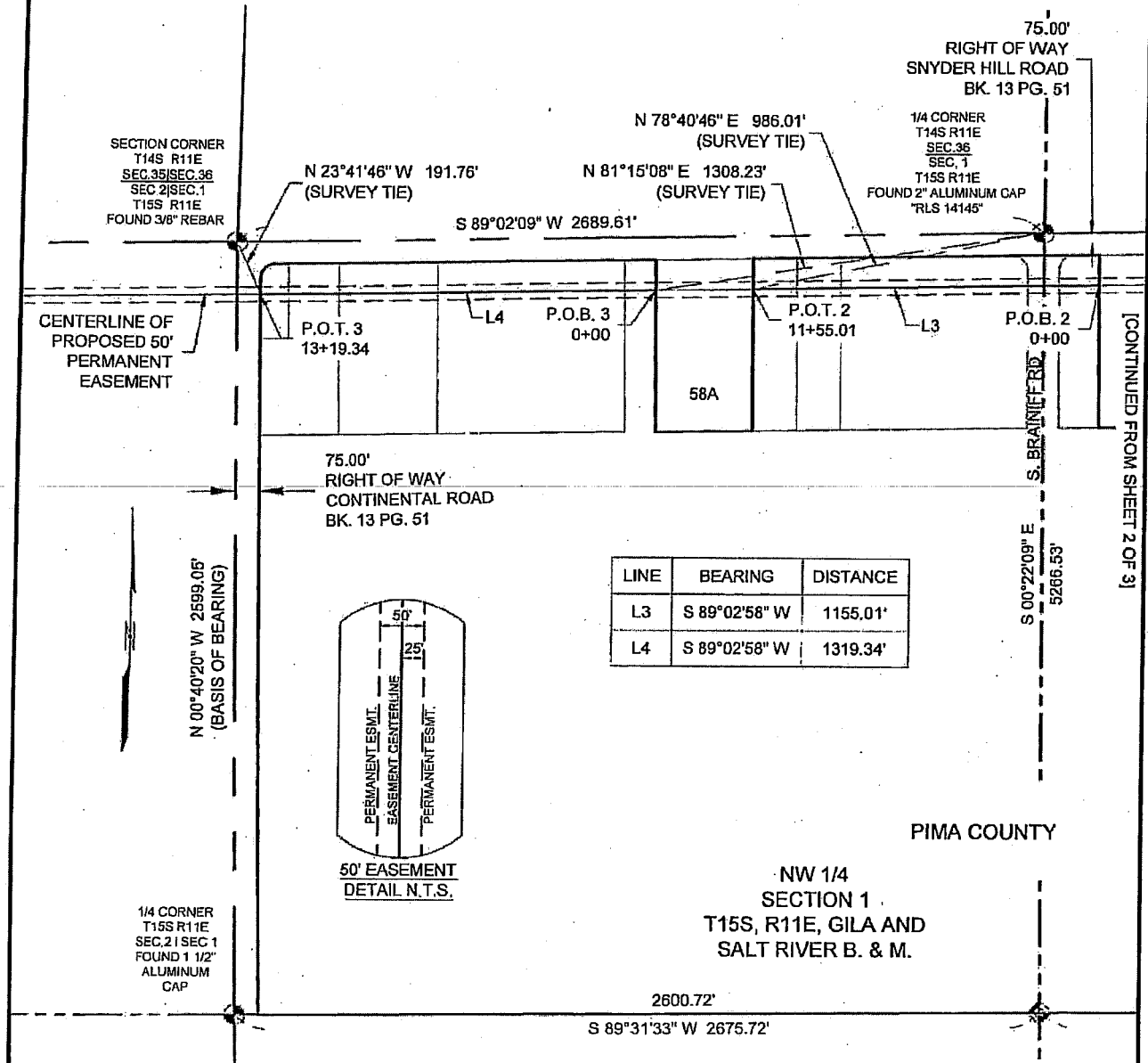


CH2MHILL

1501 W. FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-6239

DRAWING NUMBER
PIMA COUNTY

REV.

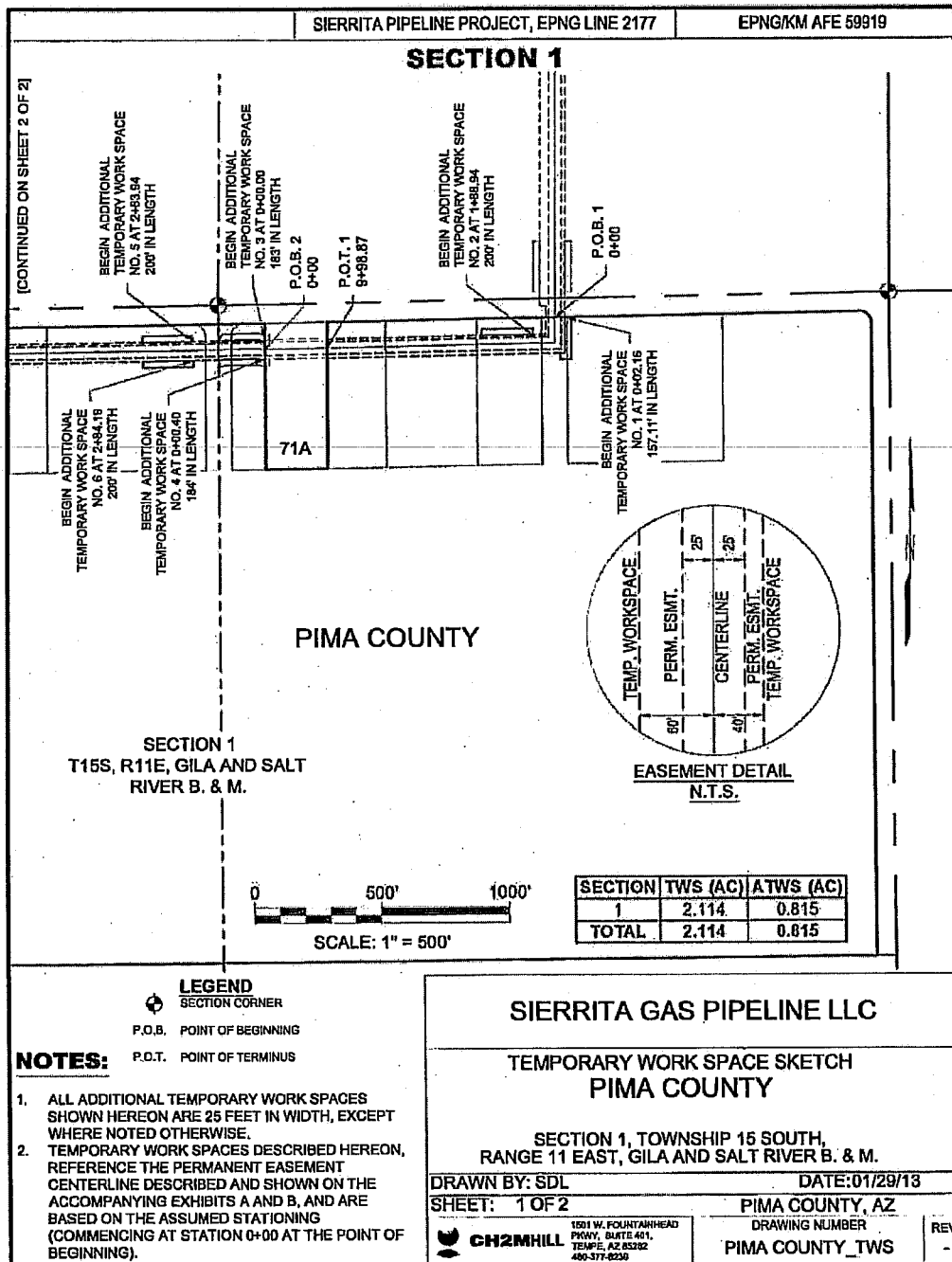
SECTION 1

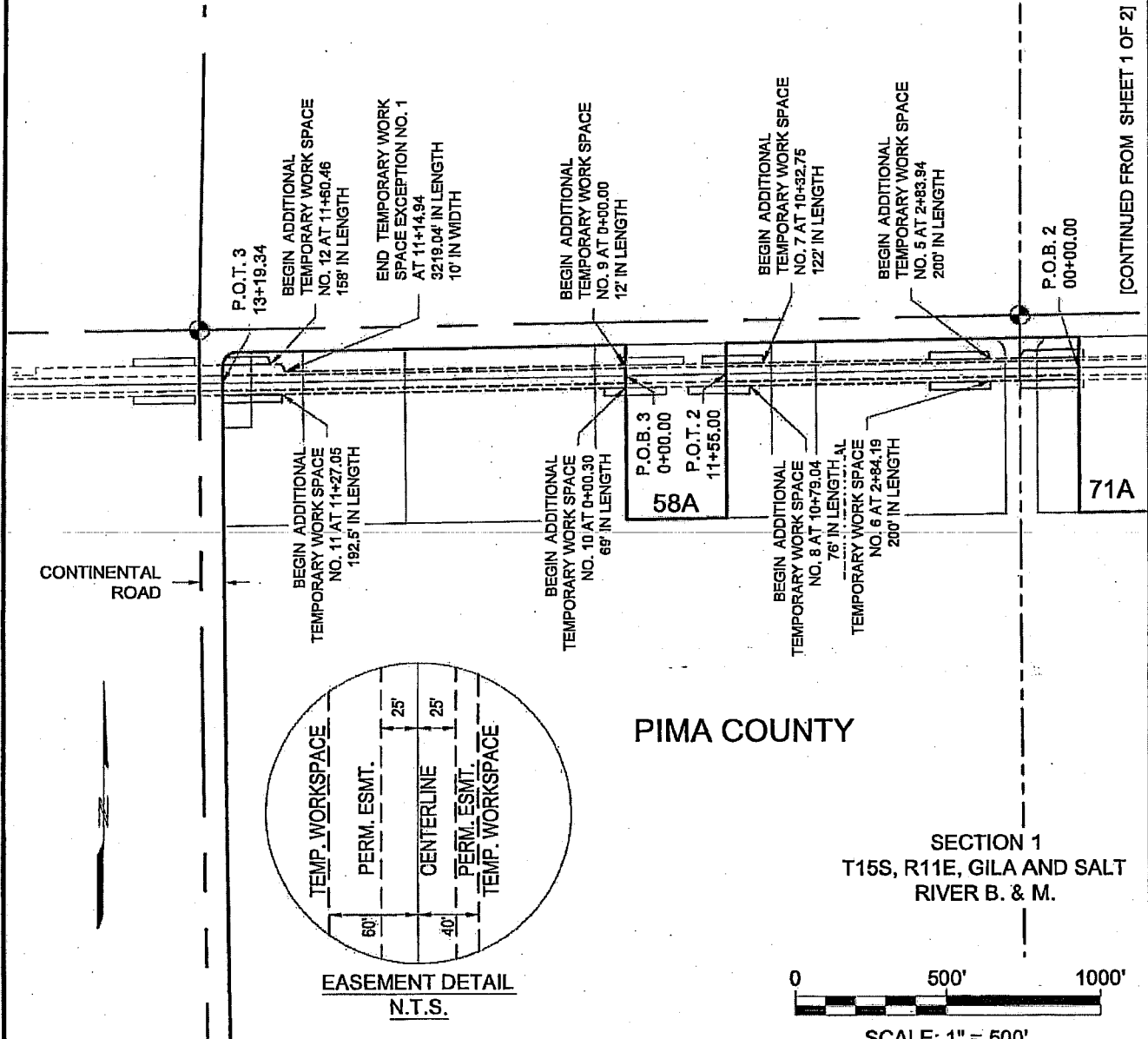
[CONTINUED FROM SHEET 2 OF 3]

SIERRITA GAS PIPELINE LLC**EXHIBIT B
PIMA COUNTY****SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.****DRAWN BY: SDL****DATE: 01/29/13****SHEET: 3 OF 3****PIMA COUNTY, AZ****CH2MHILL**1501 W FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-8239**DRAWING NUMBER
PIMA COUNTY****REV.**

-

EXHIBIT I - MAPS OF PART TO BE ACQUIRED - TEMPORARY CONSTRUCTION EASEMENTS (TEMPORARY AND ADDITIONAL WORK SPACES) (2 Pages)



SECTION 1**SIERRITA GAS PIPELINE LLC****TEMPORARY WORK SPACE SKETCH
PIMA COUNTY**SECTION 1, TOWNSHIP 15 SOUTH,
RANGE 11 EAST, GILA AND SALT RIVER B. & M.

DRAWN BY: SDL

DATE: 01/29/13

SHEET: 2 OF 2

PIMA COUNTY, AZ

**CH2MHILL**1501 W. FOUNTAINHEAD
PKWY, SUITE 401,
TEMPE, AZ 85282
480-377-8239

DRAWING NUMBER

PIMA COUNTY_TWS

REV.

-

Proposed Route of Sasabe Lateral through and near Pima County Property
(p. 1 of 3)

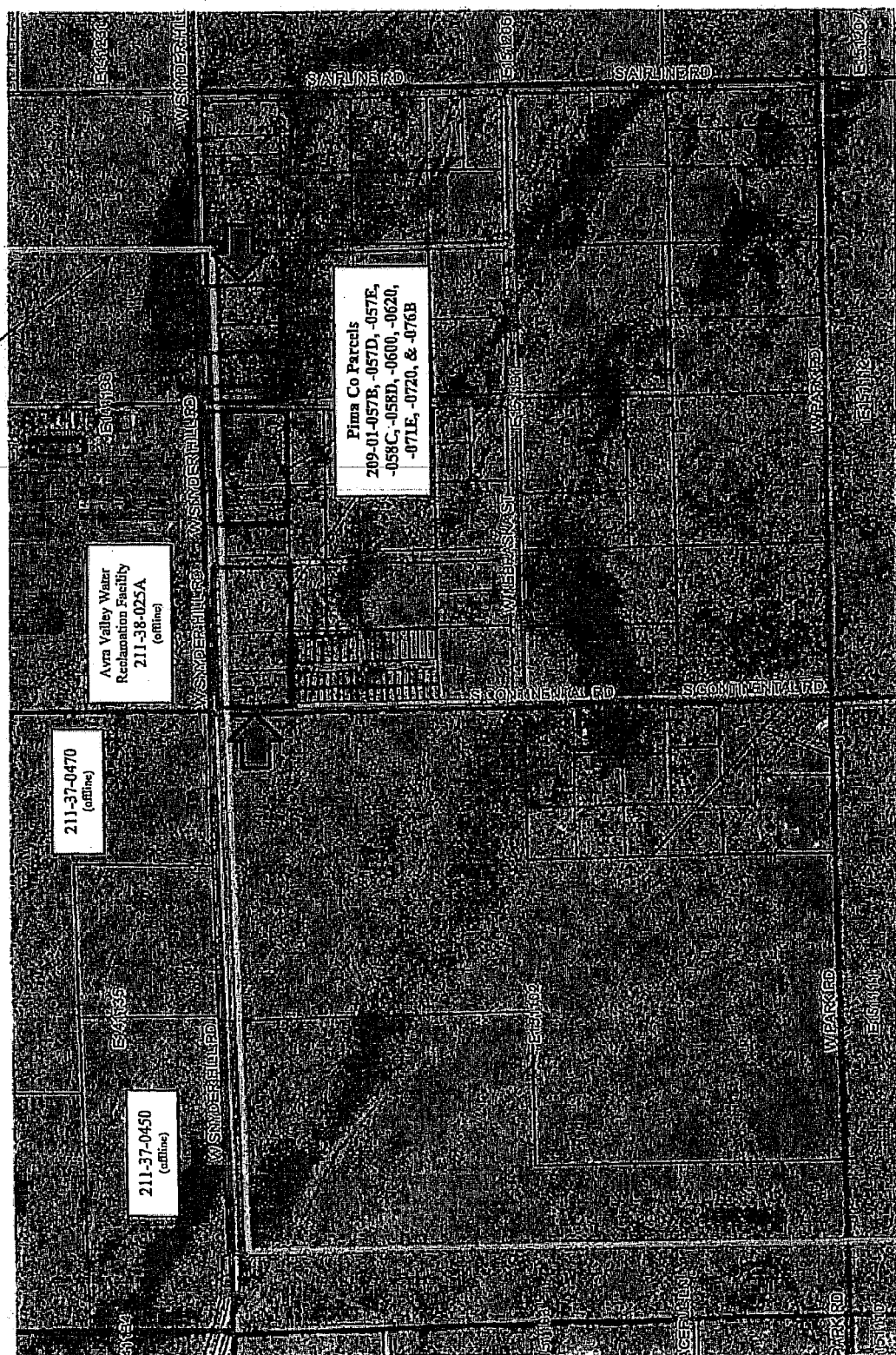


EXHIBIT K - SUBJECT PHOTOGRAPHS
PHOTO 1 - VIEW SOUTHEAST FROM CONTINENTAL ROAD AND
SNYDER HILL ROAD

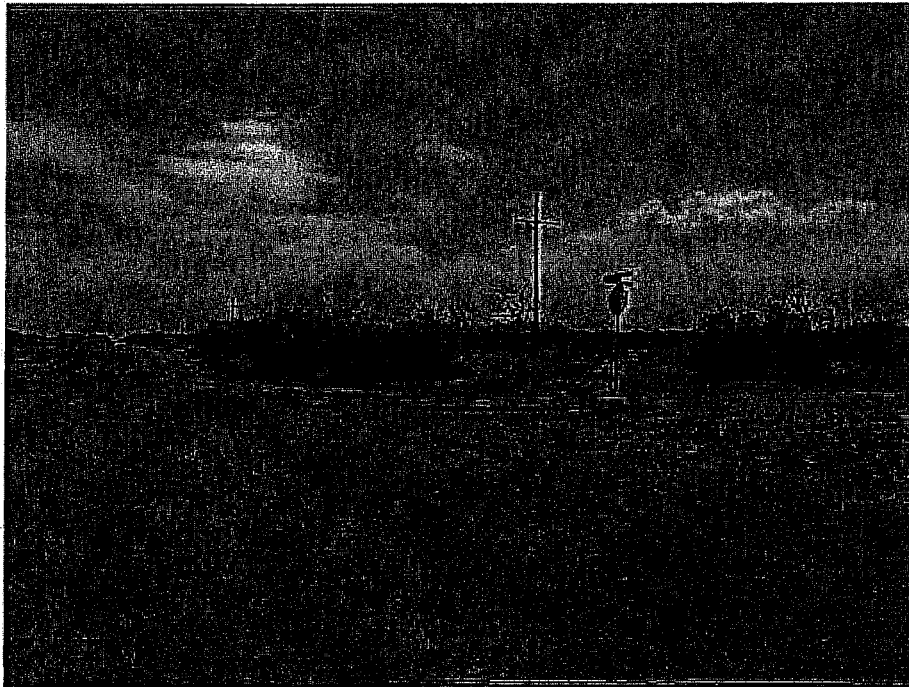


PHOTO 2 - VIEW SOUTHWEST OF SUBJECT PROPERTY FROM
SNYDER HILL ROAD

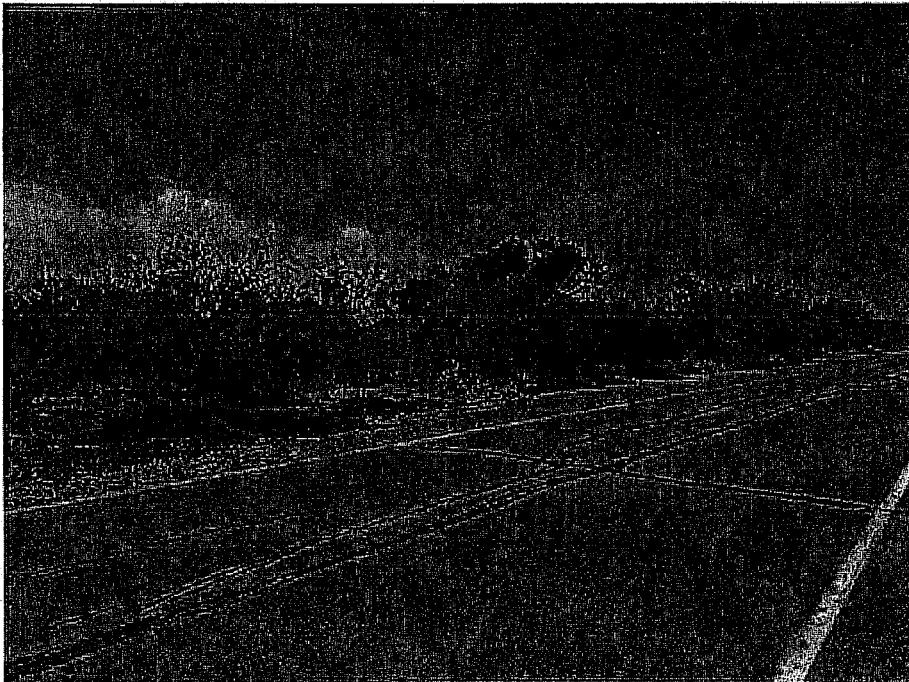


PHOTO 3 - VIEW WEST ALONG SNYDER HILL ROAD

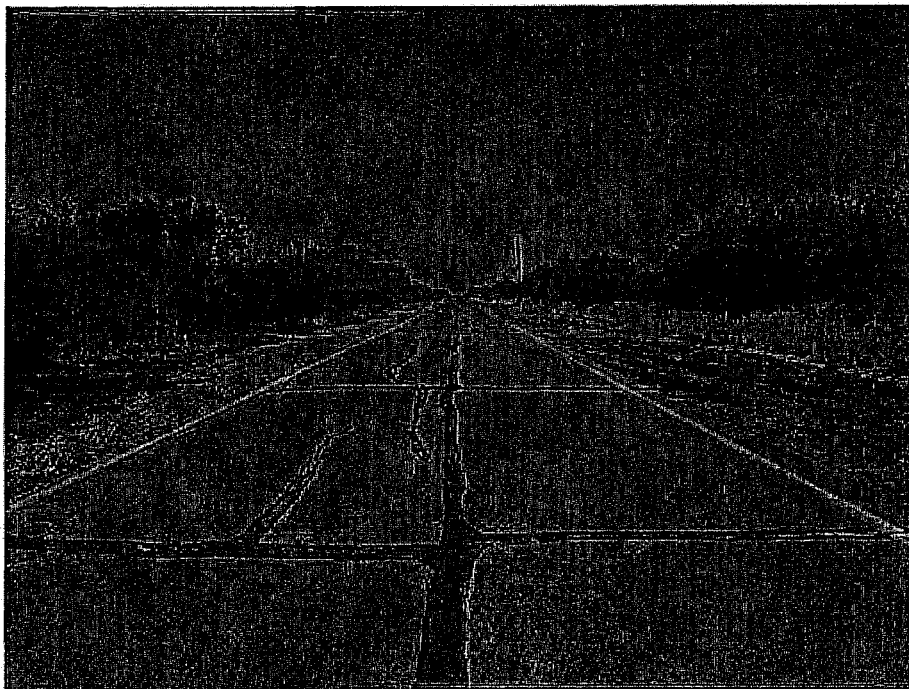


PHOTO 4 - VIEW EAST ALONG SNYDER HILL ROAD

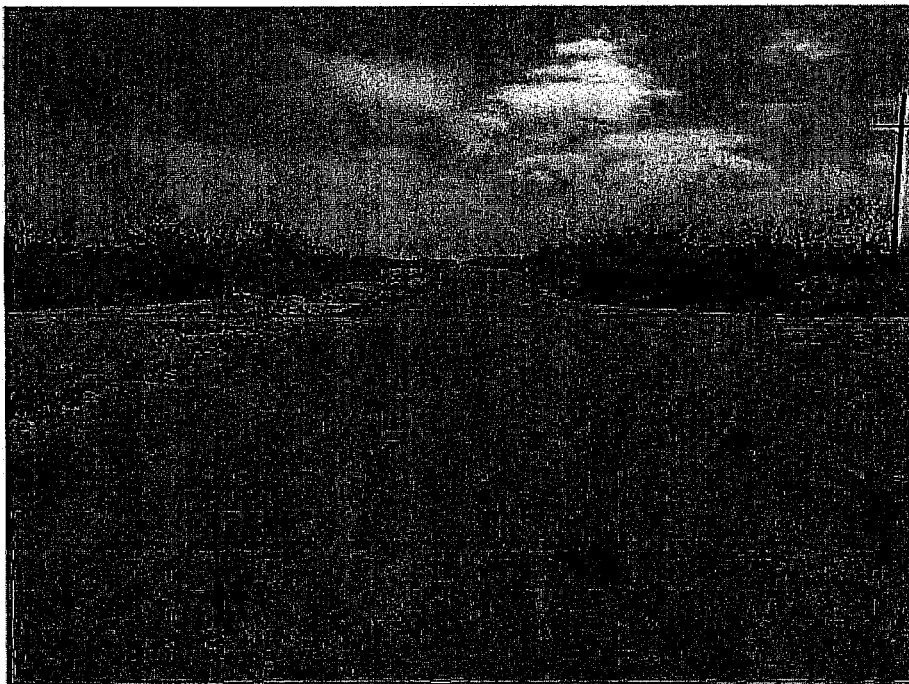


PHOTO 5 - VIEW SOUTH ALONG CONTINENTAL ROAD



EXHIBIT L - ACQUISITION PHOTOGRAPHS

**PHOTO A - VIEW SOUTH ALONG PERMANENT UTILITY EASEMENT FROM
SNYDER HILL ROAD**



PHOTO B - VIEW WEST ALONG ACQUISITION AREAS AT BRANIFF ROAD

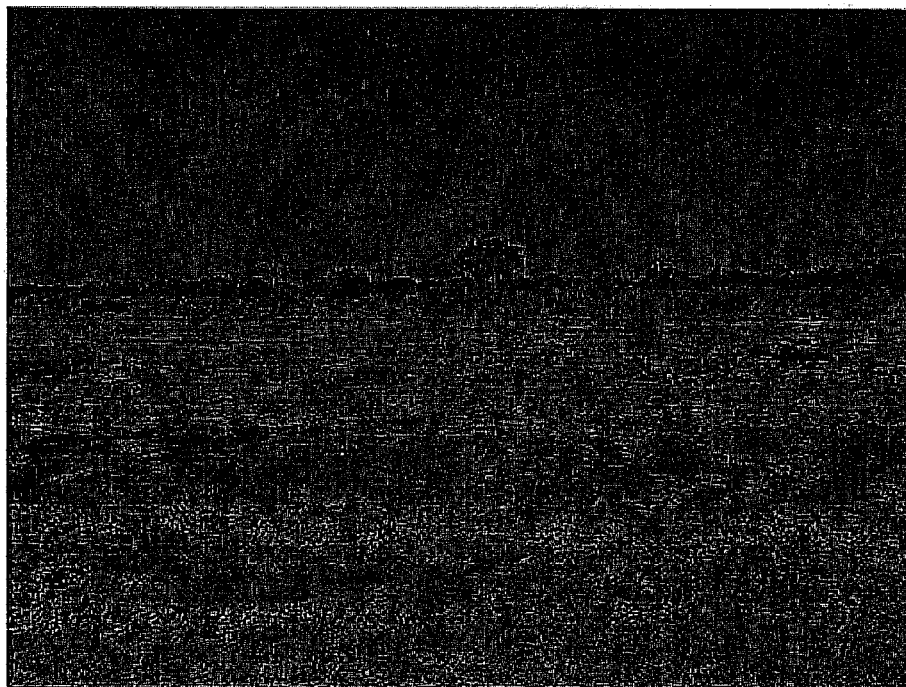


PHOTO C - VIEW EAST ALONG ACQUISITION AREAS FROM
CONTINENTAL ROAD

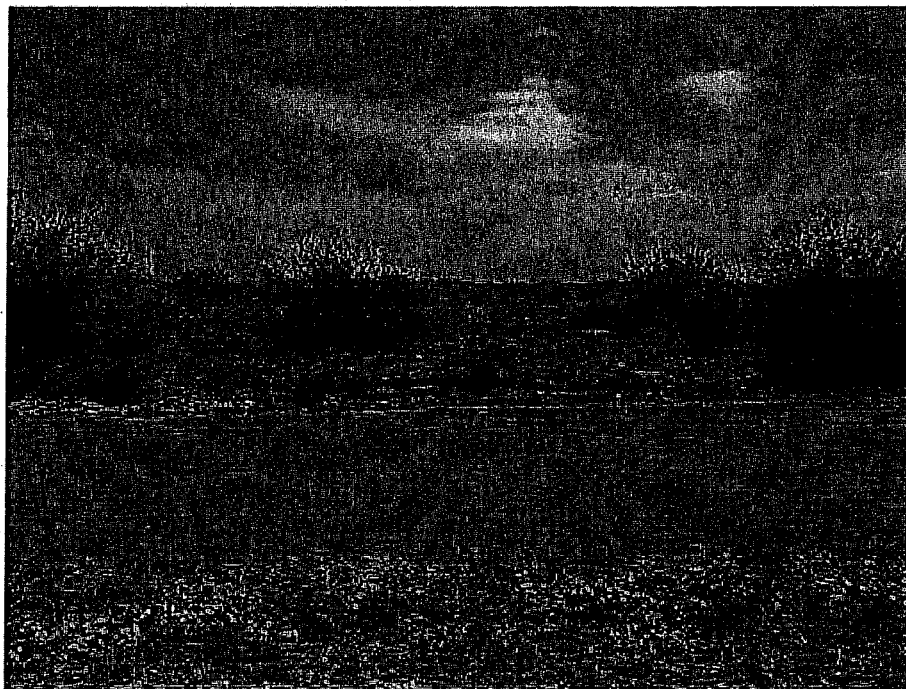
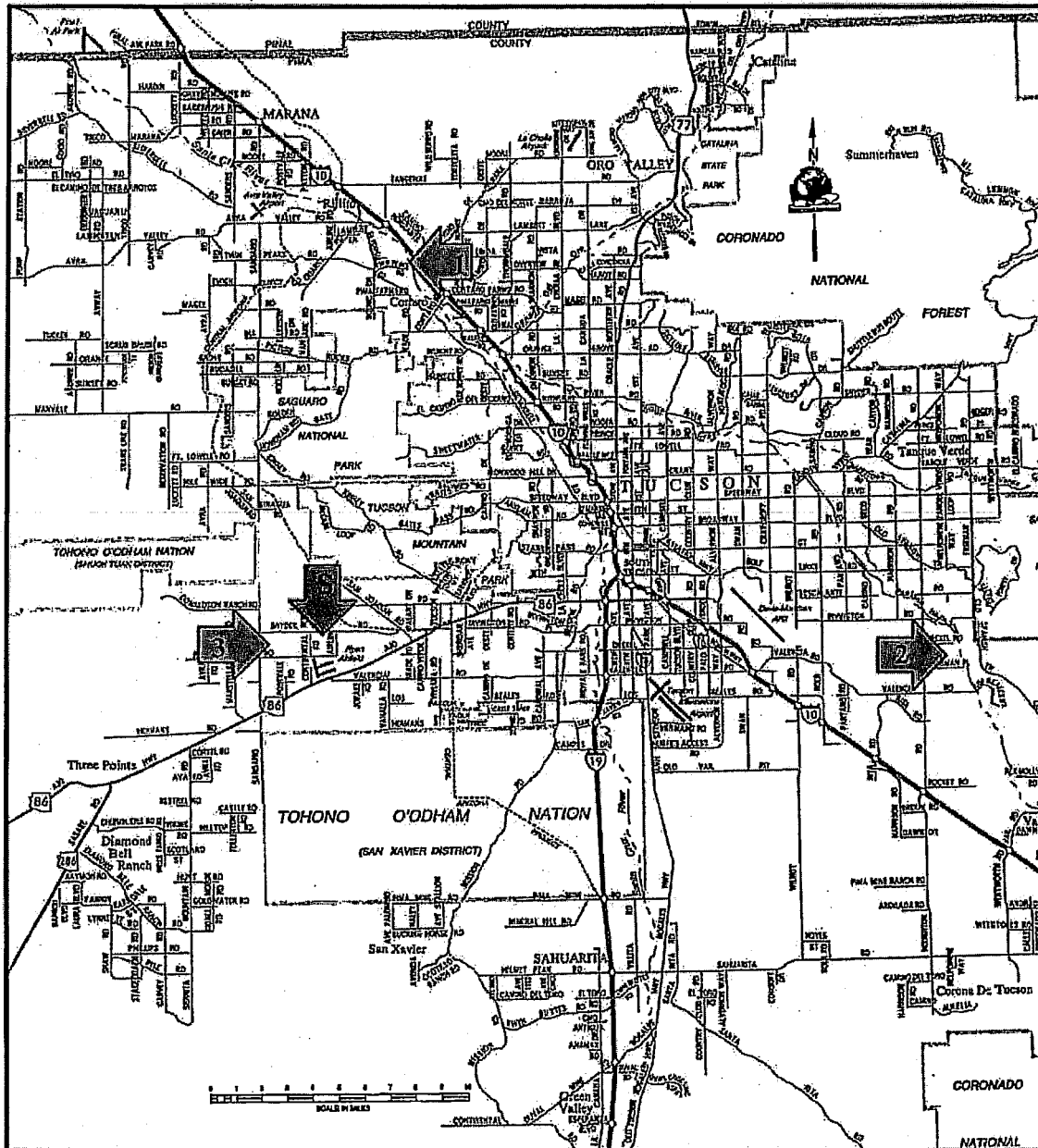


EXHIBIT M - COMPARABLE LAND SALES LOCATION MAP



Subject: Southeast corner of Snyder Hill Road and Continental Road

Sale 1: North side of Twin Peaks Road bridge, west of the Twin Peaks I-10 Interchange, within the channel and floodway of the Santa Cruz River

Sale 2: South side of Leon Ranch Road at Pantano Wash

Sale 3: North side of Peaceful Lane, east of Sandario Road

EXHIBIT M - COMPARABLE LAND SALES, MAPS AND AERIAL PHOTOS

LAND COMPARABLE NUMBER ONE (SALE)

ID: MAL 0240 6266

LOCATION: North side of Twin Peaks Road bridge, west of the Twin Peaks I-10 Interchange, within the channel and floodway of the Santa Cruz River

LEGAL DESCRIPTION: A portion of the Northeast Quarter of Section 21, Township 12 South, Range 12 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCELS: 226-15-002H and 002K

RECORD DATA: Book 13727, at Pages 1775 and 1779

DATE OF SALE: January 19, 2010

SELLER: Pima County Flood Control District

BUYER: Town of Marana

CONFIRMED BY: Rex Dutcher, seller representative (520-740-6307)
TAB; April, 2011

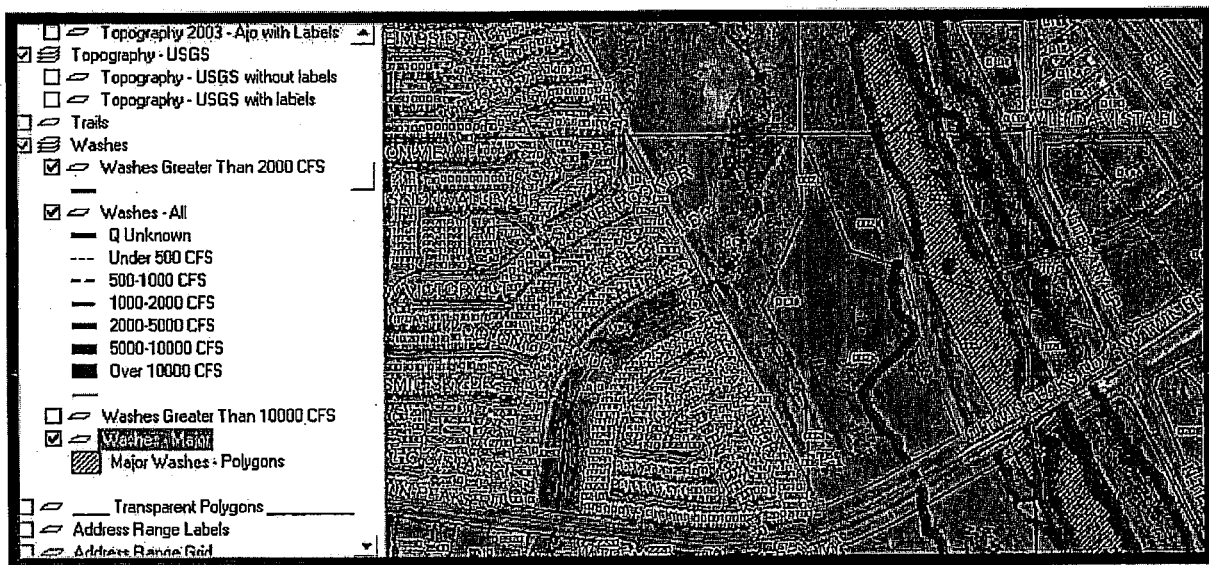
LAND DESCRIPTION: This site is an irregular shaped interior property within the channel of the Santa Cruz River with 909.97 feet of frontage on Twin Peaks Road bridge. A portion of the parcel at the southwest corner stretches to the bank of the river. Twin Peaks Road is a four-lane, asphalt-paved roadway with concrete curbs and sidewalks in the vicinity of this property. Twin Peaks is bridged over the Santa Cruz River at this location. The topography is riverbed and the channel of the Santa Cruz River. All utilities are available to the property. According to FEMA Flood Insurance Rate Map 04019C1015K, revised LOMR dated February 24, 2009, the land is identified as being entirely located in Special Flood Hazard Area known as Zone AE which is areas inundated by 100-year flood with base flood elevations determined and is entirely in the floodway of the Santa Cruz River.

LAND SIZE: 29.10 acres (1,267,727 square feet)

ZONING: D (Designated Flood Plain Zone) - Town of Marana

C146849B

REPORTED SALE PRICE:	\$203,364
PRICE PER ACRE:	\$6,988 (\$0.16 per square foot)
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE:	This sale is between government entities, acceptance based on a previous appraisal. The Town of Marana paid an above market price for riparian mitigation purposes. The Town of Marana needed riparian mitigation land in this area for the Twin Peaks I-10 Interchange project.
INTENDED USE:	To mitigate riparian habitat land as part of the Twin Peaks I-10 Interchange development.
COMMENTS:	The seller representative stated the Town of Marana paid an above market price for this land since it did not matter to them whether they bought land in the channel or on the bank for riparian mitigation purposes as part of the Interstate interchange development. An appraisal valued this channel land at \$4,500 per acre in January, 2008.

[illegible]

LAND COMPARABLE NUMBER TWO (SALE)

ID: GR-1 0162 6227A

LOCATION: South side of Leon Ranch Road, partially in the floodway and channel of the Pantano Wash

LEGAL DESCRIPTION: A portion of Section 33, Township 15 South, Range 16 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 205-90-009D

RECORD DATA: Sequence 2011180247

DATE OF SALE: April 28, 2011

SELLER: Arthur and Merri Jo Leon

BUYER: Pima County

CONFIRMED BY: Doug Laney, Pima County Appraiser (520-740-6313) TAB; July 2011

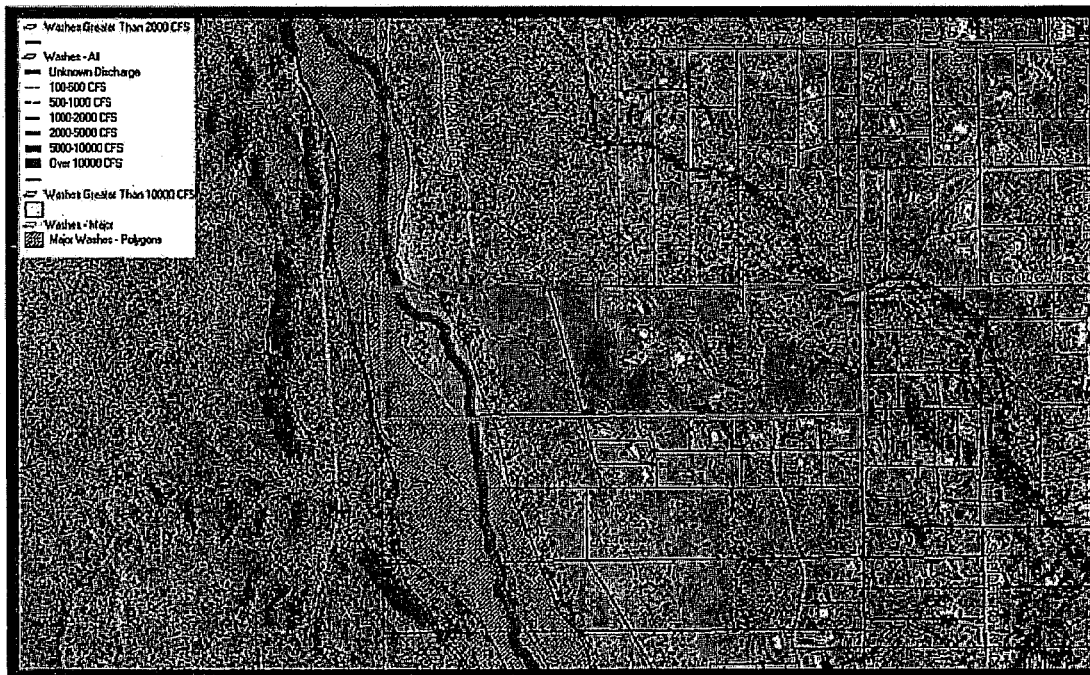
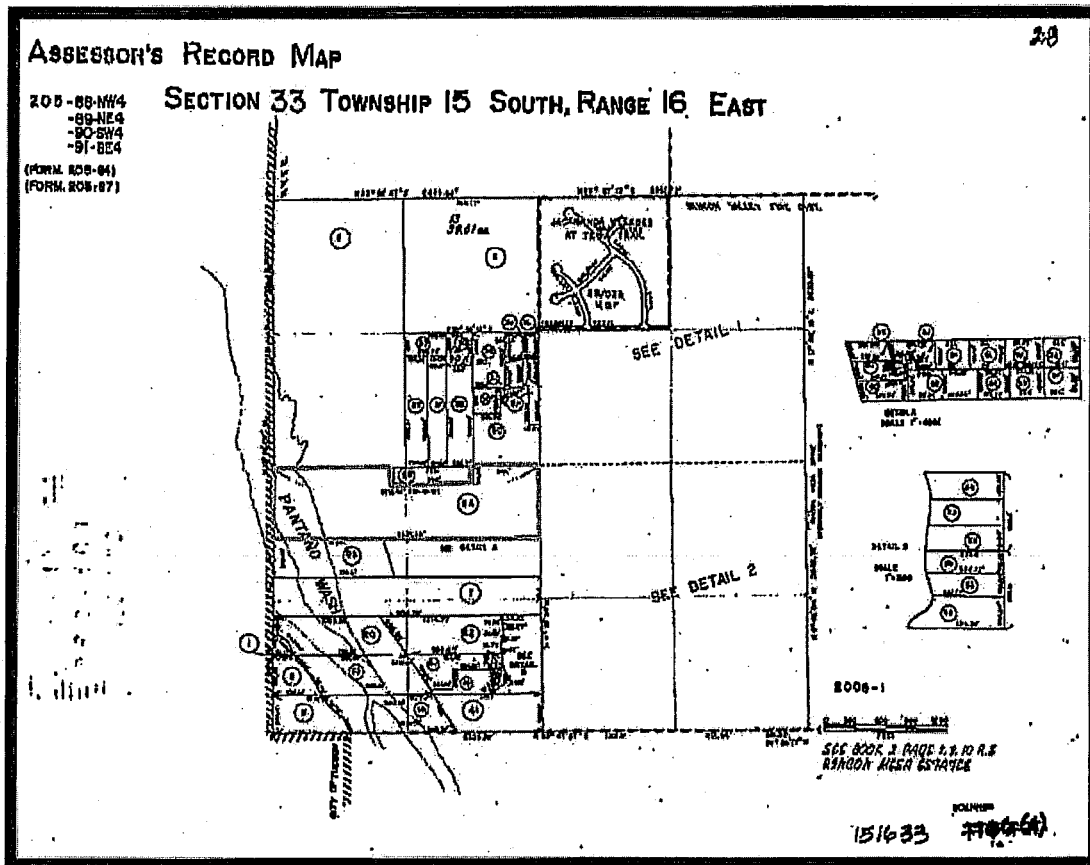
LAND DESCRIPTION: This site is a rectangular shaped parcel with frontage on Leon Ranch Road. The site has a length of approximately 692 feet and average depth of approximately 1,011 feet. Leon Ranch Road is a two-lane, dirt road. The site slopes downward to the west into the channel of the Pantano Wash. Electric and telephone are available to the site. Water is provided by a well located on the property (well registry # 55-80831). Septic is required as sewer is located approximately 4,000 feet to the east in Garrigan's Gulch at First Mesa Trail.

According to FEMA Flood Insurance Rate Map 04019C-2880K dated February 8, 1999, a majority of the property is located in Zone AE, indicating areas subject to a 100-year flood with base flood elevations determined. A narrow strip along the east property line is not identified by FEMA as being located in a Special Flood Hazard Zone. Approximately 8.5 acres are located in the floodway of the Pantano Wash where no development could occur, with the balance of the site being located in the erosion hazard setback of the Pantano Wash where no development could occur. The western part of the site is located in a riparian area (Xeroriparian B). The entire property is located in a

Multiple Use Management Area according to the Pima County Conservation Land Systems Plan.

LAND SIZE:	16.06 acres (699,574 square feet)
ZONING:	GR-1, Pima County
REPORTED SALE PRICE:	\$56,400
PRICE PER ACRE:	\$3,512 (\$0.08 per square foot)
MARKETING TIME:	N/a
TERMS OF SALE:	This will be an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Open space
COMMENTS:	This property was appraised at \$47,000 (or \$2,927 per acre) in late 2010 for the acquisition and the sellers negotiated a higher price.

COMPARABLE LAND SALE TWO - PLAT MAP AND AERIAL PHOTOGRAPH



LAND COMPARABLE NUMBER THREE (SALE)

ID: RH 0375 6849B

LOCATION: North side of Peaceful Lane, east of Sandario Road

LEGAL DESCRIPTION: The Northwest quarter and the Northeast quarter of the Southeast quarter of Section 3, Township 15 South, Range 11 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 209-04-0100 and 0110

RECORD DATA: Fee Number 2014-0100560

DATE OF SALE: January 10, 2014

SELLER: Jesus Rosales Badillo

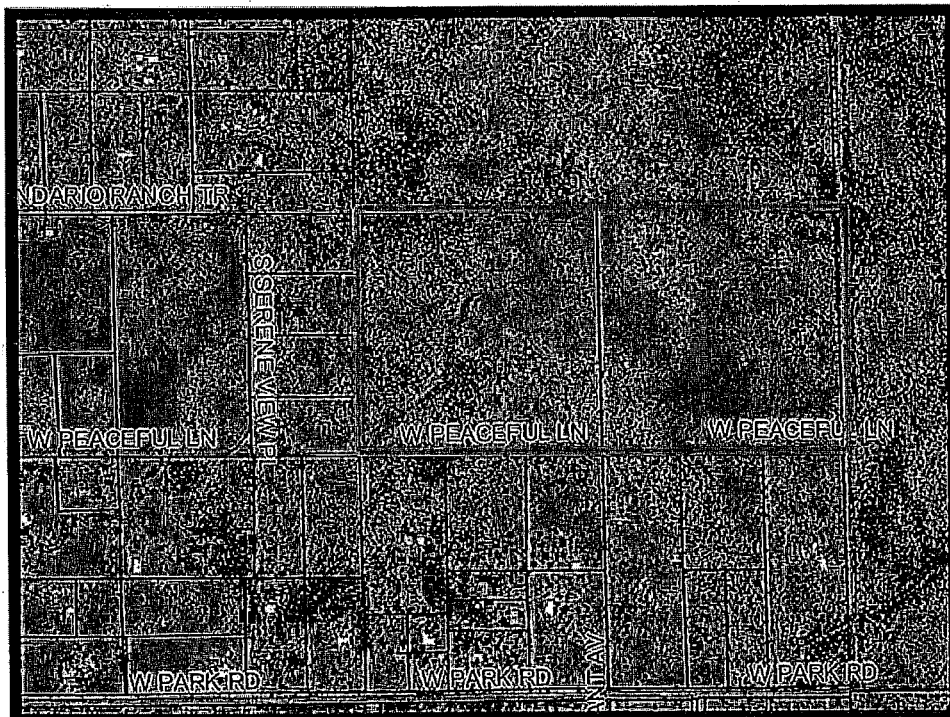
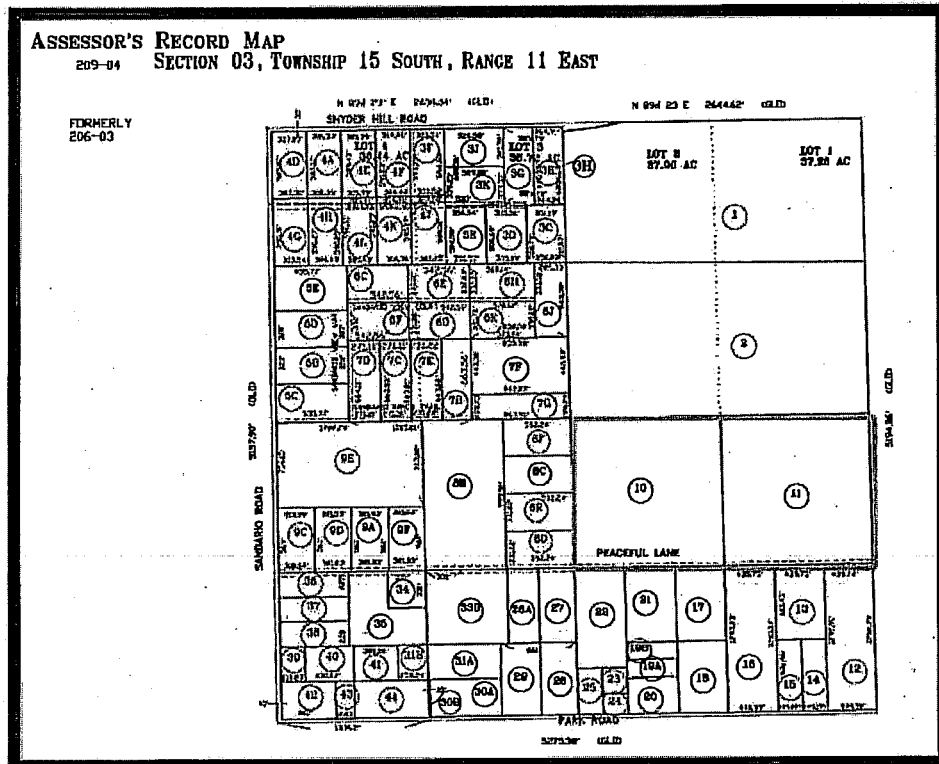
BUYER: Universal Anesthesia Associates, PLLC, Defined Benefit Pension Plan

CONFIRMED BY: Walter Unger, listing broker (520-975-5207)
JT; April 7, 2014

LAND DESCRIPTION: This site is a rectangular shaped interior property with 2,640 feet of frontage on Peaceful Lane. The site has a depth of 1,320 feet. Peaceful Lane is a two-lane, graded dirt roadway in the vicinity of this property. A traffic count is not available for Peaceful Lane. The topography is level, sloping in a southeasterly direction. The property has distant mountain views. Electric and telephone are available to the property. Public water and sewer are not available in the area. There is one well located on the property and three septic tanks. There are three electric pedestals on the site. According to FEMA Flood Insurance Rate Map 04019C2240L, dated June 16, 2011, a majority of the land is identified as being located in Zone A which is a Special Flood Hazard Area subject to inundation by the 1% annual chance flood with no base flood elevations determined. The remainder of the site is located in Zone AO (Depth 1) which is a Special Flood Hazard Area subject to inundation by the 1% annual chance flood with flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.

LAND SIZE:	80.0 acres
ZONING:	RH (Pima County)
REPORTED SALE PRICE:	\$105,000
PRICE PER ACRE:	\$1,313
MARKETING TIME:	Six months
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that this property sold at a reported price of \$135,000 on March 16, 2011 as recorded at Fee Number 2011-0750588.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Land investment
COMMENTS:	The land previously had two manufactured homes on it but they both were removed prior to the prior March, 2011 sale transaction.

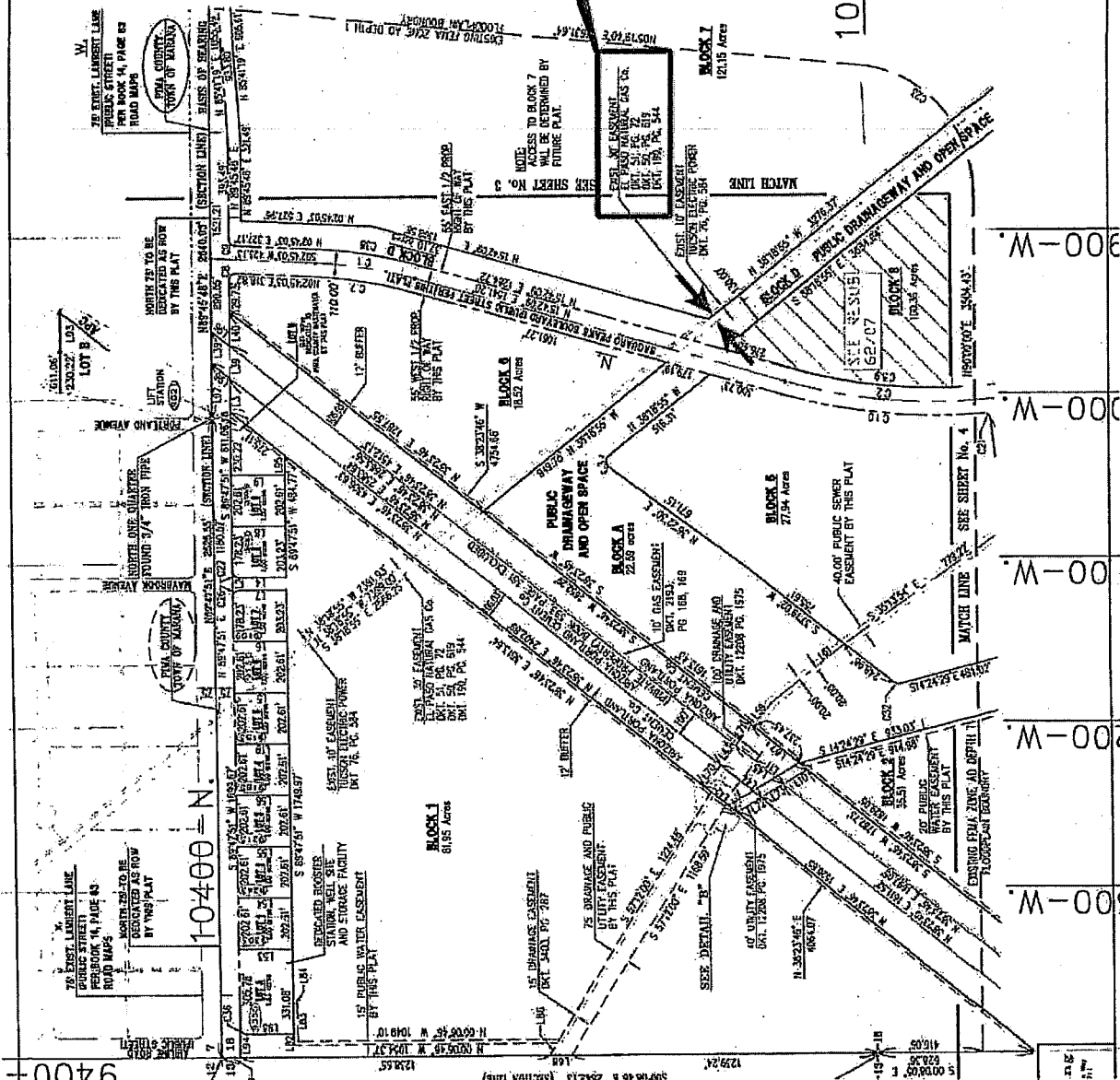
COMPARABLE SALE THREE - PLAT MAP AND AERIAL PHOTOGRAPH



[illegible]

LINE DATA		
LINE	BEARING	LENGTH
11	S 85°47'51" E	115.57
12	N 87°41'53" E	125.00
13	S 85°43'46" E	125.17
14	S 87°27'04" E	122.07
15	S 87°27'04" E	122.07
16	S 00°17'00" E	215.07
17	S 00°17'00" E	195.07
18	S 00°17'00" E	215.07
19	S 00°17'00" E	215.07
20	S 00°17'00" E	215.07
21	S 00°17'00" E	215.07
22	S 00°17'00" E	215.07
23	S 00°17'00" E	215.07
24	S 00°17'00" E	215.07
25	S 00°17'00" E	215.07
26	S 00°17'00" E	215.07
27	S 00°17'00" E	215.07
28	S 00°17'00" E	215.07
29	S 00°17'00" E	215.07
30	S 00°17'00" E	215.07
31	S 00°17'00" E	215.07
32	S 00°17'00" E	215.07
33	S 00°17'00" E	215.07
34	S 00°17'00" E	215.07
35	S 00°17'00" E	215.07
36	S 00°17'00" E	215.07
37	S 00°17'00" E	215.07
38	S 00°17'00" E	215.07
39	S 00°17'00" E	215.07
40	S 00°17'00" E	215.07
41	S 00°17'00" E	215.07
42	S 00°17'00" E	215.07
43	S 00°17'00" E	215.07
44	S 00°17'00" E	215.07
45	S 00°17'00" E	215.07
46	S 00°17'00" E	215.07
47	S 00°17'00" E	215.07
48	S 00°17'00" E	215.07
49	S 00°17'00" E	215.07
50	S 00°17'00" E	215.07
51	S 00°17'00" E	215.07
52	S 00°17'00" E	215.07
53	S 00°17'00" E	215.07
54	S 00°17'00" E	215.07
55	S 00°17'00" E	215.07
56	S 00°17'00" E	215.07
57	S 00°17'00" E	215.07
58	S 00°17'00" E	215.07
59	S 00°17'00" E	215.07
60	S 00°17'00" E	215.07
61	S 00°17'00" E	215.07
62	S 00°17'00" E	215.07
63	S 00°17'00" E	215.07
64	S 00°17'00" E	215.07
65	S 00°17'00" E	215.07
66	S 00°17'00" E	215.07
67	S 00°17'00" E	215.07
68	S 00°17'00" E	215.07
69	S 00°17'00" E	215.07
70	S 00°17'00" E	215.07
71	S 00°17'00" E	215.07
72	S 00°17'00" E	215.07
73	S 00°17'00" E	215.07
74	S 00°17'00" E	215.07
75	S 00°17'00" E	215.07
76	S 00°17'00" E	215.07
77	S 00°17'00" E	215.07
78	S 00°17'00" E	215.07
79	S 00°17'00" E	215.07
80	S 00°17'00" E	215.07
81	S 00°17'00" E	215.07
82	S 00°17'00" E	215.07
83	S 00°17'00" E	215.07
84	S 00°17'00" E	215.07
85	S 00°17'00" E	215.07
86	S 00°17'00" E	215.07
87	S 00°17'00" E	215.07
88	S 00°17'00" E	215.07
89	S 00°17'00" E	215.07
90	S 00°17'00" E	215.07
91	S 00°17'00" E	215.07
92	S 00°17'00" E	215.07
93	S 00°17'00" E	215.07
94	S 00°17'00" E	215.07
95	S 00°17'00" E	215.07
96	S 00°17'00" E	215.07
97	S 00°17'00" E	215.07
98	S 00°17'00" E	215.07
99	S 00°17'00" E	215.07
100	S 00°17'00" E	215.07

Existing 30 foot wide
El Paso Natural Gas
easement.



SAGUARO SPRINGS
BLOCKS 1 THRU 10 & A THRU D
AND LOTS 1 THRU 9 & A AND B

PCZ-99-21
PRV-9955fp

SECTION 18, AND PORTIONS OF
SECTIONS 17 AND 19,
R-12-S, R-12-E, CLAY AND SALT RIVER WATERSHED
TOWNSHIP, COCONINO COUNTY, ARIZONA

CASE REFERENCES
PC7-86-54
PC7-86-55
PC7-86-56

[illegible]

ANNOTATED
COPY

8500-W:

UNSUBDIVIDED

3400-W.

WONDERLAND

LOT 30 THROUGH 23

A SUBSECTION OF A PORTION
OF THE SOUTHWEST QUARTER
OF SECTION 28, TOWNSHIP 14 SOUTH, RANGE 12 EAST
R1A & S211 NORTH BRIDGE & MICHIGAN
TOWN, CRAWFORD COUNTY,
MISSOURI.

AUGUST 1999
 CA 12-364-24
 Sheet 2 of 2

Existing 120 foot wide
El Paso Natural Gas
easement.

BOPP ROAD

Sheet 2 of 5

Existing 60 foot wide El Paso
Natural Gas easement.



- 1 90% single dedicated to Pine County by this bid.
- 2 1' Access Control Easement granted to Pine County by this bid.
- 3 100' Major Street & Scarle Road Subject
- 4 100' Major Street & Scarle Road Subject
- 5 100' Scarle Road Eas
- 6 Reserved
- 7 Crossover easement subject forth.
- 8 Reserved
- 9 20-acre right-of-way easement dedicated to Pine County by this bid.
- 10 10' public utility, drainage, pedestrian and depth utility easement granted to Pine County and all utility companies by this bid (see item 14) and water supply easement by this bid.
- 11 15' water easement granted to Tucson Water by this bid.
- 12 15,200' water easement granted to Tucson Water by this bid.
- 13 10' Public Utility Easement granted to Tucson Electric Power Company by this bid.

[illegible]

The WLB Group

Engineering, Planning, Surveying
Construction Management, Environmental
Geotechnical Engineering, Transportation
and Water Resources
400 West 12th Street
Austin, Texas 78701
(512) 476-1200

0' 50' 100' 150'



INA & SILVERBURG
LOTS 1 THRU 41, BLOCK 1, AND LOT 42, SECTION 2,
RURAL ACRES 40.00, TOWNSHIP 13 SOUTH, RANGE 12 EAST,
GILA & SALT RIVERS MERIDIAN, TOWN OF MARIANA,
SANTA RITA COUNTY, ARIZONA
SEPTEMBER 2005
SHEET 1 OF 2

100270-A001-0108

BOOK 61 PAGE 20-1

Existing 20 foot wide TEP electric easement.

Existing 100 foot wide Western Area Power Administration electric easement.

INSTRUMENTED

1

BRIDLEWOOD WEST
BK 20:PG 4B

FINAL PLAY FOR

SILVER SHADOWS

LOTS 1-7

A PORTION OF SECTION 35,
TOWNSHIP 12 SOUTH, RANGE 12 EAST,

PRV-02044F

7500-AM

PRV-0244
PC7-99-58

SHEET 2 OF 3

1-FL 8-7045
19130

UDZ+20146605+L562? Do:127?

KEYNOTE8

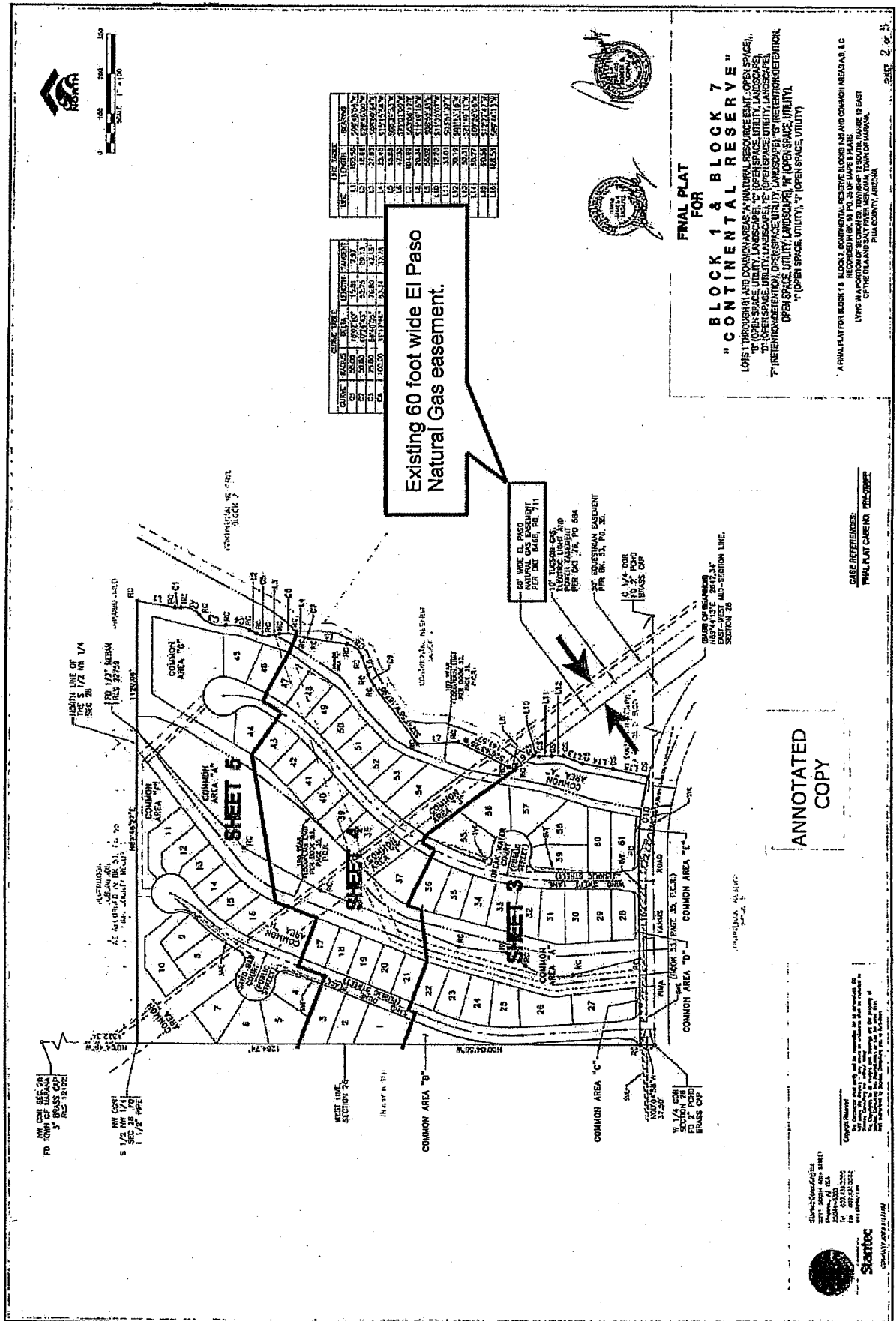
- ① PUBLIC UTILITIES, ROADWAY MAINTENANCE, SLOPS, DRAINAGE AND STORAGE ISBT BY THIS PLAN
- ② 1' VEHICULAR ACCESS CONTROL EASEMENT BY THIS PLAN
- ③ BUFFER AND PER TOWN OF MAGANA BUFFERLAND REQUIREMENTS

RICK
1741 EAST WYLER ROAD: SUITE 101
TUCSON, AZ 85718
1-800-746-1980

**IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

100

MAY 1943 LINE - SEE SHEET 3



ANNOTATED
COPY

FINAL PLAT

BLOCK 1 & BLOCK 7
"CONTINENTAL RESERVE"

LOIS 1 THROUGH 6) AND COMMON AREAS "N" (NATURAL RESOURCE EST., OPEN SPACE),
 "T" (OPEN SPACE, UTILITY, LANDSCAPE), "O" (OPEN SPACE, UTILITY, LANDSCAPE),
 "I" (OPEN SPACE, UTILITY, LANDSCAPE), "P" (OPEN SPACE, UTILITY, LANDSCAPE),
 "R" (REST/RECREATION/ENTERTAINMENT, OPEN SPACE, UTILITY, LANDSCAPE), "S" (REST/RECREATION/ENTERTAINMENT,
 OPEN SPACE, UTILITY, LANDSCAPE), "M" (OPEN SPACE, UTILITY,
 "T" (OPEN SPACE, UTILITY), "O" (OPEN SPACE, UTILITY).

A FINAL PLAT FOR BLOCK 1 & BLOCK 7, CONTINENTAL RESERVE BLOCKS 1, 20 AND CORNACH AREAS A, B, & C, RECORDED IN B.C. 63 PG. 35 OF MAPS 9 PLATS, LYING IN A PORTION OF SECTION 20, TOWNSHIP 12 SOUTH, RANGE 12 EAST OF THE GILA AND SALT RIVER MERIDIAN, TOWN OF MARIANA, PIMA COUNTY, ARIZONA.

THE 2nd

EXHIBIT O - QUALIFICATIONS OF JEFF TEPLITSKY

EDUCATION:

Bachelor of Arts in Political Science
University of Arizona, 1979

*Appraisal Institute - Courses and/or Examinations
(Formerly American Institute of Real Estate Appraisers)*

- Real Estate Appraisal Principles (1A1) - Tucson, 1983
- Basic Valuation Procedures (1A2) - Tucson, 1989
- Capitalization Theory and Techniques (1BA, 1BB) - Tucson, 1989
- Standards of Professional Practice (SPP) - Phoenix, 1990
- Case Studies in Real Estate Valuation (2-1) - Austin, TX, 1991
- Report Writing and Valuation Analysis (2-2) - Denver, CO, 1992
- Demonstration Report - Tucson, 1994
- Standards of Professional Practice - Parts A & B (SPP) - Phoenix, 1995
- Standards of Professional Practice - Part C (SPP) - Tucson, 2009
- Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets - Tucson, 2012

Seminars and Conferences¹

- "Americans with Disabilities Act", AI, 1993
- "FIRREA - Overview & Practical Application", FIRREA Seminars, 1993
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1. AI refers to the Appraisal Institute.

LICENSURE:

Certified General Real Estate Appraiser, State of Arizona
Certificate #30151

Licensed Real Estate Broker, State of Arizona
No. SE019639000

PROFESSIONAL ASSOCIATIONS:

Practicing Affiliate, Appraisal Institute

EXPERIENCE:

Licensed Real Estate Broker, State of Arizona

Expert Witness, Qualified in Superior Court, Pima, Santa Cruz, and Yuma Counties

Experience in appraisal of all types of real estate since 1987, including right-of-way condemnation, residential, residential income, commercial, industrial, acreage, subdivision, planned communities and special-purpose properties in Pima, Yuma, Pinal, Santa Cruz, Graham, and Cochise Counties.