

Description Of Improvements

The subject property is part of the Annex to the Abrams Public Health Center. The subject occupies the eastern portion of the Annex Building. Pima County health facilities occupy the western portion of the annex.



*PimaMaps 2018

TYPE: Single story manufacturing and light assembly building, also described as “flex” or “research and development” space.

YEAR BUILT: The original building was constructed in 1998, the same date as the construction of the larger annex. The expansion space was completed by the tenant in 2013.

SIZE: Based upon information obtained from the client and from the lease and its amendments, the subject has the following floor areas:

Original construction	3,827 sq. ft.
Expansion space – constructed by tenant	<u>2,380</u> sq. ft.
Total area	<u>6,207</u> sq. ft.

CONSTRUCTION: The building is of concrete block design.

ROOF IMPROVEMENTS: The building roof is composition sheathing over steel or wood panels and beams.

INTERIOR: The building interior is designed as clean rooms, light assembly and warehouse space. Interior finishes include vinyl tile flooring, painted interior gypsum wall panels, and a drop acoustic ceiling system with recessed fluorescent lighting. Most of the interior is built out in this manner, with drop ceilings. However, some storage areas have higher ceilings or may have no ceiling finishes with exposed beams and trusses.

FIRE SPRINKLERS: The building overall does not have a typical wet fire safety system. However, some work stations or work areas have wet fire safety systems that are custom designed for the existing tenant's use.

**RESTROOMS
LOCKER ROOMS:** Adequate men's and women's restrooms are provided.

ELECTRICAL: Electric service is assumed adequate and compliant with code.

HVAC: The building is serviced by HVAC units.

SITE IMPROVEMENTS: The subject is part of the larger Abrams Public Health Center. There is surface parking provided in open lots around the building. Information provided by the client indicates that there are 623 parking spaces. This results in a parking ratio of about 4.4 per 1,000 sq. ft. of building area. (The building area for the entire building is reported at 141,944 rentable sq. ft.)

ADA COMPLIANCE: The subject building was originally constructed in 1998, which is after the Americans with Disabilities Act being passed in 1990. Therefore, it is assumed that the property fully complies with all ADA requirements.

SITE COVERAGE: Not applicable

ACTUAL AGE: The building was originally constructed in 1998. The tenant constructed the expansion place in 2013. At the same time the entire building interior was renovated for the current tenant at the tenant's cost.

EFFECTIVE AGE: The subject was recently substantially renovated and a portion of the building is nearly new as it was expanded by the current tenant. As a result the effective age is estimated at 3 years.

TOTAL ECONOMIC
LIFE:

A building of similar quality to the subject might have an anticipated economic life of from 50 to 55 years. Based on the quality of the interior build out as well as the renovation date the total economic life is estimated at 55 years.

REMAINING
ECONOMIC LIFE:

The remaining economic life is estimated at 52 years.

CONDITION:

The quality and condition of the subject are both good.

SUBJECT PHOTOS

Top: View east along Ajo Way, Bentley Avenue access to medical center at right.
Bottom: View of corner of Ajo Way and Bentley Avenue (provides access to medical center).



SUBJECT PHOTOS

Top: View of subject's southern elevation.
Bottom: View of subject property's northern elevation.



SUBJECT PHOTOS

Top: View of subject's northern elevation.
Bottom: View of subject's northern elevation and loading dock.



SUBJECT PHOTOS

Top: View of Annex Building, clean room areas.
Bottom: View of Annex Building, clean room areas.



SUBJECT PHOTOS

Top: View of Annex Building, clean room areas.
Bottom: View of Annex Building, clean room areas.



SUBJECT PHOTOS

Top: View of Annex Building, clean room areas.
Bottom: View of Annex Building, clean room areas.



SUBJECT PHOTOS

Top: View of Annex Building, clean room areas .
Bottom: View of Annex Building, clean room areas.



SUBJECT PHOTOS

Top: View of Annex Building, clean room areas.
Bottom: View of outdoor enclosed mechanical room.



SUBJECT PHOTOS

Top: View of enclosed outdoor mechanical room.
Bottom: View of Annex Building interior.



SUBJECT PHOTOS

Top: View of shipping/receiving storage area within Annex Building.
Bottom: View of walk-in cooler.



SUBJECT PHOTOS

Top: View of subject's employee locker and changing room.
Bottom: View of subject's employee locker and changing room.



HIGHEST AND BEST USE

Highest and best use is the basic premise of value and, as such, reflects an appraiser's opinion based upon an analysis of prevailing market occurrences. Highest and Best Use is defined as:

The reasonably probable and legal use of vacant land or an improved property that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value.¹

This analysis is of the market rent for the property as it is currently configured, or “as is”. As a result the purpose of the highest and best use analysis as applied here is to determine whether there is adequate demand to lease the property. The following several paragraphs first review (briefly) legally and physically possible uses of the property. A more in-depth discussion is then provided relative to demand for both the property as improved.

Highest and Best Use, As Presently Improved

Legally Permissible

The subject property is within a special zoning district which is intended to promote office, medical office, and related uses. The current utilization of the property with flex or research and development space related to the tenant’s operations in the larger Abrams complex use is a legally allowed use.

Physically Possible

The subject is a fully functional flex or research and development style building. The existing build out is clearly physically possible.

Financial Feasibility

As part of this appraisal a detail rent study is provided later in the market rental rate analysis. In order to assess the overall market for industrial space the following detail history as obtained from CoStar is provided for the period from 2009 through 2nd Quarter 2018. This information relates to industrial vacancy rates citywide and in the various submarkets for the period reviewed.

¹ The Appraisal of Real Estate, 14th Edition

Historic Industrial Vacancy Rate (All Types)

	YE2009	YE2010	YE2011	YE2012	YE2013	YE2014	YE2015	YE2016	YE2017	1Q2018	2Q2018
Downtown Tucson	4.8%	4.5%	3.1%	5.1%	4.9%	3.8%	3.9%	4.2%	1.2%	2.3%	1.6%
E Outlying Pima Cty Ind	N/App	N/App	N/App	N/App	N/App	N/App	N/App	N/App	N/App	0.0%	0.0%
Northeast Tucson	10.9%	11.3%	10.7%	14.6%	12.6%	11.6%	7.5%	6.8%	10.0%	8.6%	9.9%
Northwest Tucson/Oro Valley	8.8%	8.8%	9.3%	8.6%	6.6%	4.8%	5.0%	4.3%	3.1%	2.7%	2.8%
Palo Verde	10.4%	10.2%	10.6%	9.7%	11.9%	11.0%	6.8%	6.3%	5.7%	5.4%	5.3%
Park/Ajo	9.6%	10.8%	11.6%	12.7%	9.7%	8.5%	6.8%	6.7%	9.4%	7.6%	8.2%
S Pima/Green Valley	0.0%	0.0%	4.7%	0.0%	3.1%	1.7%	0.0%	1.8%	0.6%	0.6%	0.6%
Southeast Tucson	12.8%	12.6%	11.1%	11.8%	10.2%	14.3%	13.5%	8.6%	4.3%	3.9%	3.4%
Southwest Tucson/Airport	17.9%	15.2%	15.6%	20.3%	18.5%	19.0%	16.9%	14.9%	14.1%	14.7%	14.1%
W Outlying Pima Cty Ind	N/App	N/App	N/App	N/App	N/App	N/App	N/App	N/App	N/App	0.0%	0.0%
Citywide	11.1%	10.6%	10.6%	11.9%	10.8%	10.6%	9.1%	7.8%	6.8%	6.6%	6.6%

Note: Rate based on total physical space and does not include self-storage space

Source: CoStar Group, Inc., Tucson Industrial Market Report

As a result of the recession of the last decade, Tucson's industrial markets were overbuilt. Vacancy rates during the period from 2009 through 2014 were over 10% which is not indicative of a stabilized market. Beginning in 2015 the year-end vacancy rates dropped below 10% and with minor exceptions have declined consistently for the past three plus years. The year-end 2017 vacancy rate was 6.8%. The current quarter vacancy rate is 6.6%. Due to continuing absorption and favorable local economic conditions there is presently demand for industrial space throughout Tucson. The following market rental survey demonstrates area demand by review of several market rental comparables.

MARKET RENT ANALYSIS

A market rent analysis is based on the principal of substitution, in that a potential tenant would not pay more for the subject space than they would for a space that is considered similar with respect to location, quality, and lease terms.

Current and Historic Subject Rent

The following summarizes important lease details. This information is based on review of the original lease as well as upon review of the First Amendment to the lease.

Lessee:	Accelerate Diagnostics, Inc.
Premises:	The Eastern Portion of the Annex to the Abrams Public Health Center 2980 E. Ajo Way, Tucson, Arizona
Rentable Area:	The lease indicates a <i>usable</i> building area of 6,207 sf. This includes 3,827 sq. ft. of existing space and 2,380 sq. ft. of new space. The new space was constructed by the tenant without landlord tenant improvements.
Date:	July 7, 2015.
Term:	Two years commencing November 19, 2015 and terminating November 18, 2017.
Options:	One 1-year option which has been exercised. The option ends on November 18, 2018.
Rent:	Existing space - \$9.24 per sq. ft. , modified gross. New space - \$5.00 per sq. ft., modified gross.
Rent Increases:	The rent was flat during the initial term and no increase is specified for the 1-year option to extend.
Percentage Rent:	None.
Expenses:	The lease is on a modified gross basis with the following expenses paid either by the landlord or tenant as noted.
Repairs:	Landlord.
Janitorial:	Tenant
Utilities:	The tenant reimburses the landlord for water and electrical costs.

Taxes: The larger property is not taxed due to the ownership status. The tenant is responsible for any taxes related to trade equipment and related tenant improvements or leasehold improvements.

Insurance: Landlord.

Other: There were no tenant improvements provided for either the original lease or the extension.

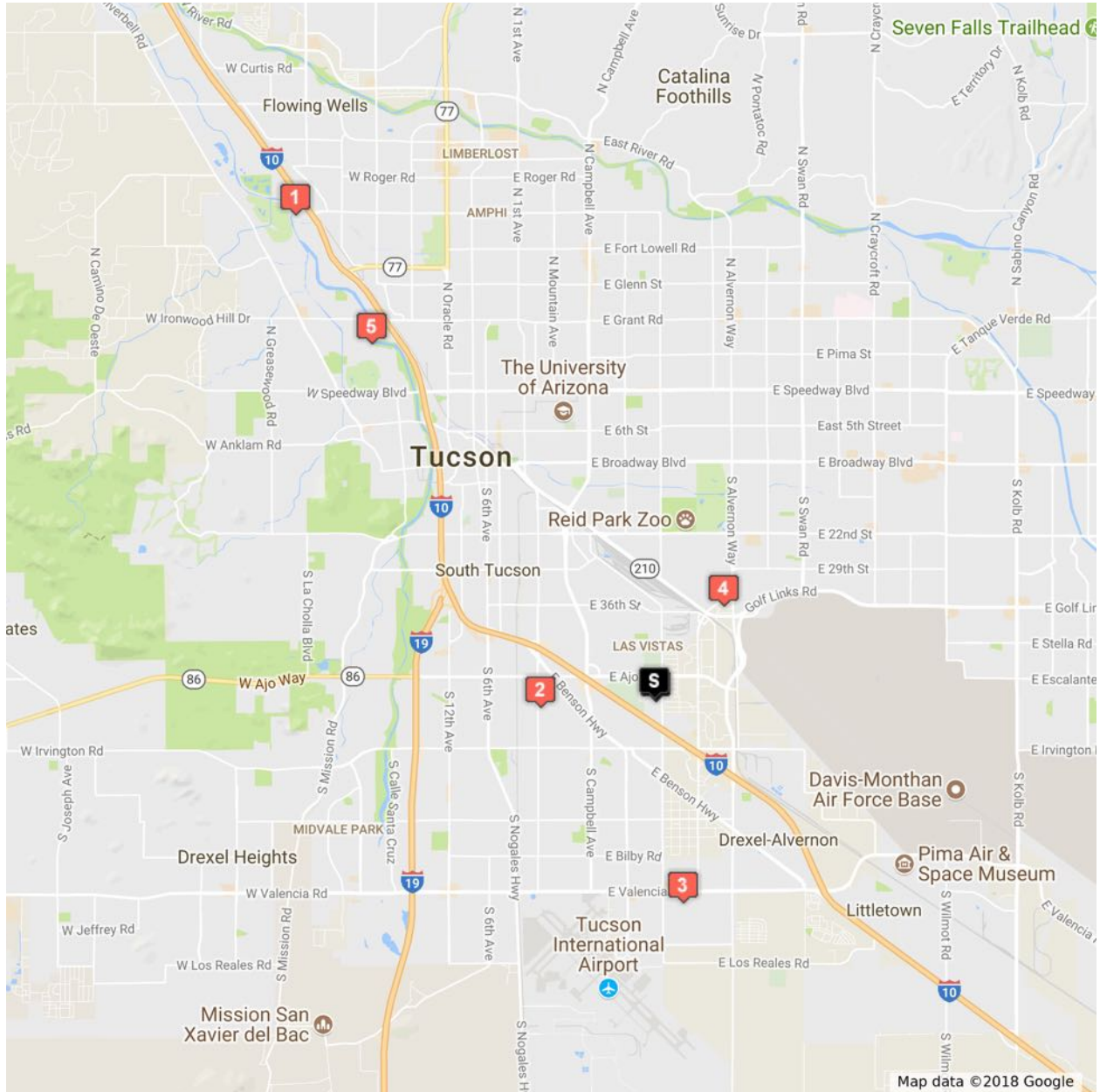
Amendment 1: This is the official acceptance of the 1-year extension exercised by the tenant. There were no other lease modifications.

Market Rent Analysis

In order to identify comparable rentals several sources were reviewed. These included reviewing rental comparables as published by Costar; reviewing rental listings as obtained from LoopNet; reviewing the appraiser's research files; and reviewing an appraisal of another space within the Abrams project as provided by the client. The following exhibit summarizes the rental comparables. A market data map follows the summary exhibit. Data sheets for each rental comparable are then provided. Unless otherwise noted in the data sheets, the lease data reviewed here was confirmed with a party to the lease. Further, each comparable was field reviewed for purposes of this analysis.

Comparable Rentals									
Data No.	Tenant/Location	Year Built	Lease Date	Lease Size SF	Lease Term - Years	Rent/ SF/Yr.	Lease Increase	Lease Basis	Free Rent & Tis
1	Tyco Simplex Grinnell 3865 N. Business Center Dr. No. 109 Tucson	1986	May-16	7,193	1 year	\$ 9.72	None	MG Tenant Pays Utilities	None \$ -
2	BE Aerospace 1010 E. Palmdale Street Tucson	1986	Nov-16	3,520	37 months	\$ 6.84	7.5%	MG Tenant Pays Utilities	1 Month Minimal
3	Stratsys 3280 E. Hemisphere Loop Tucson	1987	Feb-17	16,437	2 years	\$ 5.88	Nt. Av.	NNN	None \$ -
4	Intelight - Expansion 3801 E. 34th Street Tucson	1976	Aug-17	17,810	61 months	\$ 6.89	2.4%	NNN	Nt. Av. Significant
5	QuikTrip 2301 N. Forbes Blvd. Tucson	1978	Oct-17	7,848	5 years	\$ 7.80	3.0%	NNN	2 months \$ -

COMPARABLE RENTALS MAP



LEASE NO. 1



Address: 3865 N. Business Center Drive, Tucson

Building Data		Lease Data	
Building Area:	7,193 sq. ft.	Tenant:	Tyco Simplex Grinnell
Year Built:	1986	Date:	May 2016
Office Space:	70%	Term:	1 year – tenant has extended to present
Clearance:	18'	Rate per sq. ft.:	\$9.72
Loading:	Grade level	Expenses:	Modified gross, tenant pays utilities
Power:	Nt. Av.	Increases:	None
Parking:	5.5 per 1,000 sq. ft.	Free Rent:	None
Freestanding:	Multi-tenant	Tenant Improv.:	None

Verification: Bob Delaney, CBRE

Comments: This space is part of a multi-tenant business park with flex industrial users, retail showroom space, and a religious group. Due to the modified gross lease structure a downward adjustment of \$2.25 per sq. ft. is applied. (Notably, subject tenant's are not responsible for paying for taxes. As a result each rental is adjusted upward by \$1.75 per sq. ft. for taxes, resulting in a net downward adjustment of \$0.50 in this case.) This reflects typically common area maintenance costs in light industrial parks in Tucson. The location on the northwest side of Tucson is superior.

Although this is an older project, it is well maintained. As a result, there is no adjustment applied for age, quality, or condition.

LEASE NO. 2



Address: 1010 E. Palmdale Street, Tucson

Building Data		Lease Data	
Building Area:	3,520 sq. ft.	Tenant:	BE Aerospace
Year Built:	1986	Date:	November 2016
Office Space:	80% - includes second floor	Term:	37 months
Clearance:	20' – estimate	Rate per sq. ft.:	\$6.84
Loading:	Grade level	Expenses:	Modified gross, tenant pays utilities
Power:	Nt. Av.	Increases:	7.5%
Parking:	4.3 per 1,000 sq. ft.	Free Rent:	1 month
Freestanding:	Multi-tenant	Tenant Improv...:	Paint and flooring

Verification: Gary Emerson, GRE Partners

Comments: This is two-story space that is part of a larger office and light industrial park. Due to the modified gross expense structure a downward adjustment is applied. This property has a directly comparable location on the south side of Tucson. The age and quality are inferior to the subject and upward adjustments are applied. In reviewing this rental it should be noted that a significant amount of this space consists of second floor office space. There is a limited market for this space type in Tucson and therefore this rental is given secondary emphasis.

LEASE NO. 3



Address: 3280 E. Hemisphere Loop, Tucson

Building Data		Lease Data	
Building Area:	16,437 sq. ft.	Tenant:	Stratasys
Year Built:	1987	Date:	February 2017
Office Space:	Flex	Term:	2 years
Clearance:	14' – 18'	Rate per sq. ft.:	\$5.88
Loading:	GL	Expenses:	NNN
Power:	Nt. Av.	Increases:	Nt. Av.
Parking:	2.4 per 1,000 sq. ft.	Free Rent:	None
Freestanding:	No	Tenant Improv.:	None

Verification: Bob Delaney, CBRE

Comments: This is multi-tenant space in a flex industrial park. This property is located in south Tucson and the location overall is rated as similar. The size is inferior with an upward adjustment applied. Although this is an older project it is maintained in good condition. As a result, age, quality, and condition adjustments are not applied.

LEASE NO. 4



Address: 3801 E. 34th Street, Tucson

Building Data		Lease Data	
Building Area:	17,810 sq. ft.	Tenant:	Intelight – expansion
Year Built:	1976	Date:	August 2017
Office Space:	Flex – see comments	Term:	61 months
Clearance:	18' – estimate	Rate per sq. ft:	\$6.89
Loading:	Grade level	Expenses:	NNN
Power:	Nt. Av.	Increases:	2.4%
Parking:	3.3 per 1,000 sq. ft.	Free Rent:	Nt. Av.
Freestanding:	Multi-tenant	Tenant	Significant, unspecified
		Improv.:	

Verification: Ron Zimmerman, Picor

Comments: This is multi-tenant space in a flex light industrial park. The location is in the south Tucson area and is similar. The party confirming this lease indicated that the owner provided a significant amount of build out for flex or office use but did not specify the amount. The size is inferior with an upward adjustment applied. The age and condition are also inferior with another upward adjustment applied.

LEASE NO. 5



Address: 2301 N. Forbes Blvd., Tucson

Building Data		Lease Data	
Building Area:	7,848 sq. ft.	Tenant:	QuikTrip
Year Built:	1978	Date:	October 2017
Office Space:	40%	Term:	5 years
Clearance:	21'	Rate per sq. ft.:	\$7.80
Loading:	Grade level	Expenses:	NNN
Power:	Nt. Av.	Increases:	3%
Parking:	2.7 per 1,000 sq. ft.	Free Rent:	2 months
Freestanding:	Multi-tenant	Tenant	None
		Improv.:	

Verification: David Gallaher, Tucson Industrial Realty

Comments: This is multi-tenant space in a light industrial and office project. The space was built out with 40% of office at the time of lease but the tenant paid to add another 10% office build out. The location in northwest Tucson is superior with a downward adjustment applied. The property is older but is maintained in good condition. As a result age, quality, and condition adjustments are not applied.

Comparable Rental Analysis

The following table provides the adjustments discussed in the individual data sheets. This table contains individual adjustments which are discussed in the data sheets.

Rent Comparable Adjustment Grid											
No.	Transactional Adjustments					Physical Adjustments					
	Unadjusted Rent/SF	Expense Treatment	Adjusted Rent	Market Conditions	Adjusted Rent/SF	Size	Location	Age/Condition	Quality	Net Adj.	Indicated Rent/SF
1	\$9.72	(\$0.50)	\$9.22	0%	\$9.22	0%	-10%	0%	0%	-10%	\$8.30
2	\$6.84	(\$0.50)	\$6.34	0%	\$6.34	0%	0%	5%	5%	10%	\$6.97
3	\$5.88	\$1.75	\$7.63	0%	\$7.63	5%	0%	0%	0%	5%	\$8.01
4	\$6.89	\$1.75	\$8.64	0%	\$8.64	5%	0%	5%	0%	10%	\$9.51
5	\$7.80	\$1.75	\$9.55	0%	\$9.55	0%	-10%	0%	0%	-10%	\$8.60

One other adjustment is applied on a global basis to each of the rental comparables. This adjustment reflects the subject's tax free status. If the subject tenant's are not responsible for paying for taxes then a rental conclusion on a NNN basis without an adjustment for this item would be a "below market" rental rate conclusion. As a result each rental is adjusted upward by \$1.75 per sq. ft. for taxes. This adjustment is based on review of actual expense comparables as reported by Costar for multiple industrial parks. The adjustment at \$1.75 per sq. ft. reflects the subject's substantial build out for flex or research and development use. Four samples of real estate taxes reported by Costar are noted below. Each of these four properties is referenced earlier as a rental comparable.

- Multi-tenant flex industrial, 1010 E. Palmdale Street - \$1.70 per sq. ft.
- Multi-tenant flex industrial, 3280 E. Hemisphere Loop - \$1.00 per sq. ft.
- Multi-tenant flex industrial, 3801 E. 24th Street - \$1.78 per sq. ft.
- Multi-tenant flex industrial, 2301 N. Forbes Blvd. - \$1.29 per sq. ft.

Market Rent Conclusion

The adjusted comparable rentals provide a range of rental rate indications of from \$6.97 to \$9.51 per sq. ft. Each rental is quoted on a triple-net (NNN) basis whereby the tenant pays all property operating costs. The low-end of the range at \$6.97 per sq. ft. is Rental No. 2. This rental is not emphasized due to the significant amount of second floor office build out. The high-end of the range is Rental No. 4 at \$9.51 per sq. ft.. This rental is not emphasized for two reasons. First, the party confirming this lease indicates that the owner provided a significant amount of tenant improvements but did not provide the amount. Second, this was an expansion. The three remaining rentals provide a more consistent range of rental rate indications of from \$8.01 to \$8.60 psf. The subject's age, quality, and condition each merit a conclusion toward the high-end of this range. As a result, the concluded market rent here for the subject is **\$8.50 per sq. ft., NNN.**

Increases

The comparable rentals reviewed here, as well as other lease data retained in the appraiser's research files, indicates that annual rental rate increases are common in this market. Rental rate increases might range from 2% to 3% per year. The concluded annual increase factor here is **2.5%**.

Term

Leases for space of this size usually range from 3 to 5 years. The concluded lease term here is **5 years**.

Concessions and Tenant Improvements

There are limited concessions in the form of free rent being offered in the current market. In noting the tenant improvement allowance conclusion, please note that tenant improvements of this nature are negotiable. In the current market minimal tenant improvements are granted with a lease of industrial space of this nature. Usually this might include new painting and carpeting but otherwise any extra work is amortized over the lease term. As a result, there is no tenant improvement allowance provided.

Options

Leases for industrial space of this nature often do not include options. There are no options provided in this estimate.

Final Conclusions – Summarized

The following table summarizes the previously noted market conclusions for leasing of the subject space.

LEASE RATE	\$8.50 PSF
EXPENSE STRUCTURE.....	NNN
INCREASES.....	2.5% PER YEAR
TERM.....	5 YEARS
CONCESSIONS/TI's – OFFICE SPACE.....	\$0 PSF
OPTIONS	NONE

APPRAISERS' CERTIFICATION

I HEREBY WARRANT AND CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

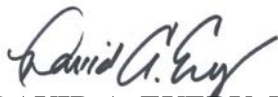
- The statements of fact contained in this appraisal report, which are used as the basis of our analyses, opinions, and conclusions, are true and correct. We have no responsibility for legal matters, questions of survey, opinion of title, soil or subsoil conditions, engineering, or other technical matters. Any sketches prepared by us and contained in this report are included solely to aid the user of the report in visualizing the property and its location, and are not necessarily to scale.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or contemplated future interest in the real estate that is the subject of this appraisal report and, further, I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Specifically, the assignment was not based on a minimum value, a specific value, or approval of a loan.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- Credit should be given to Robert Rickman, who provided significant real property appraisal assistance to the person signing this certification in the form of researching and confirming rent comps and drafting portions of this report. The value conclusions drawn, however, are my own. In addition, I certify that I have the knowledge, experience, and the geographic competency to complete this appraisal assignment and have appraised this property type before.

APPRAISERS' CERTIFICATION (CONTINUED):

- The 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.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, David A. Every, MAI, AI-GRS, has completed the continuing education requirements of the Appraisal Institute.
- *Every Appraisal Service* and the appraiser signing this report have never been sued by a regulatory agency or financial institution for fraud or negligence involving appraisal services.

Each finding, prediction, assumption, or conclusion contained in this report is my personal opinion and is not an assurance that an event will or will not occur. I assume that there are no conditions that are not apparent relating to the real estate, subsoil conditions, or structures located on the real estate which would affect my analyses, opinions, or conclusions with respect to the real estate.

The data gathered in this appraisal process (except data furnished by the client) and the appraisal report itself remain our property. With respect to data provided by the client, we shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to us. We are, however, authorized by the client to disclose all or any portion of this appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute, if such disclosure is required, to enable us to comply with the bylaws and regulations of said Institute now or hereafter in effect. This appraisal report shall not be quoted or referred to in any report or financial statement of the client or in any documents filed with any governmental agency without our prior written consent.



DAVID A. EVERY, MAI, AI-GRS

Owner - Every Appraisal Service
State of Arizona Certified General
Real Estate Appraiser #31343

QUALIFICATIONS OF DAVID A. EVERY, MAI, AI-GRS

State of Arizona Certified General Real Estate Appraiser, Certificate #31343

EMPLOYMENT HISTORY

2010 - Present	Every Appraisal Service, Owner, Tucson, Arizona
2004 - 2010	AXIA Real Estate Appraisers (previously known as KB Real Estate Appraisers), as Commercial Real Estate Appraiser and Valuation Analyst, Tucson, Arizona
1999 - 2004	Andrew J. Briefer Real Estate Advisory Services, Inc. dba KB Real Estate Advisors, as Consultant and Valuation Analyst, Tucson, Arizona
1989 - 1999	Mesa Airlines, Inc. dba America West Express, as Phoenix Station Manager, Phoenix, Arizona

PROFESSIONAL EDUCATION

- 2018 • 2018-2019 Uniform Standards of Professional Appraisal Practice 7 hour update, Appraisal Institute, Tucson, Arizona
- 2017 • Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications, Appraisal Institute, Tucson, Arizona
 - Review Theory - General, Appraisal Institute, San Diego, California
- 2016 • Residential & Commercial Valuation of Solar, Appraisal Institute, Tucson, Arizona
- 2015 • Advanced Concepts & Case Studies, Appraisal Institute, Nashville, Tennessee
- 2014 • Advanced Income Capitalization, Appraisal Institute, San Diego, California
- 2012 • Appraising the Appraisal: Appraisal Review, Appraisal Institute, Tucson, Arizona
 - General Appraiser Report Writing and Case Studies, Appraisal Institute, San Diego, California
- 2011 • Business Practices and Ethics, Appraisal Institute Course OL-420X, Online
- 2009 • Supervising Beginning Appraisers, Arizona School of Real Estate and Business, Scottsdale Arizona
- 2008 • Condemnation Appraising: Basic Principals and Applications, Appraisal Institute Course 710, Tucson, Arizona
 - Condemnation Appraising: Advanced Topics and Applications, Appraisal Institute Course 720, Tucson, Arizona
- 2007 • Highest and Best Use and Market Analysis, Appraisal Institute Course 520, Boise, Idaho
- 2005 • Real Property Valuation Course 104 – Part I by the Arizona School of Real Estate and Business, Scottsdale Arizona
- 2004 • Real Property Valuation Course 103 by the Arizona School of Real Estate and Business, Scottsdale Arizona
 - Real Property Valuation Course 104 – Part II by the Arizona School of Real Estate and Business, Scottsdale Arizona
- 1999 • Real Property Valuation Courses 101 & 102 by the Arizona School of Real Estate and Business, Scottsdale Arizona

Qualifications of David A. Every, MAI, AI-GRS (continued)

DESIGNATIONS, MEMBERSHIPS, LICENSES AND CERTIFICATIONS

MAI - Designated Member of the Appraisal Institute, January 2017

AI-GRS – Designated Member of the Appraisal Institute, November 2017

Certified General Real Estate Appraiser, State of Arizona, Certificate #31343

SEMINARS/WORKSHOPS/CLASSES

- 2018 • CCIM 2018 Annual Real Estate Forecast
- 2017 • CCIM 2017 Annual Real Estate Forecast
- 2013 • Pima County Real Estate Research Council 2013 Real Estate Forecast
- 2010 • International Right-of-way Association Federal Agency Update, Las Vegas, Nevada
- 2009 • International Right-of-way Association Federal Agency Update, Las Vegas, Nevada
- 2008 • Eminent Domain Conference – ABA No. 0407-628
- 2007 • Pima County Real Estate Research Council 2007 Real Estate Forecast
- 2006 • “A Frank Discussion about Eminent Domain “ – ABA No. 0906-576
- 2005 • Pima County Real Estate Research Council 2005 Real Estate Forecast
- 2000 • Real Estate Appraisal Review Workshop by the Federal Highway Administration, Phoenix Arizona

APPRAISAL EXPERIENCE/SCOPE OF PRACTICE

- Clientele includes private individuals, corporate organizations, financial institutions, and governmental agencies.
- Appraisal assignments include industrial properties, vacant and improved land, large and small residential income properties, office and retail buildings, hotel and motel properties, as well as numerous special use properties.
- Experience in preparation of reports for conventional lending, SBA, litigation work, eminent domain work, consultations and appraisal reviews.
- Appraisal assignments have been completed in Pima, Maricopa, Cochise, Santa Cruz, Yavapai, Yuma, La Paz, Coconino, Navajo, Mohave and Pinal Counties within the state of Arizona; Luna, Dona Ana and Grant Counties within the state of New Mexico; and San Bernardino County within the state of California.

ADDENDA

- 1) Engagement Letter
- 2) Assumptions and Limitations
- 3) Appraisers' Certificates

ENGAGEMENT LETTER



8476 E Speedway Blvd., Suite 210
Tucson, Arizona 85710
Ph: 520.954.4736
Fax: 520.979.3408
www.everyappraisals.com

July 16, 2018

Mr. Jeffrey Teplitsky
Appraisal Supervisor
201 North Stone Avenue, Sixth Floor
Tucson, Arizona 85701

VIA EMAIL: Jeffrey.Teplitsky@pima.gov

RE: Proposal for two appraisal reports addressing the market lease rate of: 1) 45,000 square feet within the "Abrams Building" located at 3950 S Country Club; and, 2) the 6,207 square foot Annex Building located at 2980 E Ajo Way, Tucson, Pima County, Arizona.

Dear Mr. Teplitsky:

In accordance with your request, I am submitting a proposal for an appraisal assignment addressing the current market value of the above referenced property. The assignment is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation. The assignment will be completed based on the following criteria:

<i>CLIENT:</i>	<i>Pima County Real Property Services</i>
<i>PURPOSE:</i>	<i>To develop an opinion of the current market lease rate for the subject properties.</i>
<i>INTENDED USE:</i>	<i>Potential lease negotiations by Pima County.</i>
<i>INTENDED USERS OF THE ASSIGNMENT:</i>	<i>Pima County, Pima County RPS, and/or designated users</i>
<i>INTEREST ANALYZED:</i>	<i>Leased Fee</i>
<i>FORMAT OF REPORT:</i>	<i>2 Narrative Appraisals</i>
<i>EFFECTIVE DATE OF ASSIGNMENT:</i>	<i>Current</i>
<i>SCOPE:</i>	<i>Research and analyze applicable market data as it pertains to the current market lease rate for the subject properties.</i>

Based on the above noted criteria, the total fee for this assignment is \$3,500. The assignment will be completed within 30 days, provided all available necessary information is provided in a timely manner.

The client agrees that the appraiser shall not be required to testify or be in attendance at any court, administrative proceeding or court-oriented conferences relating to this assignment without additional compensation unless prior arrangement has been set forth by the Appraiser and Client. The fee for deposition, preparation, and court testimony is \$150 per hour plus any related travel/lodging expenses.

In the event that it should be necessary to employ an attorney or agency to collect any delinquent funds under this assignment, you will be responsible for the following; the initial amount of the invoice which will be doubled, all finance charges and all reasonable costs of collection, plus attorney's fees.

If these terms are acceptable, you may authorize us to begin this assignment by signing and returning the enclosed copy of this letter.

I look forward to being of service to you. If you have any questions or require additional information, please call.

Respectfully submitted,



David A. Every, MAI, AI-GRS
Owner - Every Appraisal Service
Certified General Appraiser
AZ Certificate #31343

ACCEPTED AND APPROVED:

By:

Mr. Jeff Teplitsky

Date

7/19/18

ASSUMPTIONS AND LIMITATIONS

STANDARD ASSUMPTIONS AND LIMITATIONS OF THIS APPRAISAL

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

This appraisal is not a survey.

It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless otherwise noted.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern regarding boundaries, setbacks, encroachments or other survey matters.

This appraisal is not a legal opinion.

No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value opinion is given without regard to any questions of title, boundaries, encumbrances or encroachments. We are not usually provided an abstract of the property being appraised and, in any event, we neither made a detailed examination of it nor do we give any legal opinion concerning it.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since we have not made a comprehensive examination of laws and regulations affecting the subject property.

This appraisal is not an engineering or property inspection report.

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

For properties in which the conditions of foundations, roofs, exterior walls, interior walls, floors, heating systems, plumbing, insulation, electrical service and all mechanical and construction items are described, these descriptions are based on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating systems and no attempt was made to inspect the interior of a given property's furnace. Structures are not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report.

Some items, such as conditions behind walls, above ceilings, behind locked doors or under the ground, are not exposed to casual view and, therefore, are typically not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not normally exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal unless specifically noted.

Unless stated otherwise in the report, wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use of the property.

We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we know of any problems of this nature that we believe would create a significant problem, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. An expert in the field should be consulted if any interested party has questions on environmental factors.

No chemical or scientific tests were performed by the appraiser on the subject property, and it is assumed that the air, water, ground and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the subject site does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. We are not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by observation. We therefore rely on circumstantial evidence that may come into our possession (such as dates on architectural plans) or conversations with those who might be somewhat familiar with the history of the property such as property owners, on-site personnel or others. Parties interested in knowing the exact age of improvements on the land should contact us to ascertain the source of our data and then make a decision as to whether they wish to pursue additional investigation.

Because no detailed construction, engineering, environmental or legal inspection was made and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of a given property's foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation or any other detailed construction matters. If any interested party is concerned about the existence, condition or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

This appraisal is made under conditions of uncertainty with limited data.

As can be seen from limitations presented above, the appraisal is based on an analysis of many sources of data. Every attempt has been made to confirm the data as reliable and factual, however, there are a number of limitations with respect to data including: a lack of certain areas of expertise beyond real estate appraisal methodology and techniques; the inability of the appraiser to view certain portions of the property; and the inherent limitations of relying upon information provided by others such as: income and expense data; comparable sales data; and engineering analyses.

This appraisal is an opinion of value based on an analysis of information known to us at the time the appraisal was made. All values and conclusions shown in the appraisal report are premised upon our analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report or the date of our field inspection, whichever occurs first.

Opinions and estimates expressed herein represent our best judgment but should not be construed as advice or recommendation to act. Before relying on any statement made in this appraisal report, interested parties should contact us for the exact extent of our data collection on any point that they believe to be important to their decision making. This will enable such interested parties to determine whether they believe the extent of our data gathering process was adequate for their needs.

Appraisal report limitations

Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of the information we have concerning the subject property or the real estate market. While no factors we believe to be significant but unknown to the client have been knowingly withheld, it is always possible that we have information of significance that may be important to others but which, with our limited acquaintance with the property and in light of the limitations of our expertise (as outlined in this document), does not seem to be important to us.

Appraisal reports are technical documents, with their reporting formats guided by both the Uniform Standards of Appraisal Practice and specific technical requirements of a given client. Casual readers are cautioned about their limitations and are warned against possible misinterpretation of the information contained in these reports.

The liability of Every Appraisal Service, its employees and/or agents is limited only to the Client who paid the fee. Furthermore, there is no accountability, obligation or liability to any third party. The appraiser(s) should be contacted with any questions before this report is relied on for decision making.

This appraisal was prepared at the request of and for the exclusive use of the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose, unless specifically identified as an additional intended user of the report.

There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless sufficient notice is given to allow adequate preparation and additional fees are paid by the client at our regular rates for such appearances and the preparation necessitated thereby.

This report is made for the information and/or guidance of the client and possession of this report, or a copy thereof, does not carry with it a right of publication. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the appraiser. Nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.

It is suggested that those who possess this appraisal report should not give copies to others. Certainly, legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.

Values and conclusions for various components of the subject property as contained within this report are valid only when making a summation; they are not to be used independently for any purpose and must be considered invalid if so used. The allocation of the total value in this report between land and improvements (if applicable) applies only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

In the case of limited partnerships, syndication offerings or stock offerings in real estate, the Client agrees that in case of a lawsuit (brought by lender, partner or part owner in any form of ownership, tenant or any other party), the Client and all parties will completely hold harmless this firm, its employees and/or agents.

Americans with Disabilities Act (ADA)

The Americans with Disabilities Act (ADA) became effective 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 upon 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 valuing the property.

Arizona-specific considerations

Special consideration must be given to properties located in Arizona with respect to seismicity/subsidence. Seismic activity in Arizona is rare but does occasionally occur. A more common geotechnical manifestation has been the development of subsidence cones caused by pumping of groundwater. A geologist should be consulted if there is any concern regarding these matters.

Due to the historic nature of the American Southwest, properties within Arizona may be impacted by the presence of archaeological features, such as Native American remains or artifacts (specifically the ancient Hohokam and Anasazi settlements). The presence of such features may require mitigation on the part of the property owner or developer and could involve significant costs or time delays. It is an assumption of this report that no such archeological issues impact the subject property, unless otherwise noted in the appraisal report. Should a competent archeologist specifically identify significant archeology and quantify the cost of data recovery, we reserve the right to alter the valuation opinion contained in this report.

APPRAISERS' CERTIFICATE

<h1 style="text-align: center;">Department of Financial Institutions</h1> <h2 style="text-align: center;">State of Arizona</h2>		
<p>CGA - 31343</p>		
<p>This document is evidence that:</p> <p>Arizona Revised Statutes, relating to the establishment and operation of a:</p>	<p>DAVID A. EVERY</p> <p>Certified General Real Estate Appraiser</p>	<p>has complied with the provisions of</p>
<p>and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:</p>		
<p>Certified General Real Estate Appraiser</p> <p>DAVID A. EVERY</p>		
<p>This license is subject to the laws of Arizona and will remain in full force and effect until surrendered, revoked or suspended as provided by law.</p>		
<p>Expiration Date : June 30, 2019</p>		<p>Signed in the Superintendent's office at 2910 North 44th Street, Suite 310, in the City of Phoenix, State of Arizona, this 1st day of June, 2017.</p> <div style="text-align: center;">  </div> <p>Robert D. Charlton Superintendent</p>