



LAKE HAVASU CITY

Community Investment Department

ENGINEERING ♦ PROCUREMENT ♦ BUILDING ♦ PLANNING & ZONING ♦ CODE ENFORCEMENT

**RFP# 19-AIRPORT-3174  
Aeronautical Land for Lease  
North Central Ramp Area (up to 4 Acres)  
Lake Havasu City Airport**

**ADDENDUM ONE  
June 6, 2019**

Attention is called to answers that have been submitted for the following questions and they shall be taken into account in preparing submissions:

There is no change in the opening date. **Submissions are due no later than 3:00 p.m., Arizona Time, June 18, 2019**, at the City Clerk's Office, 2330 McCulloch Blvd. N., Lake Havasu City, AZ 86403.

**QUESTION 1:** Requests have been submitted to provide market surveys that were performed on the site.

**ANSWER 1:** Summary Appraisal Report for Fair Market Rent issued March 18, 2014 is attached (56 pages).

**QUESTION 2:** Request for current rates for current users at the airport.

**ANSWER 2:** The master list of *All City Fees and Charges* is available on the Lake Havasu City website at: <https://www.lhcaz.gov/budget-and-finance/fees-charges>

**REMINDER:** final written questions are due no later than 4:00 p.m., Arizona Time, Monday, June 10, 2019.

BY: *Lynette Singleton*  
Lynette Singleton, Procurement Official

SUMMARY APPRAISAL REPORT  
FOR FAIR MARKET RENT

TYPE OF PROPERTY:  
AIRPORT LAND

LOCATION:  
5600 NORTH HIGHWAY 95, #1  
LAKE HAVASU, ARIZONA 86404



APPRAISER'S FILE NO. 14-005-AP

EFFECTIVE DATE OF VALUE:  
MARCH 18, 2014

PREPARED FOR:  
MR. STEVE JOHNSTON  
LAKE HAVASU CITY MUNICIPAL AIRPORT  
5600 NORTH HIGHWAY 95, #1  
LAKE HAVASU, ARIZONA 86404

PREPARED BY:  
STEVEN R. COLE, MAI, SRA  
*CERTIFIED GENERAL REAL  
ESTATE APPRAISER #30130*



P.O. Box 16156  
TUCSON, ARIZONA 85732  
(520) 327-0000  
FAX (520) 327-3974

June 18, 2014

Mr. Steve Johnston  
Airport Manager  
Lake Havasu City Municipal Airport  
5600 North Highway 95, #1  
Lake Havasu City, Arizona 86404

REF: Appraiser File No.: 14-005-AP. Appraisal assignment for opinion of market rent and terms associated with a long term lease for the land located at the Lake Havasu City Airport, Lake Havasu City, in Mohave County, Arizona.

Dear Mr. Johnston:

At your request, I have provided my opinion of market value for the 2.48 acres of land at Lake Havasu Airport. The site is valued in their "as is" condition. The effective date of my value opinion is March 18, 2014 the date of the property inspection. The interest to be appraised is the fee simple estate.

The site is situated on land owned by the City of Lake Havasu as is within the boundaries of the Lake Havasu Municipal Airport. Lake Havasu City is next to the Colorado River at the north end of the city.

The Colorado River travels along the western boundary of Lake Havasu City. The river is a popular playground for visitors who enjoy water sports and boating. The location of the airport near Laughlin and the Colorado River is a benefit to the subject hangars because these factors influence positive demand for hangar space at Lake Havasu City. However, recent weakness in the nation's credit markets and an increase in aviation gas prices have, I believe, caused a lessening in demand for general aviation hangars and Fixed Base Operators.

The intended user of the appraisal is Steve Johnson, Manager of the Lake Havasu Airport, the client, or other officials with the airport. The intended use of the appraisal is to help the owner in setting a fair market rent for the site.

This is an Appraisal Report developed in accordance with the requirements set forth under the *Uniform Standards of Professional Appraisal Practice* promulgated by the Appraisal Foundation. Of the three traditional approaches, the Sales Comparison is employed in the valuation of the site in "as is" condition.

This report, or any portion thereof, is prepared for the exclusive use of the intended users and no other use is authorized or permitted. This report may not be used, sold, transferred, given or relied on by any other person other than the client without the prior, expressed written permission of the authors.

Based on the data, analyses, opinions and conclusions contained in this report, my market value opinion of the subject hangars in their "as is" condition, as of March 18, 2014, is as follows:

**ESTIMATED MARKET RENT IN "AS IS" CONDITION.....\$0.16 / SF**  
**ESTIMATED ANNUAL RENT .....\$17,268**  
**ESTIMATED MONTHLY RENT .....\$1,439**

*The following terms are typical of land leases discovered by the appraiser in the market.*

- 1. The lease assumes triple net terms meaning that all operating expenses are borne by the tenant and the owner, (the City of Lake Havasu), receives the land rent net of all expenses.*
- 2. Further, the land lease assumes that the rent will be adjusted annually by a Consumer Price Index.*
- 3. The above rent assumes all offsite utilities and facilities are supplied to the site.*
- 4. Any expenses incurred by the tenant for such offsite improvements should be deducted from the initial rent owed.*

Extraordinary Assumptions:

*As reported in the Uniform Standards of Appraisal Practice, 2014 Edition, an Extraordinary Assumption is defined as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions".*

*None.*

I hereby certify that, to the best of my knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the complete appraisal referred to herein. The report is also subject to the Contingent and Limiting Conditions set forth in the appraisal report under the heading "Contingent and Limiting Conditions" and to such other specific and limiting conditions as set forth by the Appraiser in the appraisal report.

In order to guarantee authenticity of this report, the designated appraisers have imprinted this letter of transmittal with an embossed seal. Any copy without same is not a certified copy and the appraisers assume no responsibility or liability for such a report.

Respectfully submitted,

Southwest Appraisal Associates, Inc.



By \_\_\_\_\_  
Steven R. Cole, MAI, SRA  
Certified General Real  
Estate Appraiser #30130

**TABLE OF CONTENTS**

LETTER OF TRANSMITTAL..... 0

CONTINGENT AND LIMITING CONDITIONS..... 1

THE APPRAISAL PROCESS ..... 4

PROPERTY IDENTIFICATION ..... 5

PURPOSE OF THE APPRAISAL..... 8

DEFINITION OF MARKET VALUE..... 8

INTEREST TO BE APPRAISED..... 9

OWNERSHIP HISTORY ..... 9

SCOPE OF WORK..... 10

REGIONAL ANALYSIS..... 12

NEIGHBORHOOD ANALYSIS..... 16

SITE ANALYSIS..... 20

HIGHEST AND BEST USE..... 23

COMPARABLE LEASES ..... 30

MARKET RENT ANALYSIS..... 43

CERTIFICATIONS ..... 47

QUALIFICATIONS..... 49

---

## ***CONTINGENT AND LIMITING CONDITIONS***

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

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

The Appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the Appraisers render any opinion as to the title, which is assumed to be good and marketable. No Owner's Title Policy has been furnished to the Appraiser. The property is appraised as though under responsible ownership, competent management and adequate marketing typical for that type of property.

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

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

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

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

---

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

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

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

The presence of barriers to the disabled, which may or may not be present within or on the subject property, will not be considered by us. The Appraisers assume, and the client warrants, that no such barriers adversely affect the utility, usability, or developability of the property to the best of their knowledge. The Appraisers are not qualified to analyze such barriers. The value opinion has been predicated on the assumption that there are no such barriers on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or architectural knowledge required to identify and analyze them. The client is urged to retain an expert in this field, if desired. If at a later time the presence of such barriers is surveyed by an expert, we reserve the right, for an additional agreed upon fee, to reanalyze and revalue said property, taking into consideration the discovery of such factors and their effects on the value of the subject property.

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

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

---

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

Prospective value opinions are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized. The Appraisers cannot be held responsible for unforeseeable events that alter market conditions after the effective date of the report.

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

***Extraordinary Assumptions:***

*As reported in the Uniform Standards of Appraisal Practice, 2006 Edition, an Extraordinary Assumption is defined as “an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions”.*

None.

---

## ***THE APPRAISAL PROCESS***

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

The sections comprising the first portion of the report include: Date, Function and Purpose of the Appraisal, Property Identification, Scope of the Appraisal, Neighborhood Data, Site Analysis, and Highest and Best Use. The highest and best use of the subject properties is the basis upon which market value is determined.

The second portion of the report contains the approaches used to determine an opinion of market value of the leasehold interest in the subject property. The leasehold interest is the interest of the land lease tenant on the property. The three traditional approaches to value are the Cost Approach, the Sales Comparison Approach, and the Income Approach.

In the Market Rent Analysis, leases of vacant land at the subject airport and competing airports are analyzed. Differences in conditions of lease, date of lease, location, physical characteristics, and use require rent adjustments in order to provide an estimate of market rent for the subject property. This approach best represents the actions of landlords and tenants in the market for this type of property. The degree of similarity between the comparables and the subject property determines the reliability of this approach.

---

**PROPERTY IDENTIFICATION**

The subject property consists of a portion of land located at the Lake Havasu Municipal Airport, Lake Havasu, in Mohave County, Arizona. The subject land is situated on the west side of the taxiway/runway, north of the main terminal building. The airport is located approximately six miles to the north of the commercial center of Lake Havasu City. The airport is adjacent to Arizona State Highway 95, which provides access to the airport terminal and to the site. The retail development, The Shops at Lake Havasu is located just to the west of the airport.

The subject property is further identified by the following Mohave County Assessor's Tax Parcel Number: A portion of 120-01-033.

A title report was not provided for review by the appraiser. The following is a legal description obtained from the client and based on a survey.

**Description of Lake Havasu City Airport Lease Parcel**

A Lease Parcel located in Section 9, Township 14 North, Range 20 West, Gila and Salt River Meridian, Mohave County Arizona, Lake Havasu City Airport. More fully described as follows:

Commencing at the found NGS Primary Airport Control Point, with the Designation "HII D", being a stainless steel rod inside an NGS logo capped handhole. Parcel Description ground coordinates established using a combined scale factor of 1.00005973 based on the NGS Datasheet. Secondary NGS Airport Control Points "HII A" and "HII B" confirm basis of datum.

Thence North 41 degrees 36 minutes 42 seconds West a distance of 2777.45 feet to point which is 795.28 feet distant from, measured perpendicular, to the centerline of the primary runway. Said point being the POINT OF BEGINNING;

Thence South 61 degrees 46 minutes 34 seconds West a distance of 262.25 feet to a point which is 63.41 feet distant from, measured perpendicular, to the East right of way line of State Highway 95.

Thence North 17 degrees 08 minutes 10 seconds West a distance of 539.30 feet to a point which is 53.47 feet distant from, measured perpendicular, to the East right of way line of State Highway 95.

Thence North 59 degrees 52 minutes 44 seconds East a distance of 144.26 feet to a point which is 792.92 feet distant from, measured perpendicular, to the centerline of the primary runway.

Thence South 29 degrees 45 minutes 49 seconds East a distance of 534.20 feet to the POINT OF BEGINNING.



---

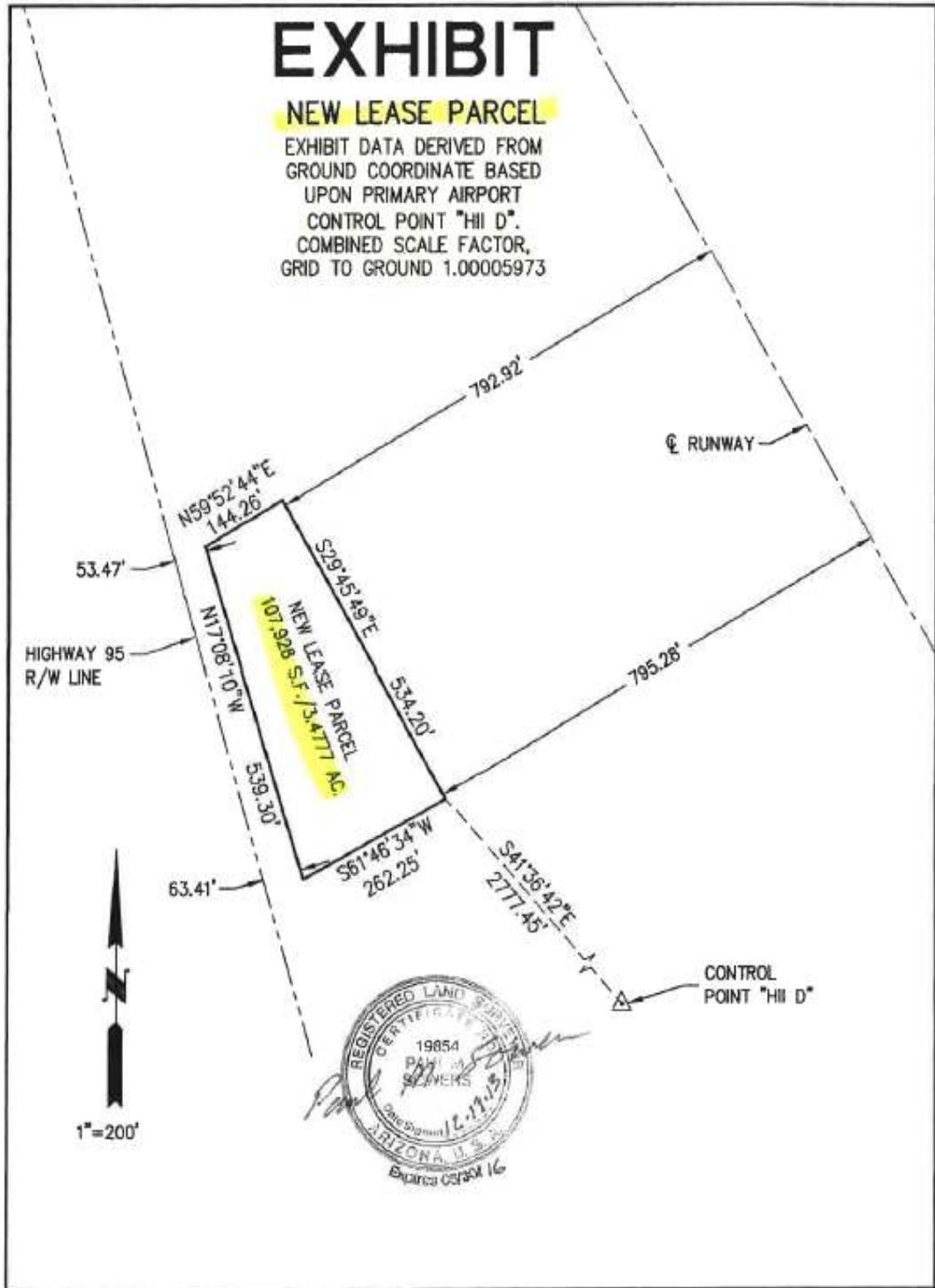
***PROPERTY IDENTIFICATION MAP***



# EXHIBIT

## NEW LEASE PARCEL

EXHIBIT DATA DERIVED FROM  
GROUND COORDINATE BASED  
UPON PRIMARY AIRPORT  
CONTROL POINT "HII D".  
COMBINED SCALE FACTOR,  
GRID TO GROUND 1.00005973



---

## ***PURPOSE OF THE APPRAISAL***

### ***Purpose of the Appraisal:***

The purpose of the appraisal is to provide an opinion of market rent and terms associated with the long term lease for the land in its “as is” condition.

### ***Intended User of the Appraisal:***

The intended user of the appraisal is Mr. Steve Johnston, the client, or other officials with the Lake Havasu Municipal Airport.

### ***Intended Use of the Appraisal:***

The intended use of this appraisal is for disposition purposes.

### ***Effective Date of Value Opinion:***

The effective date of the value opinion is March 18, 2014, the date of the property inspection.

### ***Date of the Report:***

The date of the report is June 18, 2014.

## ***DEFINITION OF MARKET RENT***

“Market rent is defined as the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, and expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TI’s).”<sup>1</sup>

### ***Lease Terms:***

The various lease terms used in this analysis are triple net lease, modified gross lease, and gross lease (also referred to as Full Service). These lease terms are defined as:

**Triple Net Lease** – tenant pays all expenses including utilities, taxes, insurance, and maintenance, and landlord pays for structural repairs only.

---

<sup>1</sup> Source: *Dictionary of Real Estate Appraisal, 4<sup>th</sup> Edition, Page 121.*

---

**Modified Gross Lease** – tenant and landlord share expenses. Usually the landlord pays real estate taxes, insurance, and exterior maintenance.

**Gross (Full Service) Lease** – tenant pays rent, and landlord pays all expenses.

***Elements of Comparison:***

“*The Appraisal of Real Estate, 14<sup>th</sup> Edition,*” defines the elements of comparison as follows:

“Characteristics or attributes of properties and transactions that help explain the variance of prices paid for real property.”<sup>2</sup>

In this market rent analysis, the elements of comparison are: conditions of lease, date of lease, location, physical characteristics, and use. Each of these elements of comparison is considered within the market rent analysis. All leases analyzed are triple net leases. Thus, no discussion of the terms of lease are needed.

***INTEREST TO BE APPRAISED***

The property rights appraised are pertinent to both for the landlord and tenant. The landlord’s interest is known as the leased fee estate. However, the intended user is the current owner who will become a lessor. Since there is no lease at this time, the interest appraised is a fee simple interest. Once the property is leased, the owner’s interest will become a leased fee interest.

***OWNERSHIP HISTORY***

Title to the airport and the subject properties is vested in the name of Lake Havasu City. The city acquired title to the airport property by a deed dated September 3, 1989 and recorded September 5, 1989. By acceptance of the deed, the city agreed to use the property for airport purposes. The deed was recorded in the public records of Mohave County in Book 1596 at page 723 thereof.

---

<sup>2</sup> The Appraisal of Real Estate, 14<sup>th</sup> Edition, Page 390.

---

## ***SCOPE OF WORK***

The scope of an appraisal is the extent of the process of collecting, confirming, and reporting data.

The scope of this appraisal includes an analysis of the city and geographic region. Specific data pertaining to the subject property has been obtained from an on-site inspection and by information provided by the client, as well as Lake Havasu City and Mohave County officials. I have also consulted AirNav.com, The Site To Do Business and the US Department of Commerce for other data regarding Lake Havasu City and competing airports.

Rental data and information concerning competing airport properties was gathered from the various airport managers in the region. Approximately twelve airport managers were contacted regarding recent leases on their airports. These airports include: Page, Payson, Gendale, Prescott, Chandler, Mesa, Lake Havasu, Laughlin/Bullhead City, Kingman, Flagstaff, Show Low, and Sedona.

These airport managers defined the market in which the subject property operates as northern and central Arizona and the Colorado River area. All the land parcels which have been used as comparable rentals are within airport areas and have taxiway access. I have selected rental data from airports which are as comparable to the subject airport as possible. I particularly asked airport managers for land leases that were written in the last three years and consisted of ½ acre to 8 acres.

I have also considered several demand factors including: the number of aircraft based on the field, the number of total operations per day, the number of commercial operations per day, if any, the surrounding population that the airport serves, and the per capita income of residents in the surrounding area as part of the criteria for selecting similar airport properties. I also selected the comparable land leases in particular based on date of lease. I initially limited the leases to only those that had occurred in the last three years. However, there were not a sufficient number of comparable leases from which to base this analysis if such a limit was imposed.

I also desired to use only larger land leases of one half an acre to seven acres. I believe I have gathered adequate lease information on which to base a credible analysis of market rent for the subject property. However, the comparability of the data is below average.



---

## ***REGIONAL ANALYSIS***

This section is intended to provide general information on the subject area, as well as information on environmental, governmental, and socio-economic factors that influence growth.

The following data was compiled from information provided by the State of Arizona Departments of Commerce, Economic Security, and Transportation, Lake Havasu Area Chamber of Commerce, American Automobile Association, the U.S. Census Bureau, and the Mohave County Economic Development Association.

### State of Arizona

The State of Arizona has a population of approximately 6,626,624 in 2013, and an area of 113,909 square miles. The Capitol is Phoenix located near the geographic center of the state. Phoenix and its surrounding communities are the most populated portions of the state. The population of the Phoenix Metropolitan area, at over 4,100,000, (estimated for 2012), is greater than the population of the remainder of the state.

Arizona has a diversified topography and climate. It has mountain ranges with evergreen forests and deserts with the majestic saguaro cacti. Many of the mountain ranges in Arizona are in widely spread “sky islands” with a succession of topographical and climatic changes as the altitude rises. Humphreys Peak, at 12,663 ft, the highest point in Arizona, is part of the San Francisco Mountains in the north-central part of the state. The lowest elevations in the state are at about 70 feet above sea level in the Yuma area. With the advent of air conditioning in the 1950’s, Arizona became a fast growing state. That population growth slowed significantly since 2007 due to the national economic recession. The state is also a popular vacation and retirement center due partly to its warm, dry climate.

---

## ***LAKE HAVASU CITY AND MOHAVE COUNTY OVERVIEW***

### Geography and Physical Characteristics:

Mohave County is located in the northwest corner of the state. The city of Kingman is the County Seat. Mohave County is 13,479 square miles in area, of which 186 square miles are water. There are approximately 1,000 miles of shoreline along the Colorado River. Lake Havasu City is located in Mohave County, Arizona, and encompasses 42 square miles with 428 miles of streets. It is situated off of Arizona Highway 95, an 18-mile drive north of Interstate 40. About 65 miles to the east is the junction with I-40 is Kingman. Lake Havasu City and Mohave County experienced steady growth through the 1980's, 1990's and the first half of the decade of the 2000's.

The Colorado River runs west across the northern portion of Mohave County, then forms the western border of Mohave County as it runs south toward the Gulf of California in Mexico. The Colorado River is a major attraction for water sport enthusiasts.

The principal economic activities in Mohave County are Trade and Services, Government, Manufacturing, and Construction. The county has medical centers in Kingman, Bullhead City, and Lake Havasu City. Continuing education is available in these cities as well as Colorado City. Interstate 40, U.S. Highway 93, State Highways 68, 95, and 389, and a sizeable portion of the remaining roadway of historic Route 66 serve Mohave County. Greyhound Bus service is available. Amtrak service is available in Kingman.

Interstate 40 is a four-lane divided freeway that runs from Barstow, California to Winston-Salem, North Carolina. U.S. Highway 93 is primarily a two-lane highway running from Phoenix and northward to the Canadian border in Northern Montana. It runs northwest from the northwest corner of Mohave County to Hoover Dam across the Colorado River in Nevada. The portion of U.S. 93 from Kingman to the Lake Mead National Recreation Area is a four-lane, divided highway.

State Highway 68, a four-lane highway, runs westward from Golden Valley northwest of Kingman to the California line at Bullhead City. State Highway 95, a two and four-lane highway, runs northward from San Luis on the Mexican border south of Yuma through Lake Havasu City and Bullhead City.

---

The City of Lake Havasu City is located in the southwestern portion of Mohave County along the Colorado River, about 60 miles southwest of Kingman, and 163 miles southeast of Las Vegas. Lake Havasu City is located on the west side of the Black Mountains. From the Black Mountains to the Hualapai Mountains in the east, lies Golden Valley, named for the gold color of its soil. Lake Havasu City's elevation ranges from 450 ft. above sea level at the lake shoreline to 1,500 ft. above sea level at the top of the foothills. It offers a similar climate to Phoenix 193 miles to the southeast.

The average daytime temperature in Lake Havasu City is approximately 70 degrees in the winter, and in the summer about 109 degrees. The climate is arid, characterized by hot summers and mild winters. Annual average rainfall is 6.61 inches. This relatively warm climate, and its location along the Colorado River make Lake Havasu City a prime locale for spring and winter vacations and tourism.

The police and fire departments for Lake Havasu City are adequately equipped and have expanded to meet the growth of the city. The Mohave County Sheriff's Department patrols the county and fire protection is provided to the populated places in the county. The Arizona Department of Public Service, Mohave County Sheriff's Department, and the Lake Havasu City Police Department patrol the highways and enforce the laws.

Mohave Community College has educational opportunities in the area, as well as the other cities in Mohave County, and is offering a quality education in many technical and general professions.

The economy of Lake Havasu City is relatively stable due in large to the tourism industry centering on the lake and London Bridge. The Shops at Lake Havasu opened in 2008 with over 720,000 square feet of commercial space available. The mall is anchored by Dillard's, J.C. Penney's, and Super Wal-Mart. Additional shopping can be found in the Channel Riverwalk District and the Uptown McCulloch Main Street District.

In summary, Lake Havasu City and Mohave County are a desirable location in the state of Arizona. The climate, area attractions, and interstate air access to the southwestern United States, especially California and Nevada, make it an important tourism and associated service center for the state and the west. The area benefits from the tourism and hospitality sectors.



---

## ***NEIGHBORHOOD ANALYSIS***

The subject property is located at the Lake Havasu Municipal Airport on Highway 95, in Lake Havasu, Arizona.

***Geographic Location:*** 5600 Highway 95 #1, Lake Havasu Municipal Airport, Lake Havasu City, Arizona.

***Zip Code Demographics:***

*Source: STDBOnline*

	10 MILE RADIUS	ARIZONA
2013 Population (10-mile radius):	57,950	6,551,149
Average Annual Population Growth 2013-2018:	0.69%	
2013 Income Statistics:		
<b><i>Median Household Income</i></b>	<i>\$41,186</i>	\$50,256
<b><i>Retail Sales Per Capita, 2007</i></b>	\$15,414	\$13,637
<b><i>Median Value Owner Occupied Home, 2012</i></b>	\$206,400	\$175,900

***Governmental Forces:***

Police Protection: Lake Havasu Police Department  
Fire Protection: Lake Havasu City Fire Department  
School District: Lake Havasu Unified School Districts

***Environmental Forces:***

Predominant Submarket Use: Predominate submarket land use is vacant land. To the north, south, and east is vacant land. To the west is a retail development known as the Shops at Lake Havasu. The majority of the city of Lake Havasu is located south.

***Quality of Surrounding Area:*** Good. The subject is located at the Lake Havasu Airport. Major transportation arterials that transverse the area includes Highway 95, a north-south arterial.

The building improvements at the airport range are generally in average to good condition

***Utilities:***

The neighborhood is served with all municipal utilities including electric from Arizona Public Service, natural gas from Unisource Energy Services, water and sewer from Lake Havasu City Water Trash & Sewage.

***Social Forces:***

Transportation Linkages:

***24 Hour Traffic Counts:*** 16,690 vehicles per day (v.p.d.) from London Bridge Road to

---

Chenoweth Drive, on Highway 95, just west of the subject.

The subject site is on the west side of Taxiway Alpha at Alpha 4.

### **Roadways:**

Access to the neighborhood is good. The primary north/south arterial is Highway 95, which provides direct access to other parts of the city. The major east/west streets are Palo Verde Blvd, McCulloch Blvd, Kiowa Blvd, and Industrial Blvd. McCulloch makes an eastward loop from Highway 95 north of Palo Verde Blvd and ends at Highway 95. Most of the east west roads are two-lane paved roadways with four-lane in limited areas.

### **Commercial Development**

The midtown area of Lake Havasu City is well established with commercial development including the Winsor Square Mall. Albertson's and Sears are the primary tenants with other tenants being a variety of retail, real estate and medical service businesses. Large retail box stores including Home Depot, Lowes, Dillard's, J.C. Penney, Super Wal-Mart and other have been constructed in the area near or directly west of the Lake Havasu Municipal Airport along Highway 95.

### **Residential Characteristics**

The residential sector consists of several established single-family neighborhoods. The single-family residences range in age from new to over 20 years old. Homes in many price ranges may be found. There are a number of manufactured homes in the neighborhood in parks and also in general residentially developed areas. The residential real estate market has been slow in Lake Havasu City, as it has regionally and nationally. In the last year, the average sales price for a home has increased 10% or \$15,000 to \$269,504. The median sale price is \$165,000 from January 14, April 14, 2014. The number of sales last quarter is down 38.4% from a year prior according to Trulia Real Estate data.

### **General**

A primary center of activity is the City of Lake Havasu City Civic Center west of Highway 95 on Marina Boulevard. Most of the city government's departments have their facilities there. The City of Lake Havasu is on Hancock Road just north of Marina Boulevard.

---

***Neighborhood Summary:***

Overall, the neighborhood is in a stable condition with little, recent residential or commercial development. Lake Havasu City has an established economic base from tourism and retail trade. The neighborhood has a diversity of commercial enterprises which have reasonable levels of occupancy. The physical condition of properties in the area is adequate. Overall, the area is in a stable stage of its life cycle.



**LAKE HAVASU CITY AIRPORT**

***Airport Summary:***

Lake Havasu Runway- 14/32 that is 8,001 feet long and 100 feet wide. It is asphalt paved and is in good condition. The airport consists of 646 acres and is at an altitude of 783 feet.

---

There are 124 aircraft based at this airport and has an average daily operations of 137 per day. The airport has no scheduled commercial airline service. The following chart reflects the number of based aircraft for the last five years:

<i>Year</i>	<i>AIRCRAFT BASED AT HII</i>
2009	204
2010	186
2011	163
2012	153
2013	130
CURRENT	124

As noted, the number of aircraft based at Lake Havasu City Airport has declined in the last 5 years. There has been no recent construction of hangars for general aviation since 2008 according to the airport manager.

---

***SITE ANALYSIS***

***General Description:***

The subject property is a part of Mohave County Assessor's Parcel Number 120-01-033 and is generally level and adjacent to paved taxiway access.

***Access:***

The subject also enjoys direct access from Highway 95, which is west of the airfield area. Highway 95 is a four-lane asphalt paved roadway. The London Bridge Road intersects with Highway 95 and is across from the Lake Havasu Airport. The site also has legal and physical access to the taxiway and runway for the Lake Havasu Municipal Airport.

***Location:***

The subject property is located on the west side of the taxiway alpha and runway for the airport. The airport is about 1 mile east of the lake. The east boundaries of the site back up to the foothills of the Mohave Mountains, with no vehicular access.

***Site Area:***

The site area is 107,928 square feet or 2.477 acres. The entire airport contains 646 acres.

***Topography:***

Level. Some on site drainage will be required in the site development. However, a major drainage channel is adjacent south of this parcel.

***Utilities:***

All utilities including water, sewer, electric, telephone, and cable TV, and natural gas are available along the adjoining streets. There are no overhead electric and telephone lines.

***Surrounding Uses:***

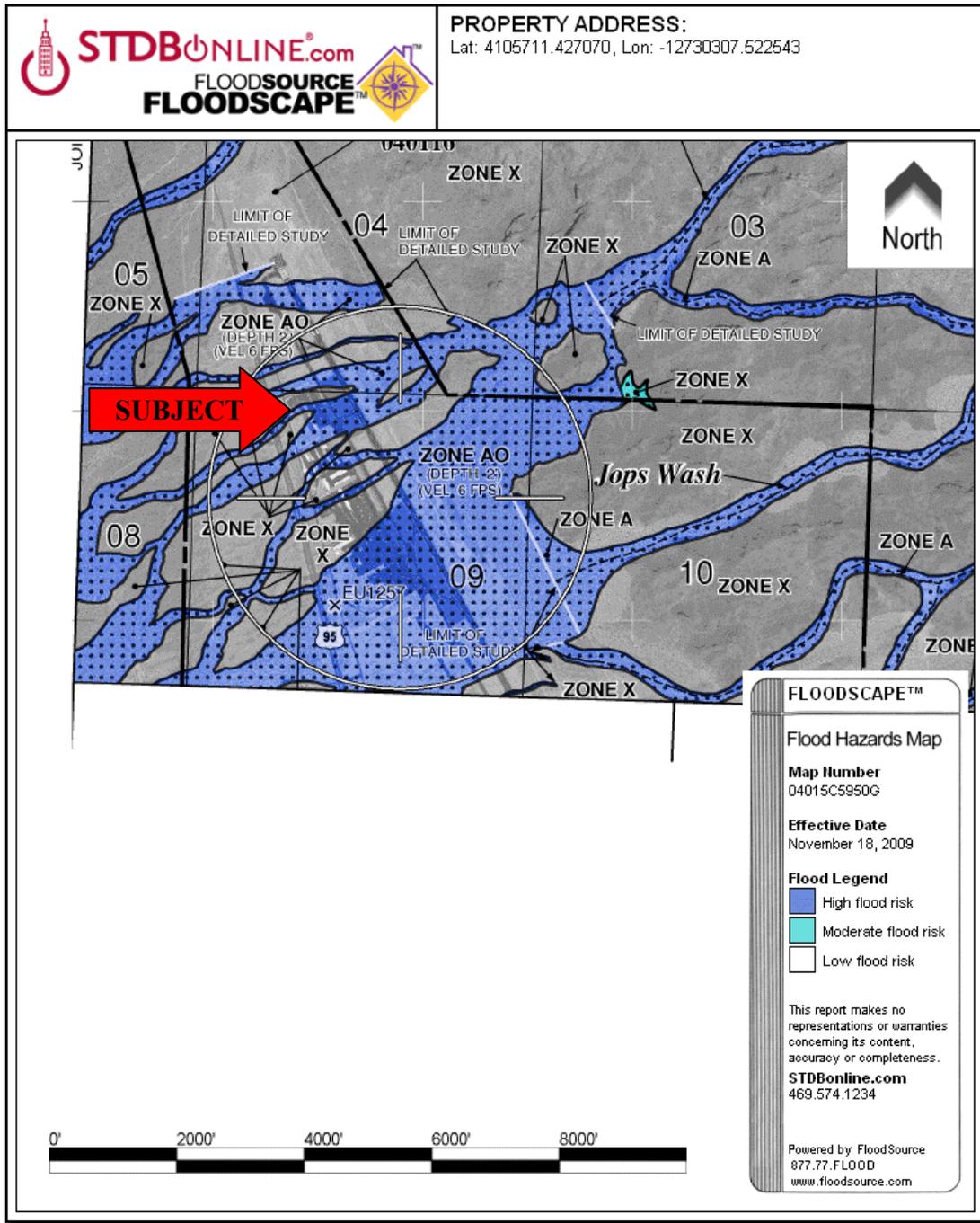
South	Drainage way
North	Paved ramp and taxiway
East	Paved ramp and taxiway
West	Access road

***Flood Zone:***

According to the Flood Insurance Rate Maps for the City of Lake Havasu City, Mohave County, Community Panel Number 04015C 5950G, dated November 18, 2009, the subject site is located in Zone X, an area of low flood hazard, with a portion of it in Zone

AO, an area in which there is a moderate flood risk. Source: FEMA Flood Hazard Zone Designations

### FLOOD MAP



© 1999-2014 SourceProse Corporation. All rights reserved. Protected by U.S. Patent Numbers 6631326, 6678615, 6842698, and 7038681.

*View Amenity:*

---

The site has views of Lake Havasu to the west and views of the Mohave Mountains to the east.

***Police & Fire Protection:***

Police protection is provided by the Lake Havasu City Police Department.

***Environmental Conditions:***

During my inspection I did not see any sign of distressed vegetation or soil stains since the site has been cleared. Lacking any environmental reports, the appraiser assumes no environmental conditions are present that would adversely affect the value of the subject property.

***Soils and Drainage:***

No soils or drainage study was provided, assumed adequate.

***Restrictions and Easements:***

My inspection did not reveal any apparent adverse easements or encroachments.

***Permitted Uses:***

The subject property is restricted to airport purposes according to the deed vesting ownership in the land on September 5, 1989 from the United States of America to Lake Havasu City. Commercial aviation uses may be conducted with the permission of the FAA administrator. The Federal Aviation Administration also limits use of the subject sites to aviation related uses.

***Zoning:***

The subject properties are zoned for aviation related uses under the Lake Havasu City Zoning Ordinance. The Federal Aviation Administration also limits use of the subject sites to aviation related uses.

***Effect on Value:***

The location of the subject site in the developed area of the general aviation section of the Lake Havasu Municipal Airport is a beneficial. The area is adjacent to existing taxiway and to existing utilities. The taxiway provides access to the runway. Future site improvements will be visible to drive by vehicular traffic on Highway 95. Overall, the site is well situated for development of general aviation uses such as hangars.

---

## **HIGHEST AND BEST USE**

In accordance with *The Appraisal of Real Estate*, 14th Edition, published by the Appraisal Institute, highest and best use may be defined as:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.”<sup>3</sup>

The highest and best use of both land, as vacant, meet four criteria. The highest and best use must be:

- 1) **Legally Permissible:** What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?
- 2) **Physically Possible:** Based on the physical characteristics of the site, what uses are physically possible?
- 3) **Financially Feasible:** Which uses meeting the first two criteria will produce a positive return to the owner of the site?
- 4) **Maximally Productive:** Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best use.

### ***Legally Permissible Use:***

The entire Lake Havasu Municipal Airport is zoned for airport use under the Lake Havasu City Zoning Ordinance. The sites are also under the jurisdiction of the Federal Aviation Administration which restricts the property to aviation related uses.

Permitted uses for Airport Use include hangars, other aircraft storage facilities and aviation related uses. These uses would comply with the zoning regulations.

### ***Physically Possible Use:***

The subject property is level, rectangular and at grade with the nearby taxi lane-taxiway of the Lake Havasu Municipal Airport. All utilities are available to the site. The site has good access by way of a security gate just north of the parcel. It also has good access to the paved taxiway and runway for the airport. There are no physical constraints that would hamper the aviation use of the property. The immediate neighborhood is comprised of

---

<sup>3</sup> The Appraisal of Real Estate, 14<sup>th</sup> Edition, Appraisal Institute, 2013, Page 333.

aviation uses. The physical characteristics of the subject's location support general aviation aircraft storage uses. Therefore, the most likely physically possible use of the subject property is for aviation storage uses.

***Financially Feasible Use:***

The third test of highest and best use considers the financially feasible uses of the subject properties. The financially feasible use of a property is one that is legally permissible and physically possible that also creates a positive return for the investor.

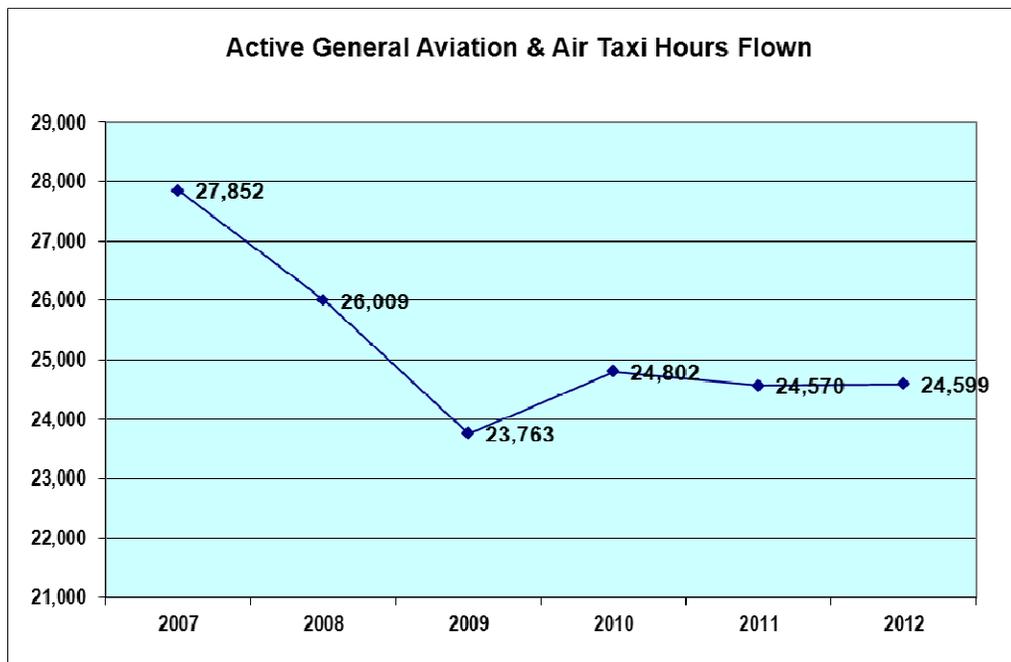
As noted in the Neighborhood Analysis section of this report, the Lake Havasu Municipal Airport continues to serve residents and visitors interested in water sports along the Colorado River. The number of based aircraft at the airport has declined steadily in the last five years. However, according to the airport manager, there are 101 hangars on the field totaling 264,995 square feet. About 5 hangars are currently vacant. The city owned hangars are full.

***National General Aviation Market Overview:***

***General Aviation Hours Flown:***

Aviation uses are generated by corporate and individual aircraft owners and operators. The general aviation industry has been hard hit by the recession. The graph below depicts the total actual hours flown for fixed wing, rotorcraft, experimental and sport aircraft from 2007 through 2011. The figure shown for 2012 is an estimate. This is the most recent FAA survey.

Source: Federal Aviation Administration, General Aviation Surveys



The above nationwide data shows that general aviation flight activity in 2012, as measured in the number of hours flown, decreased 12% from the peak in 2007. The drop was actually more severe from 2007 to 2009 when the decline was 15%. After a 4% increase in 2010 over 2009, the number of general aviation hours flown has been relatively stable. This drop in aircraft activity has a direct effect on demand for airport facilities such as hangars and FBO's.

**ACTIVE GENERAL AVIATION AND AIR TAXI AIRCRAFT**

AS OF DEC. 31	FIXED WING						ROTORCRAFT			EXPERI- MENTAL	SPORT AIRCRAFT	OTHER	TOTAL GENERAL AVIATION FLEET	TOTAL PISTONS	TOTAL TURBINES
	PISTON			TURBINE											
	SINGLE ENGINE	MULTI- ENGINE	TOTAL	TURBO PROP	TURBO JET	TOTAL	PISTON	TURBINE	TOTAL						
<b>Historical*</b>															
2000	149,422	21,091	170,513	5,762	7,001	12,763	2,680	4,470	7,150	20,407	NA	6,700	217,533	173,193	17,233
2006	145,036	18,708	163,744	8,063	10,379	18,442	3,264	5,895	9,159	23,047	1,273	6,277	221,942	167,008	24,337
2007	147,569	19,337	166,906	9,514	10,385	19,899	2,769	6,798	9,567	23,228	6,066	5,940	231,606	169,675	26,697
2008	145,497	17,515	163,012	8,907	11,042	19,949	3,498	6,378	9,876	23,364	6,811	5,652	228,664	166,510	26,327
2009	140,649	16,474	157,123	9,055	11,268	20,323	3,499	6,485	9,984	24,419	6,547	5,480	223,876	160,622	26,808
2010	139,519	15,900	155,419	9,369	11,484	20,853	3,588	6,514	10,102	24,784	6,528	5,684	223,370	159,007	27,367
2011E	136,885	15,700	152,585	9,520	11,650	21,170	3,685	6,725	10,410	24,275	6,645	5,685	220,770	156,270	27,895
2012E	135,935	15,600	151,535	9,670	11,890	21,560	3,765	6,900	10,665	24,410	6,825	5,675	220,670	155,300	28,460
<b>Forecast</b>															
2013	135,005	15,530	150,535	9,830	12,230	22,060	3,865	7,130	10,995	24,750	7,075	5,670	221,085	154,400	29,190
2014	134,130	15,485	149,615	9,990	12,640	22,630	3,970	7,375	11,345	25,075	7,260	5,660	221,585	153,585	30,005
2015	133,315	15,425	148,740	10,150	13,075	23,225	4,075	7,630	11,705	25,415	7,425	5,655	222,165	152,815	30,855
2016	132,545	15,350	147,895	10,315	13,525	23,840	4,185	7,890	12,075	25,665	7,585	5,645	222,705	152,080	31,730
2017	131,805	15,265	147,070	10,475	13,980	24,455	4,295	8,155	12,450	25,960	7,740	5,640	223,315	151,365	32,610
2018	131,095	15,165	146,260	10,650	14,420	25,070	4,400	8,415	12,815	26,250	7,890	5,635	223,920	150,660	33,485
2019	130,410	15,075	145,485	10,830	14,875	25,705	4,500	8,670	13,170	26,585	8,055	5,630	224,630	149,985	34,375
2020	129,785	14,960	144,745	11,015	15,350	26,365	4,595	8,925	13,520	26,880	8,210	5,620	225,340	149,340	35,290
2021	129,200	14,850	144,050	11,200	15,850	27,050	4,690	9,180	13,870	27,215	8,360	5,610	226,155	148,740	36,230
2022	128,670	14,735	143,405	11,395	16,355	27,750	4,785	9,435	14,220	27,460	8,525	5,610	226,970	148,190	37,185
2023	128,200	14,605	142,805	11,595	16,895	28,490	4,885	9,705	14,590	27,745	8,680	5,605	227,915	147,690	38,195
2024	127,790	14,495	142,285	11,810	17,490	29,300	4,990	9,980	14,970	28,085	8,830	5,590	229,060	147,275	39,280
2025	127,480	14,395	141,875	12,015	18,120	30,135	5,095	10,260	15,355	28,415	8,995	5,585	230,360	146,970	40,395
2026	127,265	14,285	141,550	12,235	18,800	31,035	5,200	10,540	15,740	28,695	9,150	5,585	231,755	146,750	41,575
2027	127,150	14,190	141,340	12,450	19,520	31,970	5,305	10,825	16,130	29,030	9,305	5,580	233,355	146,645	42,795
2028	127,115	14,085	141,200	12,665	20,285	32,950	5,415	11,110	16,525	29,370	9,460	5,575	235,080	146,615	44,060
2029	127,210	13,985	141,195	12,875	21,080	33,955	5,525	11,400	16,925	29,695	9,620	5,560	236,950	146,720	45,355
2030	127,440	13,890	141,330	13,095	21,915	35,010	5,635	11,695	17,330	29,985	9,775	5,555	238,985	146,965	46,705
2031	127,805	13,800	141,605	13,305	22,775	36,080	5,745	11,990	17,735	30,315	9,930	5,555	241,220	147,350	48,070
2032	128,330	13,720	142,050	13,525	23,670	37,195	5,855	12,285	18,140	30,645	10,090	5,550	243,670	147,905	49,480
2033	129,040	13,650	142,690	13,740	24,620	38,360	5,970	12,585	18,555	30,980	10,245	5,545	246,375	148,660	50,945
<b>Avg Annual Growth</b>															
2000-12	-0.8%	-2.5%	-1.0%	4.4%	4.5%	4.5%	2.9%	3.7%	3.4%	1.5%	NA	-1.4%	0.1%	-0.9%	4.3%
2012-13	-0.7%	-0.4%	-0.7%	1.7%	2.9%	2.3%	2.7%	3.3%	3.1%	1.4%	3.7%	-0.1%	0.2%	-0.6%	2.6%
2012-22	-0.5%	-0.6%	-0.5%	1.7%	3.2%	2.6%	2.4%	3.2%	2.9%	1.2%	2.2%	-0.1%	0.3%	-0.5%	2.7%
2012-33	-0.2%	-0.6%	-0.3%	1.7%	3.5%	2.8%	2.2%	2.9%	2.7%	1.1%	2.0%	-0.1%	0.5%	-0.2%	2.8%

\* Source: 2000-2010, FAA General Aviation and Air Taxi Activity (and Avionics) Surveys.  
 Note: An active aircraft is one that has a current registration and was flown at least one hour during the calendar year.

The above chart from the FAA depicts the level of historical and projected general aviation aircraft that have been, and are projected to be, in service in the United States. Piston aircraft in 2012 comprised an estimated 151,535 units of a total general aviation fleet of 220,670 or about 69% of the total. Since Lake Havasu's based aircraft are almost entirely

---

piston, I have reported that portion of the general aviation's performance and forecasts. From 2000-2012, piston aircraft in service declined by 1% per year. The projections for the piston fleet for the next 20 years indicate a decline of 0.5% per year for the next ten years and 0.3% per year decline for the years, 2012-2033. The total growth of the entire general aviation fleet for the next twenty years including turbines, rotorcraft, experimental, and light sport aircraft is for modest growth of 0.5% per year.

*Sales:*

General Aviation Manufacturers Association (GAMA) reported that worldwide sales remained flat in 2012 with the total aircraft sales of 2,164 aircraft compared to 2,120 in 2011. However, the value of general aviation airplane shipments declined in 2012 from \$19.0 billion to \$18.9 billion. On a positive note, the worldwide number of operators of business airplanes and helicopters continued to grow over the past year from 31,986 to 33,119. Similar growth occurred in the worldwide turbine airplane fleet which reached 33,020, a 2.6% increase over the prior year.

According to a recent news release<sup>4</sup> from GAMA, not only were aircraft sales flat in 2012, the forecast for 2013 is for a slow recovery in the general aviation industry. There is significant uncertainty about the economy in general and how the sequestration cuts will affect the industry as well. GAMA president Pet Bunce said that the market is posed for an upsurge, and when that happens, GAMA-member companies will be ready.

It appears that the bottom of the market was reached in 2010 in sales of new aircraft. Total sales of general aviation aircraft were 2,020 and have increased through 2013 to 2,256, an increase of 12% in four years. Single engine piston aircraft bottomed out in 2011 at 761 and increased to 831 in 2013, an increase of 9% in three years.

*Pilots:*

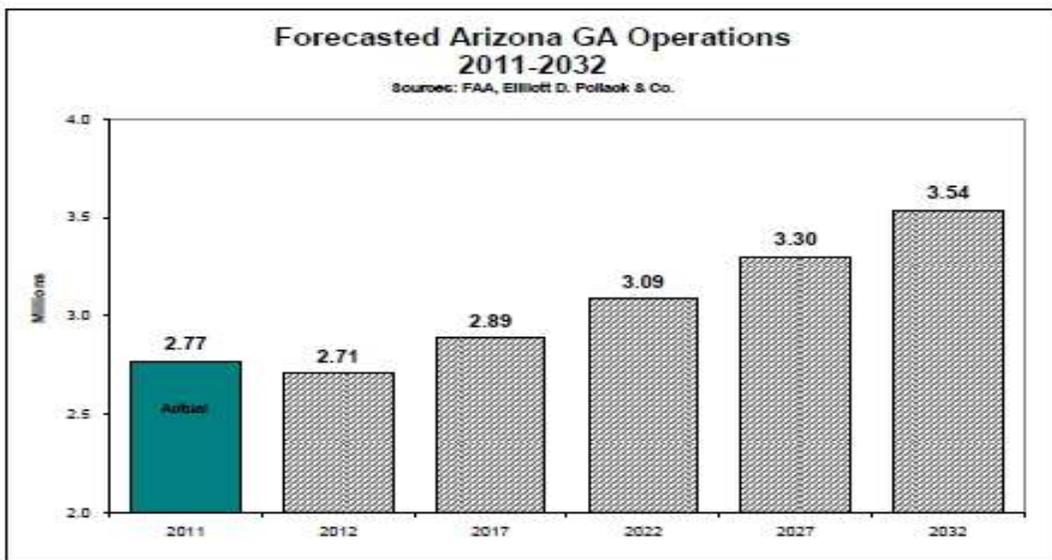
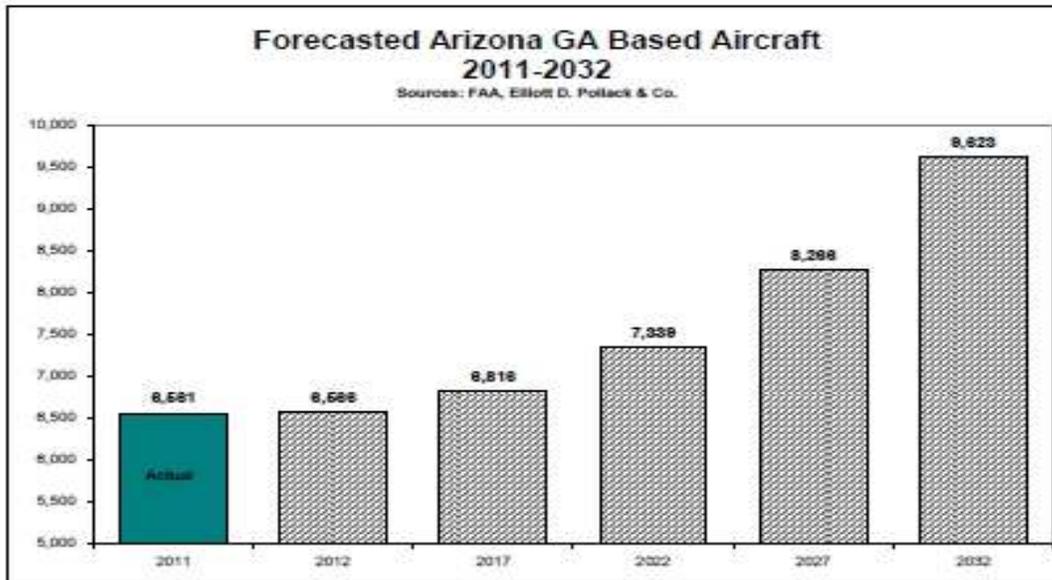
There is concern about the declining number of active pilots in the United States. According to information from the FAA, the total population of active pilots in the U.S. is 610,576, down 1.1% from 617,128 in the prior year. Included in this figure is the private pilot population which decreased to 188,001 in 2012, down from 194,441 in 2011. Today, there are one hundred thousand fewer private pilots than in 1992 when the pilot population was at 288,078.

---

<sup>4</sup> Stephen Pope, "GAMA: 2012 Another Flat Year for GA," *Flying*, Feb. 12, 2013

*Arizona General Aviation Projections:*

I have also reviewed the projections for aircraft to be based in the state of Arizona. These projections were made by the Arizona Department of Transportation. They reflect an increase in the next 21 years of 44% in the active general aviation aircraft in the state and an increase of 35% in number of operations. A significant part of this increase is due to the anticipated increase in population expected in Arizona.



---

*Lake Havasu:*

Data from AirNav.com indicates that there are 124 based aircraft at Lake Havasu City Airport of which 49% are transient general aviation and 47% are local general aviation. The remaining 4% of the traffic is air taxi and military. There are only 2 jets based at Lake Havasu, indicating the other 122 aircraft, (98%), are piston powered.

As previously noted, the number of based aircraft has declined at Lake Havasu significantly from 204 in 2009 to 124 in 2014, a decline of 41%. This decline is reflective of trends throughout the United States. Since the number of locally based aircraft is an important factor for hangar demand, it is considered significant that the number of based aircraft at Lake Havasu Airport has declined over the last five years. As such, local trends suggest that the demand for aviation uses on the airport has been decreasing at this airport.

***Maximally Productive Use:***

The maximally productive use of a property is the one that is physically possible, legally permissible, and financially feasible and that provides the greatest return or yield to the owner or investor. The subject site is well located for future hangar development and has all utilities available. The city owned hangars are full. Total vacancies at the airport are at low. It is beyond the scope of this appraisal to evaluate the feasibility of developing new hangars at Lake Havasu. However, the future lease rates or sales of hangars will have to justify the costs of leasing the land and building the hangars.

Nationally, there has been a decline in general aviation flying due to the poor national economy and the rising cost of aviation fuel which has doubled in the last five years. Historical data suggests that the general aviation market has been greatly adversely affected by these recent economic trends. There has been little recent new construction of general aviation hangars in the state. Recent trends, however, suggest that the general aviation market is slowly improving.

It is my opinion that the maximally productive use for the subject site is for investment or for development of aircraft hangars in a careful phased manner as demand warrants.

**OVERALL COMPARABLE RENTAL MAP**



---

**COMPARABLE LEASE 1**

*Name of Airport:* Lake Havasu Municipal Airport

*Number of Based Aircraft:* 124

*Operational Statistics:* 137/Day

*Number of commercial flights per day:* 0

*Surrounding Population in area:* 52,527

*Average Per Capita Income in area:* \$27,628

*Date of lease:* September 26, 2006

*Lessor:* Lake Havasu Municipal Airport

*Lessee:* Havasu Air Center, (HAC.)

*Location:* Buildings; FBO, M-1, G-100, G-102, G-104, G-106, G108, G-110, E-104, E-102, E-100, F-100, F-102, F-104 & F-106

*Availability of Utilities:* All

*Area of land leased:* 352,836 square feet or 8.1 acres

*Term of lease:* 30 years (Sept. 2036) with an option to renew for an additional 10 years

*Initial rent:* \$5,000 for the 1<sup>st</sup> 18 months; \$.035/sf for next 6 months; after year 2-\$.07/sf

*Rent increases:* Annual CPI increase- minimum of 1%, not to exceed 5%.

*Current rent:* \$2,361.56/month or \$28,338.72/year or \$0.08/sf.

*Current Rent per square foot:* \$0.08

*Annual Fuel flowage fees:* 2013- 161,718 gallons equaling \$14,554.62

*Use of land:* Executive hangars with office space

*Expenses paid by airport:* None

*Common Area Expenses:* None

*Concessions:* None

*Reversion:* Yes

*Taxiway Access:* Yes

*Confirmed with:* Steve Johnston; Airport Manager; Lake Havasu Municipal Airport; Phone: (928) 764-3330; Confirmed on March 10, 2014

**COMPARABLE LEASE 1**



---

## **COMPARABLE LEASE 2**

*Name of Airport:* Lake Havasu Municipal Airport

*Number of Based Aircraft:* 124

*Operational Statistics:* 137/Day

*Number of commercial flights per day:* 0

*Surrounding Population in Lake Havasu:* 52,527

*Average Per Capita Income in Lake Havasu:* \$27,628

*Date of lease:* October 29, 2008

*Lessor:* Lake Havasu Municipal Airport

*Lessee:* D2 Aero, LLC

*Location:* Site 4

*Availability of Utilities:* All

*Area of land leased:* 63,445 square feet or 1.46 acres

*Term of lease:* 30 years (Sept. 2038) with an option to renew for an additional 10 years

*Initial rent:* \$5,000 for the 1<sup>st</sup> 18 months, Oct 29 2008 – April 29, 2010; \$.035/sf for next 6 months, April 30, 2010 – October 30, 2010; next 27 months rent equals \$.07/sf., October 31, 2010 - April 30, 2013. Next 20 months, May 1, 2013 – January 31, 2015 rent equals \$0.18/sf. After February 2015, \$0.07 / sf.

*Rent increases:* As above.

*Current rent:* \$11,318.68 per year.

Current Rent per Square Foot: \$0.18

*Annual Fuel flowage fees:* 272,090 gallons equaling \$24,488.10

*Use of land:* Executive hangers with office space

*Expenses paid by airport:* None

*Common Area Expenses:* None

*Concessions:* None

*Reversion:* Yes

*Taxiway Access:* Yes

*Comments:* The actual rent was to be \$11,318.68 per year or \$.018/sf before the ramp credit from March 3, 2013 to no later than January 31, 2015. In accordance with Addendum 2, "If the Tenant fails to complete ramp construction by January 31, 2015, or any of the above milestones, the City will have the option to declare a breach of the Master Lease. Beginning May 1, 2013, and continuing until ramp construction is complete, Tenant agrees to pay to the City the total annual lease rate amount in twelve equal monthly

---

installments of \$943.23. If Tenant fails to complete ramp construction by January 31, 2015, Tenant agrees to reimburse the City the ramp credit received from the time the Master Lease was executed through April 2013 within thirty days of receipt of invoice. Upon ramp construction completion, Tenant will be eligible to receive the full ramp credit by the method negotiated by the parties at that time.” After January 31<sup>st</sup> the rent reverts to \$0.07/sf. This initial lease rate was utilized to resolve a past FAA Compliance issue.

*Confirmed with:* Steve Johnston; Airport Manager; Lake Havasu Municipal Airport; Phone: (928) 764-3330; Confirmed on March 10, 2014

**COMPARABLE LEASE 2**



---

**COMPARABLE LEASE 3**

*Name of Airport:* Page Municipal Airport

*Number of Based Aircraft:* 73

*Operational Statistics:* 143/Day

*Number of commercial flights per day:* 16.

*Surrounding Population in area:* 7,247

*Average Per Capita Income in area:* \$22,078

*Date of lease:* May 14, 2009

*Lessor:* City of Page

*Lessee:* Lake Powell Jet Center

*Location:* Page Municipal Airport, AZ 86040

*Availability of Utilities:* All

*Area of land leased:* 33,600 square feet or 0.77 acres

*Term of lease:* 25 years and one 25 year renewal option

*Initial rent:* \$1,200 per month

*Rent increases:* None reported in first 4 years.

*Current rent:* \$14,400 per year

*Current rent per square feet:* \$.43

*Use of land:* Hangars

*Expenses paid by airport:* None

*Common Area Expenses:* None

*Concessions:* None

*Reversion:* Yes

*Taxiway Access:* Yes

*Comments:* The tenant built 8 hangars of 4,200 square feet and sold them to individuals. The individual tenant pays \$150 per month in land rent.

*Confirmed with:* Lona Shugart; Administrative Assistant to the City Manager; Page Municipal Airport; Phone: (928) 645-4240; Confirmed on February 19, 2014. Also confirmed with Dave Taylor, Lake Powell Jet Center, tenant, (928) 645-2987.

**COMPARABLE LEASE 3 MAP**



---

**COMPARABLE LEASE 4**

*Name of Airport:* Chandler Municipal Airport

*Number of Based Aircraft:* 333. 3 jets.

*Operational Statistics:* 444/Day

*Number of commercial flights per day:* 0

*Surrounding Population in Chandler:* 236,123

*Average Per Capita Income in Chandler:* \$32,559

*Date of lease:* March 1, 2012

*Lessor:* City of Chandler

*Lessee:* Chandler Air Service

*Location:* Chandler Municipal Airport

*Availability of Utilities:* All

*Area of land leased:* 220,053 square feet or 5.05 acres

*Term of lease:* 30 years with one 10 year option

*Initial rent:* \$0.21/SF/Year; \$46,211/year

*Rent increases:* Annual CPI adjustment

*Current rent:* \$46,211 per year

*Current rent per square feet:* \$0.21

*Fuel flowage fee for 2013:* 561,700 gallons at \$0.10 a gallon which equals \$56,170 or \$0.26/sf.

*Use of land:* Fixed Base Operations

*Expenses paid by airport:* None

*Common Area Expenses:* None

*Concessions:* None

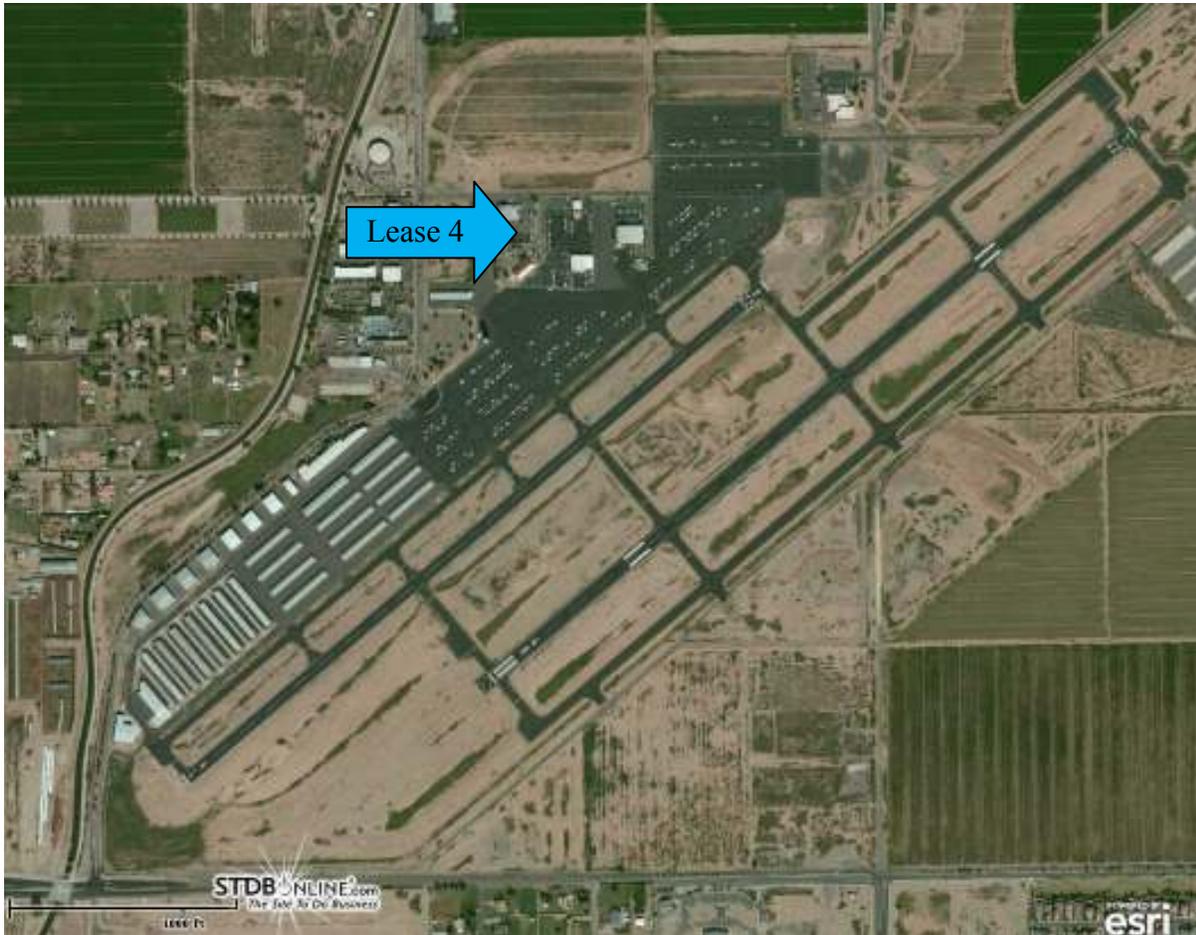
*Reversion:* Yes

*Taxiway Access:* Yes

*Comments:* The airport starts at \$0.294/ square foot and will negotiate less. There are 116 city owned hangars with a waiting list.

*Confirmed with:* Guy Lennon; Airport Management Assistant; Chandler Municipal Airport; Phone: (480) 782-3540; Confirmed March 7, 2014.

**COMPARABLE LEASE 4 MAP**



---

**COMPARABLE LEASE 5**

*Name of Airport:* Falcon Field Airport, (Mesa)

*Number of Based Aircraft:* 611

*Operational Statistics:* 629/Day

*Number of commercial flights per day:* 0

*Surrounding Population in Mesa, (2013):* 453,679

*Average Per Capita Income in Mesa, (2012):* \$31,571

*Date of lease:* December 31, 2013

*Lessor:* City of Mesa- Falcon Field Airport

*Lessee:* Evans Investment Company

*Location:* Parcel 23, Falcon Field

*Availability of Utilities:* All

*Area of land leased:* 94,902 square feet, or 2.18 acres

*Term of lease:* Initial term, 1 year, 39 additional years.

*Initial rent:* \$16,607.85 plus taxes, annually

*Rent increases:* Effective 2 years after commencement date, subsequent adjustments each year thereafter.

*Current rent:* \$16,607.85

*Current rent per square feet:* \$0.18

*Use of land:* Aeronautical business (hangar & office)

*Expenses paid by airport:* None

*Common Area Expenses:* None

*Concessions:* None

*Reversion:* Yes

*Taxiway Access:* Yes

*Comments:* The Phoenix area population is 4.3 million; average per capita income is \$25,889 for 2012.

*Confirmed with:* Jim Law; Airport Administration Supervisor; Falcon Field Airport; Phone: (480) 644-4386; Confirmed March 5, 2014. The manager indicated that there is an 18 month waiting list for city hangars rented at \$220 per month. New hangars are leasing at \$500 per month.



---

**COMPARABLE LEASE 6**

*Name of Airport:* Payson Airport

*Number of Based Aircraft:* 35

*Operational Statistics:* 115/Day

*Number of commercial flights per day:* 0

*Surrounding Population in area:* 15,301

*Average Per Capita Income in area:* \$25,766

*Date of lease:* January, 2014

*Lessor:* Town of Payson

*Lessee:* R&D Crosswinds, Inc.

*Location:* Payson Municipal Airport (Overlooking Delta Ramp)

*Availability of Utilities:* All

*Area of land leased:* Approx. 24,847 square feet or .57 acres

*Term of lease:* 10 years + two 5 year terms if desired

*Initial rent:* \$0.51/square feet X sf (annual) or \$1,056 per month.

*Rent increases:* \$0.61/sf for the first 5 yr. extension.

\$0.67/sf for the second 5 yr. extension.

*Current Rent:* \$10,710 per year.

*Current Rent per square foot:* \$0.51

*Use of land:* Restaurant

*Expenses paid by airport:* None

*Common Area Expenses:* None

*Concessions:* None

*Reversion:* No

*Taxiway Access:* Yes

*Confirmed with:* Ray Law; Airport Coordinator; Payson Municipal Airport; Phone: (928) 472-4748; confirmed on March 3, 2014. The lease was originated in 1990.

*Comments:* No site expenses were paid by the tenant. There are no vacancies for existing hangars on the field and there are 9 on the waiting list. Mazatazal Mountain Airpark is adjacent to the airfield and provides its residents access.



## LAND LEASES ADJUSTMENT MATRIX

ELEMENTS OF COMPARISON	SUBJECT Lake Havasu Airport	LAND LEASE 1		LAND LEASE 2		LAND LEASE 3		LAND LEASE 4		LAND LEASE 5		LAND LEASE 6	
		Lake Havasu Airport HAC	PER UNIT ADJUSTMENTS	Lake Havasu Airport D2	PER UNIT ADJUSTMENTS	Page Municipal Airport	PER UNIT ADJUSTMENTS	Chandler Municipal Airport	PER UNIT ADJUSTMENTS	Falcon Field	PER UNIT ADJUSTMENTS	Payson	PER UNIT ADJUSTMENTS
<b>RENT / PER SQUARE FOOT</b>	N/A	\$28,339	<b>\$0.08</b>	\$11,319	<b>\$0.18</b>	\$14,400	<b>\$0.43</b>	\$46,211	<b>\$0.21</b>	\$16,608	<b>\$0.18</b>	\$10,710	<b>\$0.51</b>
<b>CONDITIONS OF LEASE</b>	Market	Market		Market		Market		Market		Market		Market	
Adjustment		0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
<b>DATE OF LEASE</b>	March 18, 2014	Sept. 26, 2006		October 29, 2008		May 14, 2009		March 1, 2012		December 31, 2013		January, 2014	
Adjustment		-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
<b>LOCATION</b>	Lake Havasu	Lake Havasu		Lake Havasu		Page		Chandler		Mesa		Payson	
No Based Aircraft	124	124		124		73		333		611		35	
Adjustment		0	<b>0</b>	0	<b>0</b>	+	<b>+</b>	-	<b>-</b>	-	<b>-</b>	+	<b>+</b>
No Operations/day	137	137		137		143		444		629		115	
Adjustment		0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	-	<b>-</b>	-	<b>-</b>	0	<b>0</b>
Surrounding Population	52,527	52,527		52,527		7,247		236,123 / 4,300,000		453,679		15,301	
Adjustment		0.00	<b>0</b>	0.00	<b>0</b>	+	<b>+</b>	-	<b>-</b>	0.00	<b>0</b>	+	<b>+</b>
Per Capita Income	\$27,627	\$27,627		\$27,627		\$22,078		\$32,559		\$31,571		\$25,766	
Adjustment		0	<b>0</b>	0	<b>0</b>	+	<b>+</b>	-	<b>-</b>	0.00	<b>0</b>	+	<b>+</b>
<b>PHYSICAL CHARACTERISTICS</b>													
Site Size (Acres)	2.59	8.10		1.46		0.77		5.05		2.18		0.57	
Adjustment		+	<b>+</b>	-	<b>-</b>	-	<b>-</b>	+	<b>+</b>	0	<b>0</b>	-	<b>-</b>
Availability of Utilities & improvements	All utilities available	All utilities avail. Imps made		All utilities available		All utilities available		All utilities available		All utilities available		All utilities available	
Adjustment		+	<b>+</b>	0	<b>0</b>	0	<b>0</b>	+	<b>0</b>	0	<b>0</b>	0	<b>0</b>
<b>USE</b>	Proposed hangars	FBO		FBO		Hangar		FBO		Hangar & office		Restaurant	
Adjustment		0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
<b>INDICATED MARKET RENT PER SQUARE FOOT</b>		<b>Greater than</b>	<b>\$0.08</b>	<b>Less than</b>	<b>\$0.18</b>	<b>Greater than</b>	<b>\$0.43</b>	<b>Less than</b>	<b>\$0.21</b>	<b>Less than</b>	<b>\$0.18</b>	<b>Greater than</b>	<b>\$0.51</b>

---

## ***COMPARABLE LAND LEASE ANALYSIS***

Comparable land lease information from various Arizona airports have been presented in the previous pages. Twelve airport managers in central and northern Arizona and along the Colorado River were contacted in order to acquire information on land leases on those airports. These airport managers were questioned regarding any land leases that might have been signed in the last three years. I did obtain and use older leases from Lake Havasu Airport since they are located at the same airfield as the subject site. I have not obtained copies of leases in most cases. Therefore, I have relied on the information supplied to me by these airport managers. All of the leases are based on “Triple Net” terms meaning that the tenant pays all real estate operating expenses associated with the land. This is the basis on which the subject lease has been valued. Thus, no adjustments for terms of lease are needed for any of the leases.

The land parcels which have been rented are within airport areas and have taxiway access. In order to select the most comparable data, I have considered the following factors: Conditions of the lease, date of lease, location, physical characteristics, and use. Included in the location criteria are: the number of aircraft based on the field, the number and type of operations per day, the surrounding population in the area, and the average per capita income in the area.

One of the most comparable airports, Kingman had no land leases within the last three years of a size comparable to the subject according to the outgoing manager, David Gaines. The other airport in close proximity to the subject is Laughlin/Bullhead City Airport. The land lease about which I obtained information was for a much smaller site and is considered unhelpful in the estimate of market rent for the subject site.

Comparable Lease One is a lease at Lake Havasu Airport to Havasu Air Center. It consists of 8.1 acres at the north end of the airport and had a low starting rental rate and a low rate throughout the lease. These rental rates reflect the fact that the tenant was required to spend a substantial amount of money at the beginning of the lease to make the site ready for construction. I asked but was unable to obtain an answer as to how much money was spent. It is my understanding, however, that the amount of money was substantial and that consideration was given in the rental rate for the money spent by the tenant. An upward adjustment is required to this rental rate since the subject site will not require a significant expenditure of funds for off-site capital expenditures. This lease was written in 2006 when general aviation enjoyed a greater level of activity and the demand to serve that market segment was greater. A downward

---

adjustment is needed for date of lease. Since this site is larger than the subject, an upward adjustment is needed on a rent per square foot basis since smaller sites tend to rent for more per square foot than larger sites. No adjustments to the lease rental rate are required for location or use.

Comparable Lease Two is also located at the Lake Havasu Airport to D2 Aero LLC. This lease was signed in 2008 and again downward adjustments for date of lease are needed. The lease was for an FBO and it required the tenant to build 24,109 square feet of ramp space. A credit was given on the rent in the amount of \$0.11 per square foot of land area and concessions were made on the initial rent as well. Without the ramp space construction, the rent would have been \$0.18 per square foot. An adjustment for this characteristic was made in the analysis. Since the leased area of the land was 1.46 acres, a downward adjustment is needed on a rent per square foot basis for size since the subject has a larger area.

Comparable Lease Three is the 2009 land lease from Page Municipal Airport to Dave Taylor, owner of the Lake Powell Jet Center. This lease was for the tenant to build hangars, on the leased land which he did. According to the city manager's assistant, no land lease rate changes have occurred since 2009 so no adjustment for date of lease was made. The location of Page Municipal Airport is considered inferior to Lake Havasu since it has fewer based aircraft, a smaller surrounding population, and a lower per capita income. All of these suggest greater demand is likely at Lake Havasu airport. However, the site is considerably smaller than the subject and a downward adjustment to the rent per square foot is required for this lease. Overall, the lease rate of \$0.43 per square foot is unrealistic for the subject site.

Comparable Lease Four is the 2012 lease of land at Chandler Municipal Airport for an FBO. No adjustments are made for date of lease since the airport manager indicated there land rents have remained constant since the date of this lease. Chandler is located in the Phoenix Metropolitan area and has a much larger population in the surrounding area than the subject. It also has a higher average per capita income, and there are more based aircraft and operations than the subject. All of these locational factors suggest that a lower rent per square foot is warranted. An upward adjustment is needed for size since larger parcels tend to rent for less per square foot. All utilities were available to the site when leases. Overall, downward adjustments prevail on a rent per square foot basis.

Comparable Lease Five is a December, 2013 land lease at Falcon Field. It consists of 2.18 acres and had all utilities available to it. It has a total term of 40 years. It is intended for use as a hangar and associated office area. The lease was agreed to at \$0.18 per square foot and all

---

utilities and improvements were at the site. No adjustments have been made for time as rents have not increased since the date of this lease. Downward adjustments to the lease rate are warranted for the greater number of based aircraft, greater number of operations per day, larger surrounding population in the greater Phoenix area, and higher per capita income in the Mesa area. No adjustments were needed for the similar site size, availability of all utilities and similar use of the land. According to the airport manager, there is an 80 person waiting list for city hangars which rent for \$220 per month. Newer hangars rent for approximately \$500 per month. Overall, this lease suggests a lease rate less than the \$0.18 per square foot of this lease.

Comparable Lease Six is located in Payson, Arizona. Payson has the smallest number of based aircraft at the airport in this survey. However, this is offset by the Mazatazal Mountain Airpark residential community which is adjacent to the airport, and for \$30 per month, its residents are allowed airfield access. Payson also has a slightly smaller number of daily operations than Lake Havasu Municipal Airport. Its surrounding population is smaller and per capita income is lower than Lake Havasu. These characteristics warrant an upward adjustment. However, its land lease rate is the highest in the survey. However, this was an extension of an existing lease that had originated in 1994. Downward adjustments are needed. Also, this lease is for a much smaller site. Overall, downward adjustments on a rent per square foot basis are made.

In conclusion, Comparable Leases One and Two are from the Lake Havasu Municipal Airport and have been included for that reason. They occurred several years prior to the effective date of value but are the most recent land leases at the airport. Comparable Lease One is given little weight since I was unable to obtain the reportedly substantial costs spent by the tenant in order to make the site construction ready.

Comparable Lease Two did receive a substantial adjustment for the cost of improving the ramp space. As with Lease One, this lease is dated. The total lease rate for this site is tied to a settlement of an airport compliance issue of six years ago. Of course, it is important to consider it given that it is at the same airport as the subject.

Comparable Lease Three is located in a smaller market. However, it does have 16 commercial flights per day. The site was used for the construction of hangars. The tenant did confirm that land lease rates had not increased in the past several years. The site is considerably smaller than the subject site suggesting downward adjustments to the rent of this comparable on a per square foot basis. Overall, this lease is given some weight in the analysis.

---

Comparable Lease Four is from Chandler Airport in the larger Phoenix metropolitan area. It is a relatively recent lease signed in 2012. It does reflect current lease rates for the airport according to the assistant airport manager. It is given some weight in the analysis.

Comparable Lease Five is also from the Phoenix metropolitan area. It is a recently signed lease and is considered indicative of rents for land in the larger metropolitan area. It is given some weight in this analysis.

Comparable Lease Six is the most recent lease. It is from a small airport. However, its rental rate reflects the lease rate for a smaller parcel which enjoys a long history of business success. This factor appears to account for its high lease rate..

Overall, I have considered all of the leases presented. However, I have given greater weight to the more recent leases and to those from smaller airports. I have also given weight to Lease Two from Lake Havasu. Overall, considering all of the leases, I believe the market lease rate for the subject is \$0.16 per square foot per year.

Thus, \$0.16 / sf times 107,928 sf equals \$17,268.48 per year or \$1,439 per month. Any direct costs for site expenses to make the site construction ready, if paid by the tenant, should be deducted from the lease's initial rent obligations. The lease should be adjusted for increases in the CPI on an annual basis. As with all the leases, the lease should be "triple net" or net to the landlord of all expenses.

ESTIMATED MARKET LEASE RATE .....\$0.16/ SF  
ESTIMATED ANNUAL RENT .....\$17,268

---

## ***CERTIFICATION***

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

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

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

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

The appraisal assignment was not contingent upon developing or reporting predetermined results.

I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within a three-year period immediately following preceding acceptance of this assignment.

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. Our compensation is not contingent upon the 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. I have performed this appraisal without instructions or pressure from anyone who desires a specific value conclusion or value conclusions within a given range.

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

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

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

The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

As of the date of this report I, Steven R. Cole, MAI, SRA, have completed the requirements of the continuing education program of the Appraisal Institute. I am currently certified.

I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraiser's Statement of Qualifications.

---

Certification.....

All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser".

No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.



Date: April 25, 2014

---

Steven R. Cole, MAI, SRA  
*Certified General Real  
Estate Appraiser #30130*

---

***QUALIFICATIONS OF STEVEN R. COLE, MAI, SRA***

**FORMAL EDUCATION:**

Bachelor of Arts Degree with high honors, University of California,  
Santa Barbara, 1971

Master's Degree in Business Administration, University of California,  
Los Angeles, 1973, Concentration: Urban Land Economics

**PROFESSIONAL EDUCATION:**

Successful Completion of Examinations for the following courses given by the Appraisal Institute:

"Real Estate Appraisal Principles" and "Basic Valuation Procedures"

"Capitalization Theory & Techniques", Parts 1, 2, and 3

"Case Studies in Real Estate Valuation"

"Introduction to Real Estate Investments Analysis"

"Litigation Valuation"

"Standards of Professional Practice", Part A, B & C

"Market Analysis"

Attendance at Numerous Educational Seminars:

**PROFESSIONAL MEMBERSHIPS:**

Member, Appraisal Institute (MAI), Certification Number 6080. The institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification. As of this date, I have completed the requirements under the continuing education program of the Appraisal Institute. I am currently certified through December 31, 2017.

Senior Residential Appraiser (SRA), of the Appraisal Institute.

**EXPERIENCE:**

Includes valuation of most types of urban real property: single and multi-family residential, commercial, industrial, and vacant land. Experience also includes special purpose properties, feasibility studies, leased fee and leasehold interest, counseling, and appraisal for condemnation since 1975.

---

ADDITIONAL EDUCATIONAL AND PROFESSIONAL ACTIVITY:

Publication of articles in Professional Journals:

“A New Methodology for Estimating Highest and Best Use”,  
*Real Estate Appraiser and Analyst*, Summer, 1987

“Estimating the Value of Proposed Developments by Discounting  
Cash Flow”, *Real Estate Review*, Summer, 1988

Formerly a Certified Instructor with the Appraisal Institute for “Highest and Best Use Applications”, “Feasibility Analysis and Highest and Best Use- Nonresidential Properties”, and “Principals and Procedures of Real Estate Appraisal”.

Associate Faculty, Pima Community College for “Real Estate Appraisal Principals” and “Basic Valuation Procedures”, 2000-2006

Instructor for Tucson Board of Realtors, American Bar Association, Brodsky School of Real Estate, and Hogan School of Real Estate. Appraisal Principles, Appraisal Procedures, Market Analysis, Using the Internet for Due Diligence.

President of Southern Arizona Chapter #116, Appraisal Institute, 1983-84

President for the Arizona State Chapter #41, Appraisal Institute, 1990

Chairman, Pima County Real Estate Council, 2003-2004, Director 1989-2007.

Member, Tucson Airport Authority, 2007-2010.

APPROVED APPRAISER:

With most major commercial banks and mortgage companies in Arizona.

STATE CERTIFICATION:

Arizona Certified General Real Estate Appraiser Number 30130. Currently certified through August 31, 2014.

STATE OF ARIZONA  
**BOARD OF APPRAISAL**

BE IT KNOWN THAT

**STEVEN R. COLE**

HAS MET ALL THE REQUIREMENTS AS A

**Certified General Real Estate Appraiser**

In accordance with Arizona Revised Statutes and on authority of the Board of Appraisal, State of Arizona.

This certificate shall remain evidence thereof unless or until the same is suspended, revoked or expires in accordance with the provisions of law.

CERTIFICATE NUMBER  
30130

EXPIRATION DATE  
August 31, 2014



In witness whereof the Arizona Board of Appraisal caused to be signed by the Chair of the Board and the Executive Director

  
Chair, Board of Appraisal  
Date 7/24/13

SHALL REMAIN PROPERTY OF ARIZONA BOARD OF APPRAISAL