

APPRAISAL REVIEW

TO: Maria Baier – Arizona State Land Commissioner
FROM: Dan Pietropaulo – Appraisal Section Manager
DATE: June 10, 2009
SUBJECT: Heath Telecom Mass Appraisal Update – May 18, 2009

APPLICANT: ASLD

DESCRIPTION: This is an update of the original mass appraisal for telecom site rental rates that was originally completed on January 1, 2007. This document is used to determine rental rates for ASLD communication sites based on comparison with local and other market rental rates.

HIGHEST AND BEST USE: Rental rates for communication sites.

Appraiser	Sean Heath; Thomas D. Heath, MAI
Effective Date of Value	May 18, 2009
Rate Schedule	Matrix in report
Reviewer Recommendation	Accept Report

I have conducted a technical review of the Sean Heath (Arizona Certified General Appraiser No. 331525) mass appraisal report for communication site rental rates to determine the adequacy and appropriateness of the report. The Scope of Work for this desk included comparison of local and other rates based on the data presented in the report. The reviewer checked the accuracy of the calculations, the reasonableness of the data and the appropriateness of the methodology. The analysis, opinions and conclusions stated in the report under review appear to be in compliance with applicable standards and client requirements. The appraisal review follows this transmittal page.



Dan Pietropaulo
Certified General Appraiser N^o 30412
Appraisal Section Manager
ASLD

June 10, 2009
Date

ASSUMPTIONS AND LIMITING CONDITIONS

This review has been prepared with the following assumptions and limiting conditions:

No responsibility is assumed for the legal description or for matters including legal, title considerations, or legal access. Title to the property is assumed to be good and marketable and clear of all liens or encumbrances unless otherwise stated.

The property is appraised assuming responsible ownership and competent management. Further, the appraiser(s) also assume that all required licenses, certificates of occupancy, consents, legislative/administrative authority have been or can be obtained for any use which the value estimate contained in this report is based.

The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

In order to arrive at a supportable conclusion, it was necessary to utilize both documented/recorded data and third party information furnished to us by others. The information is believed to be reliable and correct and has been gathered according to generally accepted appraisal procedures. The reviewer is not responsible for the accuracy of the opinions furnished by others and contained in this report, nor are they responsible for the reliability of government data utilized in the report.

The appraiser(s) assume there are no hidden or unapparent adverse conditions of the property pertaining to the soil, subsoil or structures that would render it more or less valuable. The appraiser(s) assume no responsibility for such conditions that may exist or for professional engineering studies that would be requisite to discover such conditions.

The sketches included in the report are only to aid the reader(s) in visualizing the property and are not based on surveys. Sizes and dimensions as shown should not be scaled from the sketches.

It is assumed that all applicable zoning, use regulations, and restrictions have been complied with and any nonconformity has been addressed by the appraiser.

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

The reviewer cannot predict or evaluate the possible effects of future wage price control actions of the government upon rental income, or financing of the subject property; hence, it is assumed that no control will apply which would nullify contractual agreements, thereby change property values.

This report is the property of the Arizona State Land Department (ASLD). Possession and/or use of the report or a copy of it by any entity other than the State Land Department or its duly appointed representative(s) does so at their own risk. Such use or reliance upon the report by third parties is specifically prohibited.

This appraisal assignment assumes that the property is in compliance with all Environmental Protection Agency Guidelines, both Federal, State and Local, the 404 Clean Water Act or Clean Air Act, or any and all similar government regulations or laws pertaining to the environment. The appraiser(s) have no knowledge of any hazardous condition (whether it exists on the subject property or any site within the immediate vicinity of the property) affecting the subject value, such as the presence of hazardous wastes, asbestos containing materials (ABM's), ureaformaldehyde foam, insulation, radon air pollution, etc. The appraiser(s) are not qualified to detect hazardous conditions that are not readily apparent. If a hazardous substance is present, the value of the property may be adversely affected and the value estimate in this report becomes null and void.

Virtually all land in Arizona is affected by pending or potential litigation by various Indian tribes claiming superior water rights for their reservations. The amounts claimed and the effects on other water users are largely undetermined, but the claims could result in some curtailment of water usage or ground water pumping on private land. The Ground Water Management Act (as amended) may also restrict future ground water pumping in various parts of the state. Given this uncertainty, neither the reviewer nor any of his representatives can make warranties concerning rights to or adequacy of the water supply with respect to the premises, although the sale of the premises include such water rights as are appurtenant thereto.

"A *Desk Review* is usually completed without a field inspection and is limited to the data presented in the report. The date in the appraisal report may or may not be independently confirmed and additional market data are typically not researched. Mathematical calculations are checked; the appraisers's methodology is reviewed for appropriateness/consistency; and the appraisal is reviewed to ascertain that it was completed in accordance with the client's guidelines, appraisal policy requirements, regulatory requirements, and the Uniform Standards of Professional Appraisal Practice." The thoroughness of desk reviews vary greatly and therefore we have relied on the Seven Levels of analysis as presented in, the 11th Addition for *The Appraisal of Real Estate*, Published by the Appraisal Institute, 1999, page 693. The afore described *Levels* are presented below.

Level 1. The report is merely scanned.

Level 2. The mathematical calculations are checked and the date is examined for its reasonableness.

Level 3. Selected pertinent sections of the report are read.

Level 4. The appraisal is checked to ascertain that the methodology is appropriate.

Level 5. The entire report is read thoroughly.

Level 6. Limited confirmation of market data is attempted.

Level 7. Full confirmation of market data is attempted.

For the purpose of this analysis, we have employed Level 5.

This report was written in accordance to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) published and copyrighted by the Appraisal Foundation.

CERTIFICATION

The undersigned does hereby certify, except as otherwise noted in this review report, that:

- the facts and data reported by the reviewer and used in the review process are true and correct.
- the analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, 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.
- 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 is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- my analyses, opinions and conclusions were developed and this review report was prepared in conformity with Uniform Standards of Professional Appraisal Practice.
- I did not personally inspect the subject property of the work under review.
- no one provided significant professional assistance to the person signing this review report.
- the undersigned hereby acknowledges he has the appropriate education and experience to complete the assignment in a competent manner.

After a careful review of the appraisal, the undersigned herein concurs with the reasonableness, soundness, and consistency of the appraisal's analysis and methodology. Said Market Rental Appraisal report is herein identified by the Arizona State Land Department as the Heath Complete Restricted Market Rental Appraisal for a new Telecommunications Site-Rental Schedule. The effective date of this review was July 10, 2009.



Dan Pietropaulo
Certified General Real Estate Appraiser #30412
Appraisal Section Manager
Arizona State Land Department

REVIEW SUMMARY**Review Data**

Reviewer: Dan Pietropaulo

Date of Review: July 10, 2009

Date of Reviewer's Inspection: N/A

Purpose of the Review: The purpose of this review is to determine the reasonableness and soundness of the appraisal's analysis, and methodology.

Function of the Review: The function of the review is to assist the Arizona State Land Department with the Telecommunication Site Rental Schedule

Intended User: Arizona State Land Department

Appraisers: Sean Heath; Thomas D. Heath, MAI

Date of Value: May 18, 2009

Date of Appraisal Report: May 18, 2009

Purpose of the Appraisal: Estimate market rents for a universe of telecommunication sites.

Intended Use: Internal purposes herein defined for use in the administration of State Trust Land.

Appraisal Type: Complete Restricted Market Rental Appraisal for a new Telecommunications Site-Rental Schedule

Value Type: Market Rents

Property Type: Communication sites

Market Rent Indications: See attached matrix

Reviewer's Conclusion: Acceptance of the appraisal report

SCOPE OF REVIEW**(Check Those Which Apply):**

- (X) Desk review of appraisal report
- () Field inspection of subject property
- () Field inspection of comparables
- () Search market for additional land sales
- () Relevant data and reconfirm comparable sales
- (X) Discuss the appraisal report in a narrative appraisal review report.
- (X) Conclude as to the appropriateness of the appraisal's methodology and reasonableness of the valuation analysis.
- (X) Reviewer's final conclusions and recommendations.

The scope of this appraisal review (unless otherwise stated) was limited to the data presented within the text of the subject narrative report. The intended use is restricted to the administrators of the Arizona State Land Department and its Board of Appeals to facilitate disposition decisions.

This appraisal review does not develop nor report a separate opinion of value.

REVIEW OF THE FORMAT AND CONTENT

- (X) This section of the report was generally considered to be adequate.**
() This section of the report was generally considered to be inadequate.

The appraisal report includes the following data: Cover Page, Letter of Transmittal, Table of Contents, Appraisal Certificate, Summary of Factual Data and Conclusion, Introduction including Underlying Assumptions, Limiting Conditions, Purpose, Intended Use and Intended Users, Property Rights Appraised, Scope of the Appraisal, Definition of Market Value, Typical Exposure and Marketing Period, Date of Valuation and Date of Inspection

REVIEW OF THE BACKGROUND

- (X) This section of the report was generally considered to be adequate.**
() This section of the report was generally considered to be inadequate.

This section is an overview of the background of the communications industry, equipment types, uses, etc.

REVIEW OF THE COUNTY DATA AND SITE DESCRIPTIONS

- (X) This section of the report was generally considered to be adequate.**
() This section of the report was generally considered to be inadequate.

The county and site description data includes a synopsis of each county along with a brief description of each site included in this appraisal. The information provided in this section provides an adequate overview of the service area of the sites. This section also describes in detail lease terms and expenses, Co-Locations and Sublease Recapture.

REVIEW OF THE VALUATION ANALYSIS

- (X) This section of the report was generally considered to be adequate.**
() This section of the report was generally considered to be inadequate.

This section includes discussion of master-lease-rate schedules from other municipal, state, and federal agencies. Additionally, it analyzes single-tenant site-lease comparables throughout the state and reconciles the data in conclusion.

CONCLUSION

The reviewer concurs with the use of the Valuation Analysis and the appraisal techniques employed by the appraiser to estimate the matrix of telecommunication rental rates.