



WHEN RECORDED MAIL TO:
CITY OF SAN LUIS
P.O. BOX 1170
SAN LUIS, AZ 85349
ATTN: CITY CLERK

FEE #: 2007 – 29471

08/20/2007 04:47 PAGES: 0003
FEES: 7.00 4.00 1.00 .00 .00
REC BY: CITY OF SAN LUIS
REC BY: Margie Gamache

The above area is to be reserved for recording information

C A P T I O N H E A D I N G :

Resolution No. 742



Resolution

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

NO. 742

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SAN LUIS, ARIZONA APPROVING AN AGREEMENT WITH JOHN G. SANCEZ JR. TO SWAP PARCLES OF LAND

Whereas, the City of San Luis desires to improve the appearance of Northeast quadrant of Highway 95 and to provide additional space for parking to residents that utilize the City's facilities at Joe Orduno Park, and

John G. Sanchez Jr., sole proprietor of the property in question, has agreed to exchange this parcel for parcels owned by the City of San Luis on the terms and conditions contained in the form of agreement attached hereto as Exhibit "A" and by this reference incorporated herein:

NOW THEREFORE BE IT RESOLVED, by the Mayor and Council of the City of San Luis, State of Arizona, as follows:

Section 1: That the Agreement between the City of San Luis, Arizona and John G. Sanchez Jr., as attached hereto as Exhibit "A", is hereby approved.

Section 2: That the appropriate City officials are hereby authorized and directed to enter into said agreement on behalf of the City and take any all actions as may be necessary to effectuate said agreement.

PASSED AND ADOPTED by the Mayor and Common Council of the City of San Luis, Arizona, this 25 day of July, 2007.

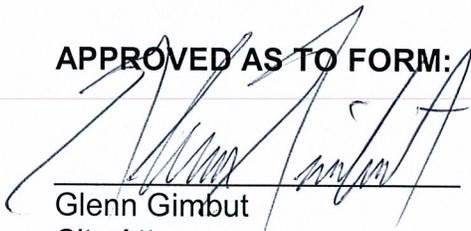

Juan Carlos Escamilla, Mayor

ATTEST:



Sonia Cuello, City Clerk

APPROVED AS TO FORM:



Glenn Gimbut
City Attorney

WHEN RECORDED MAIL TO:
CITY OF SAN LUIS
P.O. BOX 1170
SAN LUIS, AZ 85349
ATTN: CITY CLERK



FEE #: 2007 - 29472

08/20/2007 04:49 PAGES: 0046
FEES: 27.50 4.00 1.00 .00 .00
REQ BY: CITY OF SAN LUIS
REC BY: Margie Gamache

The above area is to be reserved for recording information

C A P T I O N H E A D I N G :

Real Property Exchange Agreement

REAL PROPERTY EXCHANGE AGREEMENT

Agreement made this 25th day of July, 2007, between the City of San Luis, Arizona, a municipal corporation of the State of Arizona, 767 N. First Ave., San Luis, Arizona 85349 ("first party"), and John G. Sanchez, Jr., a married man dealing with his sole and separate property, of 2095 W Country Lane, Yuma, Arizona 85365, ("second party").

In consideration of the mutual promises and covenants contained herein, the parties agree as follows:

SECTION ONE.

AGREEMENT OF FIRST PARTY

First party, in consideration of the covenants and agreements of second party set forth below, agrees, upon the performance by second party of those covenants and agreements, to convey to second party by warranty deed, the following described real estate, situated in the City of San Luis, County of Yuma, State of Arizona :

Lot 12, Block 16, Township Addition (APN: 775-38-124)
Lot 5, Block 16, Township Addition (APN: 775-38-117)

subject to (2) all general taxes that might belevied; (3) all unpaid special taxes and special assessments for improvements completed at the effective date of this agreement, falling due subsequent to the effective date of this agreement; (4) any building line restrictions, and building restrictions of record; and (5) and any other deed restrictions or other restrictions that may appear of record.

SECTION TWO.

AGREEMENT OF SECOND PARTY

Second party, in consideration of the covenants and agreements of first party set forth below, agrees, upon the performance by first party of those covenants and agreements, to convey to first party by warranty deed, including all estates of homestead in it, the following described real estate, situated in the City of San Luis, County of Yuma, State of Arizona:

.62 acres, or 27,174.08 square feet (APN: 775-29-046, a portion of former APN: 102-57-006)

subject to: (1) all unpaid taxes, special taxes and special assessments falling due subsequent to the effective date of this agreement; (2) any building line restrictions, and building restrictions of record and any deed restrictions or other restrictions which may appear of record.

SECTION THREE.

ESTABLISHMENT OF ESCROW

Immediately following execution of this exchange agreement by both parties, an escrow shall be established with Yuma Title and Trust, located in San Luis, Arizona (the "escrow agent").

SECTION FOUR.

CLOSE OF ESCROW

The escrow shall close within seventy-five (75) days from the date of acceptance of this offer by delivery to each party of a good and sufficient warranty deed to the property being acquired by each party.

SECTION FIVE.

PAYMENT OF INSURANCE; FEES; AND PRORATIONS

A. Each party shall pay for the title insurance to be issued on, and escrow fees relating to, the property to be acquired by that party in the exchange.

B. Taxes, rentals, premiums on insurance, interest on encumbrances, and operating or other expenses relating to each property, if any, shall be prorated as of the date of close of escrow.

SECTION SIX.

TITLE

It is mutually agreed that each party is to furnish the other, within a reasonable time from the effective date of this agreement, either a certificate of title issued by Yuma Title and Trust, a complete merchantable abstract of title, or a merchantable copy of it, brought down to cover the effective date of this agreement, or a merchantable title guaranty policy made by Yuma Title and Trust (Chicago Title Insurance Company), showing good and sufficient title at the effective date of this agreement in the respective parties to the property agreed by this agreement to be conveyed by them.

SECTION SEVEN.

DEFECTS IN TITLE

In case material defects are found in the title to either property, and so reported, then if such defects are not cured within thirty (30) days after such notice, this agreement, at the option of the party delivering such notice of objections, shall become absolutely null and void. Notice of such election shall be delivered to the other party. The party so delivering objections may elect to take title as is, and in that case the other party shall convey as agreed above, provided, however, that the party delivering objections shall have first given a written notice of such election, within fifteen (15) days after the expiration of the thirty (30) days, and shall have tendered performance on his/its part. In default of such notice of election to receive title and to tender performance within the time so limited, the party delivering objections, without further action by either party, shall be deemed to have abandoned his/its claim upon the premises. In that case, this agreement shall cease to have any force or effect as against the premises, or the title to it or any right or interest in it, but not otherwise.

SECTION EIGHT.

NOTICES

The notice required or permitted to be given by the terms of this agreement shall, in all cases, be construed to mean notices in writing, signed by or on behalf of the party giving the notice. Any notice may be served either on the other party or the agent for the other party.

SECTION NINE.

TIME OF THE ESSENCE

It is specifically declared and agreed that time is of the essence of this agreement.

SECTION TEN.

GOVERNING LAW

This agreement shall be governed by, construed, and enforced in accordance with the laws of Arizona. This agreement shall be subject to the cancellation provisions of A.R.S. §38-511.

SECTION ELEVEN.

ATTORNEY'S FEES

If any action is filed in relation to this agreement, the unsuccessful party in the action shall pay to the successful party, in addition to all the sums that either party may be called on to pay, a reasonable sum for the successful party's attorney's fees.

SECTION TWELVE.

ENTIRE AGREEMENT

This agreement shall constitute the entire agreement between the parties, and any prior understanding or representation of any kind preceding the date of this agreement shall not be binding upon either party except to the extent expressly set forth in this agreement.

SECTION THIRTEEN.

MODIFICATION OF AGREEMENT

Any modification of this agreement or additional obligation assumed by either party in connection with this agreement shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

SECTION FOURTEEN.

BINDING EFFECT

This agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the parties.

SECTION FIFTEEN.

COUNTERPARTS

This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

SECTION SIXTEEN.

SECTION HEADINGS

The titles to the sections of this agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this agreement.

Each party to this agreement has caused it to be executed on the date indicated below.

**APPRAISAL REPORT
OF
VACANT LAND**

Location

**APN: 775-38-124 & APN: 775-38-117
SAN LUIS, AZ 85349**

FOR

**JOHN STARKEY, DIRECTOR
Facilities Management and Parks
City of San Luis
P.O. Box 3750
San Luis , Arizona 85349**

Date of "As-Is" Valuation

May 14, 2007

Date of Report

May 21, 2007

Appraised by

**Gordon E. Porter
Certified General Real Estate Appraiser
State of Arizona #30778**

PORTER APPRAISALS

10 West 3rd Street

Yuma, Arizona 85364

(928)783-2838 / (800)449-8258

May 21, 2007

Mr. John Starkey, Director
Facilities Management and Parks
City of San Luis
P.O. Box 3750
San Luis, AZ., 85349

Re: Appraisal of 2 Vacant Parcels
Lot 12, Block 16, Township Addition (APN: 775-38-124)
Lot 5, Block 16, Township Addition (APN: 775-38-117)
San Luis, AZ, 85349

Dear Mr. Starkey:

Pursuant to your authorization, please be advised that I have made an inspection of the above captioned properties. The purpose of my inspection and analysis was to form an opinion of the most probable market value of the properties as of May 14, 2007. The following report of which this letter is a part, is subject to the limiting conditions and assumptions which will be found elsewhere in this report.

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of data, reasoning and analyses which were used to develop an opinion of value. Supporting documentation has been retained in the appraiser's file. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use as stated elsewhere in this report. The appraiser is not responsible for unauthorized use of this report.

Based on the reconciliation of the applicable approaches to value, I have formed the opinion that as of May 14, 2007 the "As-Is" value of the 2 lots was as follows:

Lot 12, Block 16, Township Addition:	\$110,000
Lot 5, Block 16, Township Addition:	\$110,000
Both Parcels:	\$220,000

(Continued)

Page Two
Mr. John Starkey
City of San Luis
May 16, 2007

The following summary appraisal report identifies, describes and analyzes the subject properties and the data from which a reasoned conclusion of value has been derived. The property is presently unimproved as the client uses the lots for storage.

The property is considered to be marketable at this time if placed on the market allowing a reasonable time to market the property.

Thank you for the opportunity of working on this assignment. If you have any questions or if I can be of further service, please call.

Very truly yours,



Gordon E. Porter
Arizona Certified General Appraiser
Certificate No. 30778

Ref. No. 07-117

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ADDENDA SECTION

 Acquiring Documents
 Qualifications of the Appraiser

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

LOCATION: 1) Southwest corner of "D" and Third Streets
2) 50' north of the northeast corner of "C" and Second Streets

CURRENT OWNER OF RECORD: City of San Luis

LAND AREA: #1 Lot 12 = 11,520
#2 Lot 5 = 11,520

ASSESSOR'S PARCEL NO.: 775-38-124
775-38-117

IMPROVEMENTS: None

ZONING: C-1, Local Commercial, City of San Luis

UTILITIES: Available in the area

HIGHEST AND BEST: Commercial building, or hold for future development

DATE OF APPRAISAL REPORT: May 21, 2007

DATE OF PROPERTY INSPECTION: May 11, 2007 **

DATE OF VALUE: May 14, 2007

INDICATED MARKET VALUE
"As if vacant" \$110,000 (#1)
\$110,000 (#2)

**Multiple dates

APPRAISER CERTIFICATION

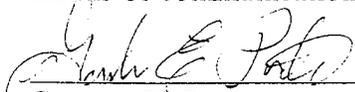
The undersigned does hereby certify that, except as otherwise noted, in this appraisal report:

- 1) I have no present or contemplated interest in the real estate that is the subject of this appraisal report.
- 2) I have no personal interest or bias with respect to the subject matter of this appraisal report, or to the parties involved.
- 3) My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- 4) To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analysis, opinion and conclusions expressed herein are based, are true and correct.
- 5) This appraisal report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.
- 6) This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Conduct of the Uniform Standards of Professional Appraisal Practice.
- 7) I have made a personal inspection of the properties that are the subject of this report.

RESTRICTION UPON DISCLOSURE AND USE

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Uniform Standards of Professional Practice.

Neither all nor any part of the contents of this report (especially any conclusions as to the value, the identity of the appraiser or the firm with which he is connected), shall be disseminated to the public through advertizing media, public relations, news media, sales media, or any other public means of communication without prior written consent and approval of the undersigned.



Gordon E. Porter
*State of Arizona Certified General
Appraiser Certificate No. 30778*

LIMITING CONDITIONS AND ASSUMPTIONS

In the preparation of this report, certain basic assumptions have been relied upon, and there are also certain limiting conditions which circumscribe the scope of this report.

1. This is a summary appraisal report that is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. I have no knowledge of environmental hazards or toxic wastes on the subject property or adjacent properties. This appraiser does not warrant against adverse environmental conditions or occurrences. The appraiser assumes no responsibility for engineering which might be required to discover such factors or conditions. The responsibility for a contamination assessment is assumed by the client or any interested party.
3. That no guarantee is made as to the correctness of estimate or opinion furnished by others, and which have been used in making this appraisal.
4. Title to the property appraised is assumed to be marketable and free of encumbrances.
5. That no liability is assumed on account of matters of a legal nature affecting this property, such as title defects, liens, encroachments, overlapping boundaries, etc.
6. Maps, photos and plats furnished by this appraiser are not based on a survey, but are furnished as an aid to the reader in visualizing the property.
7. The land, and particularly the soils, in the area of the property under appraisal appears firm and solid. Subsidence in the area is unknown or uncommon and the appraiser assumes that there are no hidden or unapparent

LIMITING CONDITIONS AND ASSUMPTIONS

conditions which would materially affect the development of the property to its highest and best use.

8. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in connection with any other appraisal and are invalid if so used. In the case of the subject property in this report, only the land is being valued.
9. A minimum standard fee will be charged per each one-half day (or any portion thereof) for court appearance on half our standard daily rate. Preparation time will be charged based on my hourly rate fee in effect the date service is rendered. A minimum of 8 days advance notice must be given the appraiser prior to trial or deposition.
10. Possession of the report, or copy of same, does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the client, without previous written consent of the appraisers, and in any event, only in its entirety.
11. The appraiser assumes that items of public record pertaining to the property are correct.

DEFINITIONS OF SIGNIFICANT TERMS

Reference: Federal Register, Vol. 55, No. 165, page 34696, Friday August 24, 1990, Rules and Regulations, 12CFR Part 34.42(f)

Market Value, “The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeable, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their best interests;
- (3) a reasonable time is allowed for exposure in the open market;;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale”.

Reference: The Dictionary of Real Estate Appraisal, 3rd Edition

Cash equivalency analysis. The procedure in which the sale prices of comparable properties sold with atypical financing terms are adjusted to reflect typical market terms.

Fee simple estate. Absolute ownership unencumbered by any other interest or estate subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Highest and best use. 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. The four criteria the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility and maximum profitability.

DEFINITIONS OF SIGNIFICANT TERMS

Marketing period. The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

Value as is. The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.

CITY OF SAN LUIS

Location

The City of San Luis is located in the southwest portion of Yuma County and is at the border with Mexico. The City is approximately 20 miles southwest of Yuma proper, 207 miles southwest of Phoenix and 195 miles east of San Diego.

Population

As of 2006, the City of San Luis had a permanent population of 26,000 residents. This is an increase since the census of 2000. The City of San Luis is reported to be the fastest growing city within Yuma County.

Zoning

The City is zoned for Local Commercial, General Commercial, Light Industrial including an Industrial Park District. The Residential Zoning includes Low Density, Intermediate Density and High Density, several Manufactured Housing Zones including Manufactured Home Parks.

Government

The City of San Luis is a full-service community, with a recently upgraded water utility, sanitation service, fire protection, police protection, municipal court, community center and several parks. The City is governed by a mayor, council members and city manager.

Taxes

The City of San Luis collects no property taxes from residents. The City of San Luis Sales Tax is currently set at 2.5%. Arizona State Sales Tax is 5.6% with Yuma County Sales Tax 1.5%.

Principal Economic Activities

The principal economic activities are agriculture, construction, manufacturing, wholesale and retail trade, education, health and social services. Taxable sales increased at a rate of approximately 9% between 2002 and 2003.

Annual Border Crossing

In 2003, there were an estimated 2,625,907 pedestrians crossing the border. 3,189,867 vehicles crossed the border during this period as well as 37,975 commercial vehicles.

Trends

The increase in residential and various commercial/retail construction is expected to continue in the future.

INTRODUCTION

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide the appraiser's best estimate of the market value of two City-owned lots as of May 14, 2007.

HISTORY

The properties were acquired by the City as follows:

- | | | | |
|-----|---------|--------------------|-----------------|
| #1) | Lot 12, | August 7, 2000, | Fee# 2000-20245 |
| #2) | Lot 5, | September 23, 1998 | Fee# 1998-25313 |

DEFINITIONS

Market Value as used in this report is defined on a previous page entitled Definitions of Significant Terms.

INTENDED USE OF THIS REPORT

This appraisal is intended to assist the named client in making an informed opinion as to the trading of these properties.

INTERESTS VALUED

Fee simple except for restrictions of record.

INTRODUCTION

LEGAL DESCRIPTION OF THE PROPERTY APPRAISED

- 1) Lot 12, Block 16, SAN LUIS TOWNSITE ADDITION NO. 1 according to Book 4 of Plats, page 97, records of Yuma County, Arizona
- 2) Lot 5, Block 16, SAN LUIS TOWNSITE ADDITION NO. 1 according to Book 4 of Plats, page 97, records of Yuma County, Arizona EXCEPT all oil and gas as reserved in Patent from the United States of America.
"END"

EFFECTIVE DATE OF VALUE

Date of Value - "As -Is": May 14, 2007

Date of Report - May 21, 2007

APPRAISAL PROCESS/SCOPE

In the preparation of this report the appraiser

- (1) inspected the subject site
- (2) obtained information on comparable sales, rents, constructions costs and capitalization, or yield rates;
- (3) analyzed all information gathered as it pertains to the subject property and applied it as applicable to the three accepted approaches to value.

To obtain an opinion of value, the appraiser performed a complete appraisal process as defined by the Uniform Standards of Appraisal Practice. This enables the appraiser to complete an appraisal of the property. This is a summary report and is a brief recapitulation of the appraiser's data, analyses and conclusions. Supporting data is retained in the appraiser's file.

INTRODUCTION

COMPETENCY OF THE APPRAISER

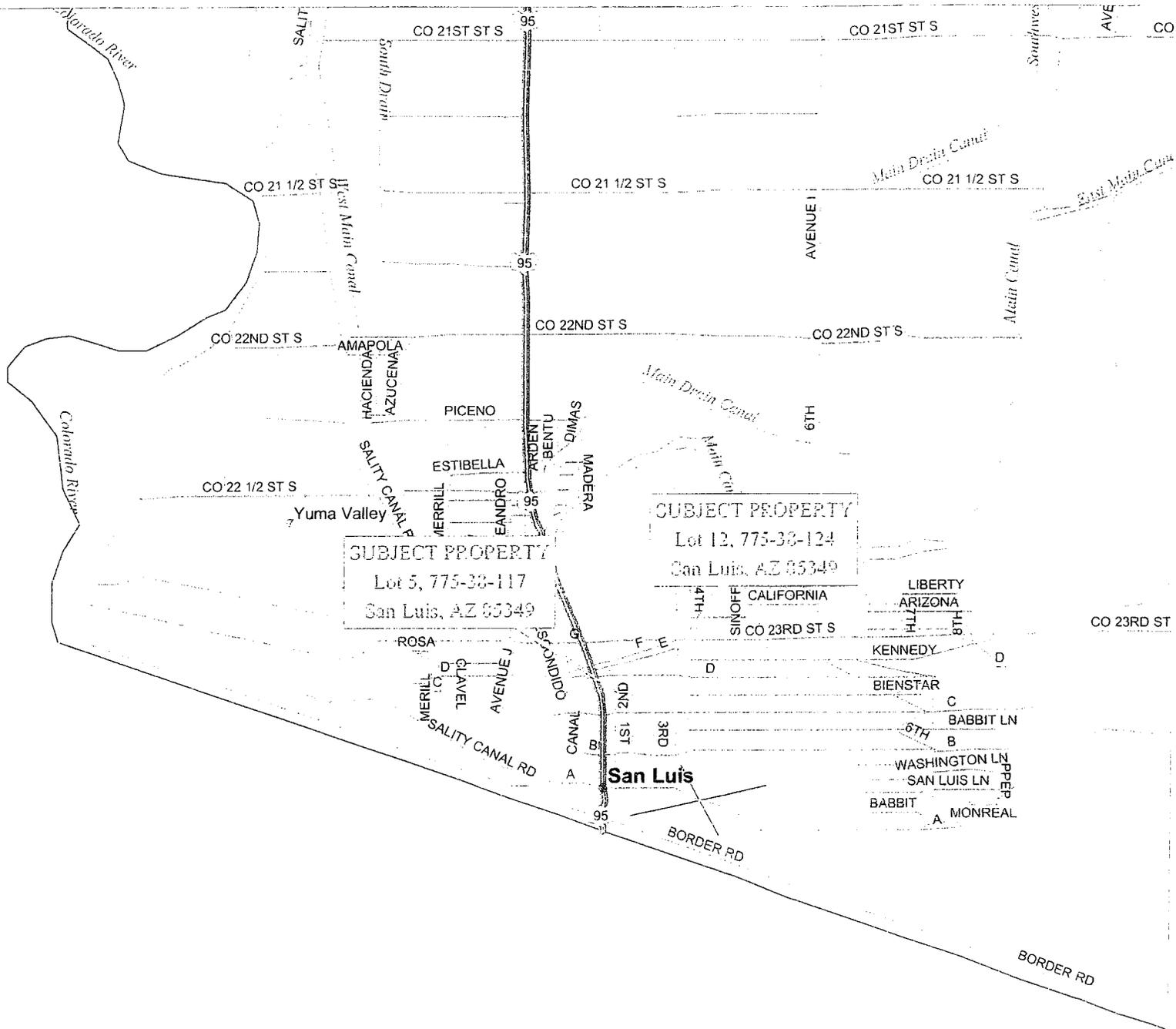
The appraiser has the appropriate knowledge and experience to complete this assignment competently. The appraiser's qualifications will be found in the Addenda Section of this report.

PROHIBITED INFLUENCES

This appraisal assignment was not based on a requested minimum valuation, specific valuation or compensation. Neither my employment, or compensation are based upon the approval of any related loan, or loans.

22472

LOCATION MAP



2001 DeLorme, Street Atlas USA: © 2001 GDT, Inc., Rel. 01 2001

Mag 14.00
 Fri Jun 29 09:47 2007
 Scale 1:31,250 (at center)
 2000 Feet
 1000 Meters

-  Local Road
-  US Highway
-  Small Town
-  Airfield
-  Geographic Feature
-  State Boundary
-  National Boundary
-  Population Center
-  Land
-  Water
-  River/Canal
-  Intermittent River

PROPERTY DESCRIPTION

Site Analysis:

Location

The subject properties are located on the southwest corner of "D" and Third Streets (1). The second parcel is an inside lot located 50' north of the northeast corner of "C" and Second Streets in the City of San Luis.

Site Size and Shape

The subject lots each have a gross size of 11,520 square feet for a total combined size of 23,040 square feet. The parcels are generally rectangular in shape.

Soil and Topography

The soil and subsoil in this area has proven to be capable of supporting improvement typically found on properties with commercial zoning. I have not reviewed a soils report. The sites are level and nearly at grade with the adjoining streets.

Flood Zone Classification:

According to the FEMA Flood Insurance Map, Community Panel No. 040099 1050 C dated November 15, 1985, the subject is in Zone B as defined as:

"Areas between limits of the 100-year flood and 500-year flood; or certain areas subject to 100-year flooding with average depths less than one (1) or where the contributing drainage area is less than one square mile; or areas protected by levees from the base flood."

Offsite Improvements

"C", "D" Second and Third Streets are paved City dedicated streets. Only "D" and Third Streets have curbs, gutters and sidewalks.

PROPERTY DESCRIPTION

Environmental Study

I have not been provided with a contamination assessment report on the property. The parcel has been used for vehicle storage for City-owned vehicles. so there is minimum of oil dropping from different vehicles. This is typical and not considered to be a hazard to the property.

Utilities

All utilities are available to the property and are either at, or near, the property.

Zoning

The parcels are both zoned C-1, a Local Commercial Zone, allowing development of a wide range of business commercial activities including all retail sales, tourist and highway-oriented facilities, service businesses, entertainment and commercial uses which serve the entire urbanized area.

Tax Information

According to the current tax roll, the properties, as City owned entities, are exempt from taxation.

Assessor's Parcel Number: 775-38-124

Assessor's Parcel Number: 775-38-117

Census Tract-Metropolitan Statistical Area

04-27-00116.00, MSA 9360

Easements and Restrictions

I have not reviewed a copies of a policy of title insurance and have assumed that there are

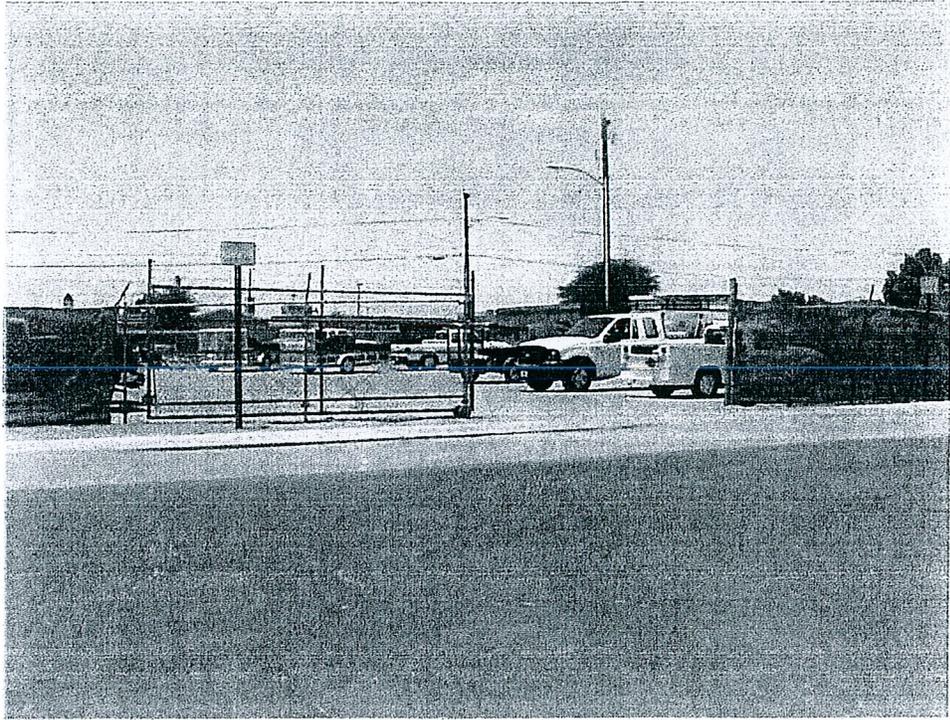
PROPERTY DESCRIPTION

no easements or restrictions materially affecting the property. If either are found on the property I reserve the right to review them in relation to my opinion of value.

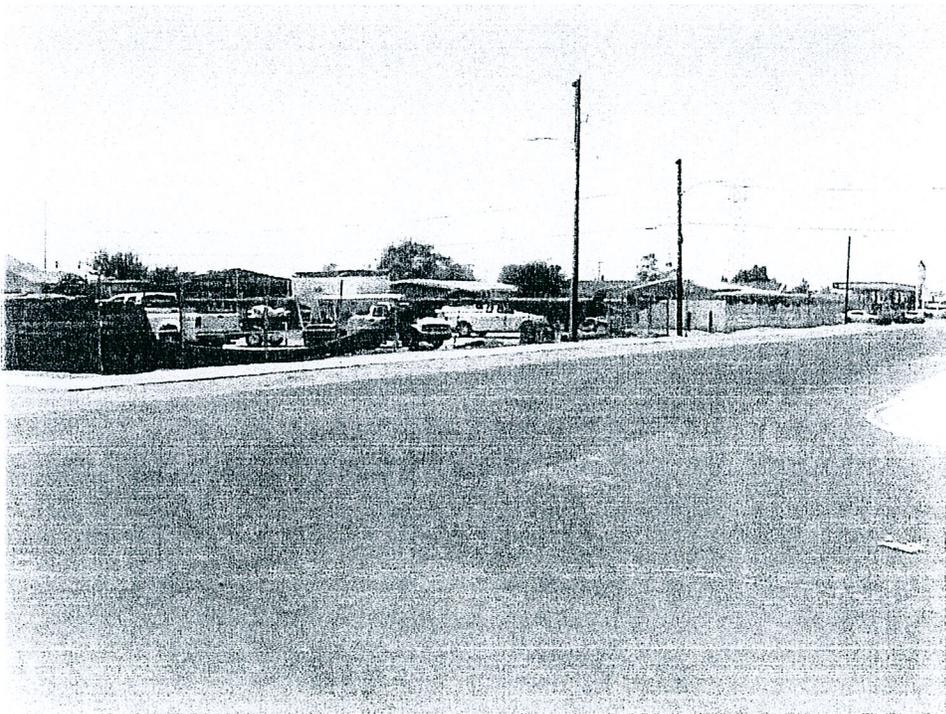
Current Use

The parcels are currently unimproved except for perimeter fencing and used for parking City Vehicles.

SUBJECT PHOTOGRAPHS



SUBJECT LOT 12, LOOKING FROM WEST TO EAST



LOOKING WEST ALONG "D" STREET,
SUBJECT LOT 12 ON LEFT SIDE OF PHOTO

SUBJECT PHOTOGRAPHS

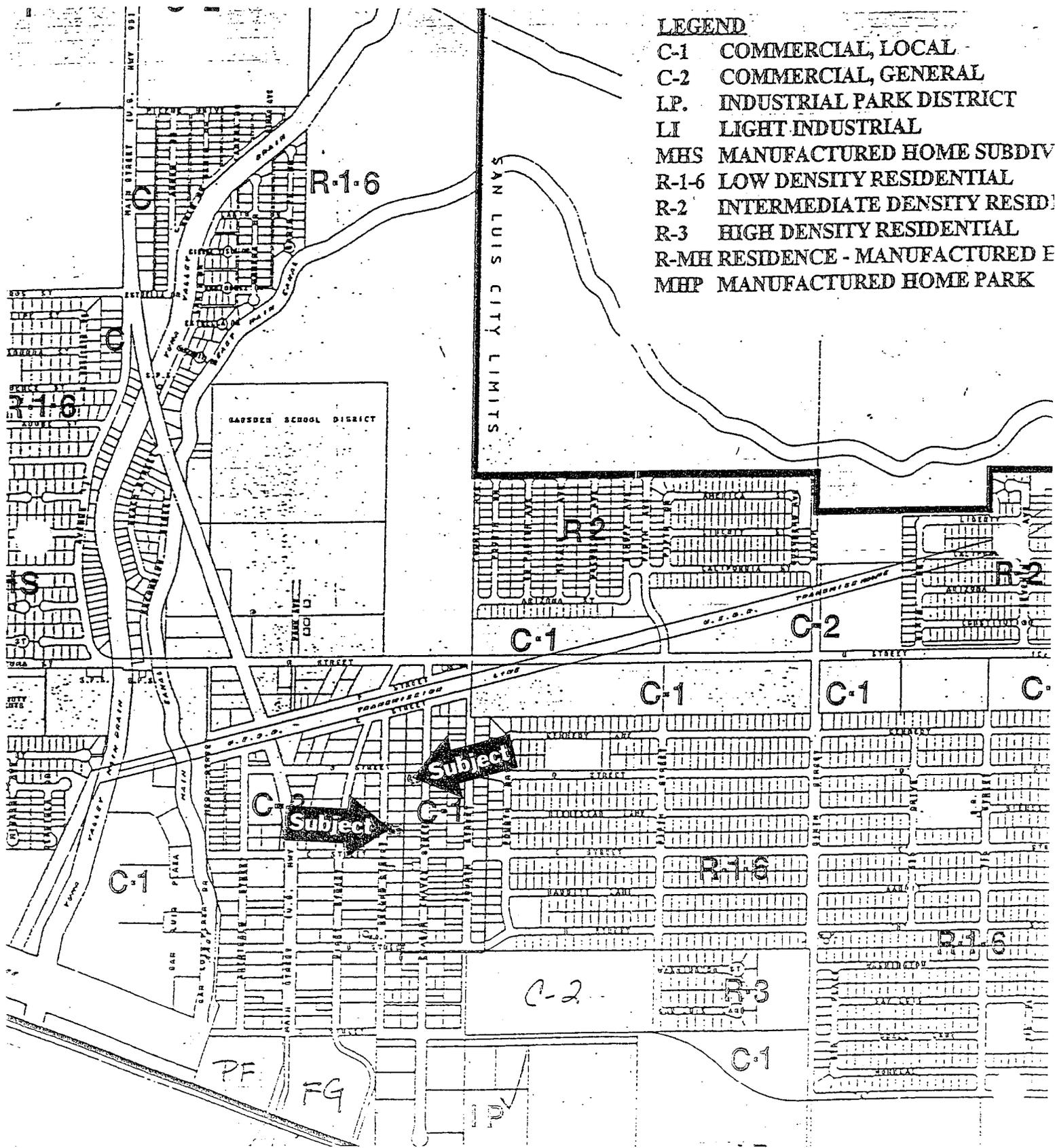


LOT 5, LOOKING FROM WEST TO EAST



LOOKING NORTH ON 2ND STREET,
SUBJECT LOT 5 ON RIGHT SIDE OF PHOTO

SUBJECT ZONING MAP



LEGEND

- C-1 COMMERCIAL, LOCAL
- C-2 COMMERCIAL, GENERAL
- LP INDUSTRIAL PARK DISTRICT
- LI LIGHT INDUSTRIAL
- MHS MANUFACTURED HOME SUBDIV
- R-1-6 LOW DENSITY RESIDENTIAL
- R-2 INTERMEDIATE DENSITY RESID
- R-3 HIGH DENSITY RESIDENTIAL
- R-MH RESIDENCE - MANUFACTURED E
- MHP MANUFACTURED HOME PARK

HIGHEST AND BEST USE

The Highest and Best Use of the property has been analyzed, as vacant without consideration of the existing improvements. This analysis considers the four basic elements: (1) Legal (2) Physical Possibility (3) Financial Feasibility (4) Provision for Maximal Productivity.

Highest and Best Use - Vacant

Probable Legal Use - The parcel is zoned for commercial development under the City zoning ordinance. This allows the property to be used for any compatible commercial use which is typical for this area as well as conforming to the restrictions imposed by the City.

Physically Possible Use - The properties are level and rectangular with no apparent physical problems. The parcel is at, or near, street grade. Each are typical in size and access to other property in the area.

Financially Feasible - There are several legal and physical possibilities to developing the properties. To be financially feasible the property must produce sufficient return to justify the cost of development. The zoning would allow development of an office/retail type of building.

Maximally Productive - The use producing the highest return to the land is generally considered the highest and best use. Under the present market conditions it does not appear that a "spec" building would be appropriate. The most likely development would be to construct a building as a "build to suit" for a specific tenant on a long term lease.

HIGHEST AND BEST USE

Conclusion

After considering the potential alternate uses for the property, it appears the development a large commercial building would be the Highest and Best Use of the property for the foreseeable future.

METHODOLOGY

One, or more, of the three accepted appraisal techniques are typically employed as a basis of estimating the market value of a property. The three approaches are the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach. In forming an opinion of value for the subject property, only the market approach has been utilized.

The suitability of a given approach for each individual property depends on a number of factors including; the highest and best use of the property and the availability of market data. Under the three approaches, the reconciliation refers to the process of bringing together the varying factors from the three approaches to value. A study of the pertinent data gathered is analyzed and the process of selecting the most applicable data under each approach is completed. The final conclusion to value is based on the approach, or approaches, which are most applicable under the given circumstances.

In the following report, most weight has been placed on the market approach as the underlying assumption is that the property is not improved.

SALES COMPARISON APPROACH

The sales comparison approach to value is the process in which properties which have sold are compared toward the property under appraisal. Implied in this approach is that an informed buyer will not pay more for a property than he or she would pay to acquire an equally desirable property without undue delay.

The purchase price of the sold property is divided by the parcel size, or building size, and the answer is an indication of the amount of money the market is willing to pay for this type of property based on its size. The second step in this analysis is to make appropriate adjustments for such things as, changes in market conditions, financing, and physical differences such as size, location etc. The adjusted per square foot or per acre value is applied to the subject parcel to derive an indication of value.

Discussion of Adjustments

Rights Conveyed

The sales data would require an adjustment if other than the fee title is transferred. The sales presented in this report did not require an adjustment for rights conveyed.

Terms

Each sale is considered as to the effect financing may have had on the purchase price. A discussion of the effect of financing on the purchase price, if any, will be found in the market discussion section of this report.

Conditions of Sale

All transactions were considered as fair market or "arms length" transactions. No adjustment is considered appropriate for conditions of sale.

SALES COMPARISON APPROACH

Market Conditions

The market appears to be stable and is expected to remain so in the next several years. I have concluded that no adjustment is warranted for changes in market conditions for sales which have closed escrow in the last two years. Others have been adjusted for market differences based on an inflation rate of 2.5 % per year to bring the sale current to the date of value.

Physical Adjustments

Location - This adjustment considers the market area of the comparable and adjusts the sales towards the subject for location. This adjustment is often based on a land value difference or rental rates which are different than the subject.

Size - This adjustment considered the overall parcel size in relation to the property under appraisal. Smaller properties will most often sell for more per square foot or per acre than an equally desirable larger property. It may generally be concluded that the larger the property, the smaller number of potential purchasers. An adjustment for the difference in office size and quality may also be appropriate.

There are several other physical characteristics; such as shape, topography and access which may also be considered in the adjustment process.

Summary

In analyzing the subject property, the adjustment process has been divided into various categories as previously outlined. If there are additional categories affecting value of the property they are too small to measure in the market.

SALES COMPARISON APPROACH

LAND SALES SUMMARY							
	Location	Zoning	Sale Date	Sale Price Fee#	Parcel Size	\$s per Sq Ft	Remarks
No. 1	Mesa Street 102-61-174B	C-1 Comm	5/26/06	\$59,000 #05-22838	5,750 Sq Ft	\$10.26 psf	Used for open storage
No. 2	SEC "B" St 102-61-055A	C-1 Comm.	6/2/05	\$125,000 #05-23829	11,520 Sq Ft	\$10.85 psf	Parking lot for adjoining bldg.
No. 3	Mesa Street 102-61-176A	C-1 Comm	5/20/06	\$60,000 #06-19658	5,750 Sq Ft	\$10.43 psf	Parking lot
No. 4	23263 Mesa 775-37- 172A/176 B	C-1 Comm	4/6/26	\$53,500 #06-07268	11,500 Sq. Ft.	\$4.65 psf	2-non-contiguous lots
No. 5	2nd Street 102-61-55B- 55C-60A	C-1 Comm	7/29/05	\$200,000 #05-32840	28,800 Sq Ft	\$6.94 psf	3 adjoining lots separated by an easement
Subj	Second St. & "D" St.	C-1 Comm.	N/A	N/A	23,040 Sq Ft	N/A	2 Lots same Size

Valuation

The five sales shown above appear to be strongest indicator of value for the property under appraisal. The core area of the City is zoned either C-1 or C-2, both being commercial zone designations.

Market Data No. 1 is located a one-quarter mile west of the subject lots on "C" and Mesa Streets. The parcel is approximately one-half the size of the subject lots and would require a downward size adjustment. The parcel is zoned commercial, the same as the subject. and other than being smaller, it is considered to be a reasonable indicator of value.

SALES COMPARISON APPROACH

Market Data No. 2 is located on the corner of "B" and 2nd Streets, 1 block south of the subject. The property sold in June 2005 for \$10.85 per square foot for this corner lot. The parcel is the same size as the subject requiring no adjustment for a size difference. The purchasers own the adjoining building on the other side of the alley to the east. This is a corner lot, but does not appear to indicate a square foot difference when compared to the sales of inside lots.

Market Data No. 3 The purchaser of this lot has an office building on the lot to the south and it appeared that this site was purchased for customer parking. The parcel closed escrow in May of 2006 for \$60,000, or \$10.43 per square foot for this 5,750 square foot parcel. This lot is smaller than either of the two subject lots and would require a downward adjustment. After adjustments, this parcel is considered a reasonable indicator of value for the subject.

Market Data No. 4 is comprised of 2 separate non-contiguous lots. One is located on Archibald 4 lots north of the intersection of "C" Street and Archibald. The second lot faces on Mesa Street, 6 lots north of "C" Street. The purchase totals 11,500 square feet indicating \$4.65 per square feet, the lowest value found in the array of sales. The parcels are level and at grade. Although the total area is equal to the subject, the two non-contiguous lots are considered inferior to the subject.

Market Data No. 5 closed escrow in July of 2005 for an indicated price of \$6.94 per square foot for the 28,800 square foot parcel. The parcel contains two 11,520 square lot fronting on Second Street and an additional small lot (5,760 s.f.) fronting on a 20' wide sub-standard easement drive; it also has a 15' wide easement along its west side. The sale would receive a small upward adjustment for the size difference.

SALES COMPARISON APPROACH

Value Conclusion

The five sales discussed indicate a range of from \$4.65 to \$10.85 based lot size. **Market Data No. 2** is in relative close proximity to the subject, is the same size as the subject's individual parcels, and is given the most weight.

Market Data No. 1 is a smaller lot and is used for open vehicle storage. **Market Data No. 1, 2 and 3** all fall in the range of from \$10.26 to \$10.85 per square foot. **Market Data No. 5** is the only sale that is similar in size to combined size of the subject lots. This sale consists of three (3) adjoining lots totaling 28,800 square feet. **Market Data No. 4** is similar in size to one of the subject lots. As one of the subject lots is on a corner, comparisons have been made for both locations.

The five (5) sales are considered good indicators of value as none of the sales required large adjustments and were all in relative proximity to the subject.

After considering the data available, I have formed the opinion that if the subject lots were available the most probable market value as of May 14, 2007 was from **\$9.50 to \$10.00** per square foot, or from **\$109,500 to \$115,000** per lot.

\$ 9.50	x	23,040 sq. ft.	=	\$218,880
\$10.00	x	23,040 sq. ft.	=	\$230,400
\$9.55	x	23,040 sq. ft.	=	\$220,032
		Say:		\$220,000 (rounded)

SALES LOCATION MAP



© 2001 DeLorme, Street Atlas USA; © 2001 GDT, Inc., Ref. 01 2001

Mag 16.00

Fri Jun 29 09:48 2007

Scale 1:7,812 (at center)

500 Feet

200 Meters

-  Local Road
-  US Highway
-  Small Town
-  Airfield
-  Park/Reservation
-  National Boundary
-  Population Center
-  River/Canal

ADDENDA SECTION



AFFIDAVIT
SE

OFFICIAL RECORDS OF
YUMA COUNTY RECORDER
SUSAN MARLER

51206 KAS



FEE #: 2002-07908

1. ASSESSOR'S PARCEL NUMBER(S) (Primary Parcel Number)

(a) 102-61-124
Book Map Parcel Split

Does this sale include any parcels that are being split/divided?

Check one: Yes No

(b) List the number of additional parcels other than the primary parcel that are included in sale.
List the additional parcel numbers (up to 4) below:

(c) _____ (d) _____
(e) _____ (f) _____

2. SELLERS NAME & ADDRESS

ISMAEL PEREZ
516 Rialto Avenue, Post Office Box 57,
Venice, California 90294

3. BUYER'S NAME & ADDRESS

CITY OF SAN LUIS
P.O. Box 1170
San Luis, AZ 85349

Buyer and Seller related? Yes No

If yes, state relationship: _____

4. ADDRESS OF PROPERTY:

San Luis, Arizona 85349

5. MAIL TAX BILL TO:

CITY OF SAN LUIS
P.O. Box 1170
San Luis, AZ 85349

6. TYPE OF PROPERTY (Check One):

- a. Vacant Land
- b. Single Fam. Residence
- c. Condo/Townhouse
- d. 2-4 Plex
- e. Apartment Bldg.
- f. Commercial/Industrial
- g. Agriculture
- h. Mobile Home
Affixed
- i. Other Specify: _____

7. RESIDENTIAL BUYERS INTENDED USE (Answer if you checked, b, c, d, or h above) (Check One)

- To be occupied by Owner or "family member"
- To be rented to someone other than "family member"

NOTE: See next page for definition of "family member."

8. PARTY COMPLETING AFFIDAVIT (Name, Address & Phone)

Chicago Title Insurance Company 51206
851 N. Main, Suite 1, P.O. Box 9064, San Luis, Arizona 85349 (Phone) (928) 627-7735

THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY.

Signature of Seller/Agent Ismael Perez
State of California, County of Los Angeles

Subscribed and sworn to before me on this 14th day of March, 2002

Notary Public Lori Jackson Chapman

Notary Expiration Date Aug. 7, 2002

AFFPRP (12/15/99) 13.01

20472

9. FOR OF

- (a) County
- (b) Docket
- (c) Fee/Re 03/19/2002 03:48 PAGES: 0002
FEE: 5.00 8.00 1.00 2.00 .00
- (d) Date of REQ BY: YUMA TITLE
REC BY: NORMA VASQUEZ
- Assessor/DC
- (e) Assessor _____ (f) Don

- Use Code: _____
10. TYPE OF DEED OR INSTRUMENT (Check One)
- a. Warranty Deed
 - b. Special Warranty Deed
 - c. Joint Tenancy Deed
 - d. Contract or Agreement
 - e. Quit Claim Deed
 - f. Other _____

11. TOTAL SALE PRICE: \$ 65,000.00

12. PERSONAL PROPERTY
Did the buyer receive any personal property (see next page for definition) that has a value greater than 5% of the sale price:
(a) Yes No If yes, briefly describe _____

Approximate value (b) \$ _____

13. DATE OF SALE: March / 2002
Month Year

NOTE: This is the date of the contract of sale if you are recording title in fulfillment of a previously recorded contract, you need not complete this affidavit (see A.1 on next page)

14. DOWN PAYMENT (cash, etc) \$65,000.00

15. METHOD OF FINANCING (check all that apply):
- a. All Cash
 - b. Exchange or trade
 - c. Assumption of existing loan(s)
 - d. New loan from seller
 - e. New Loan(s) from financial institution
(1) Conventional (2) VA (3) FHA
 - f. Other Explain _____

16. PARTIAL INTERESTS:
is only a partial interest (e.g. 1/3 or 1/2) being transferred?
Yes No If yes, explain _____

17. ADDITIONAL INFORMATION (check all that apply):
a. Affixed Mobile Home b. Other: _____
Number of Units: 0 (Apartment, Motel, Mobile Home Park)

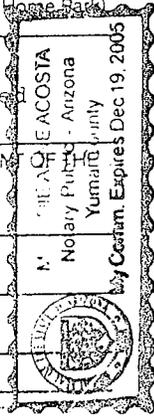
18. LEGAL DESCRIPTION (attach copy if necessary)
Legal Description - Continued

Signature of Buyer/Agent _____
State of Arizona, County of Yuma

Subscribed and sworn to before me on this 15th day of March, 2002

Notary Public Aracosta

Notary Expiration Date 12-19-2005



CHICAGO TITLE INSURANCE COMPANY

LEGAL DESCRIPTION - CONTINUED

Title No. 51206

Lot 12, Block 16, SAN LUIS TOWNSITE ADDITION 1

Arizona Department of Revenue
 Division of Property Valuation & Equalization
AFFIDAVIT OF PROPERTY VALUE
 DPVE Form 82162 (Rev. 4/89)

OFFICIAL RECORDS OF
 YUMA COUNTY RECORDER
 SUSAN MARLER



ASSESSORS'S PARCEL NUMBER(S) (Primary Parcel Number)
 (a) 102 61 117
 BOOK MAP PARCEL SPLIT

NOTE: If the sale involves multiple parcels, how many are included?
 (b) List the number of additional parcels other than the primary parcel that are included in sale.
 List the additional parcel numbers (up to 4) below:

(c) _____ (d) _____
 (e) _____ (f) _____

2. SELLER'S NAME & ADDRESS:
ARTURO VERDUGO and ADOLFO VERDUGO

c/o 11082 Blythe Road
San Diego, CA 92126

3. BUYER'S NAME & ADDRESS:
CITY OF SAN LUIS

P.O. Box 1170
San Luis, AZ 85349

Buyer and Seller related? Yes _____ No XXX
 If yes, state relationship: _____

4. ADDRESS OF PROPERTY:
Parcel No. 102-61-117

5. MAIL TAX BILL TO: BUYER AT ADDRESS SHOWN

6. TYPE OF PROPERTY (Check one):
 a. Vacant Land f. Commercial/Industrial
 b. Single Fam. Residence g. Agriculture
 c. Condo/Townhouse i. Mobile Home Affixed
 d. 2-4 Plex j. Other, Specify: _____
 e. Apartment Bldg.

7. RESIDENTIAL BUYER'S INTENDED USE (Answer if you checked b,c,d or h above) (Check one):
 To be occupied by owner or family member. To be rented to someone other than "family member."
 NOTE: See reverse for definition of "family member."

8. PARTY COMPLETING AFFIDAVIT (Name, Address, & Phone)
Yuma Title & Trust Company
1706 S. 4th Avenue
Yuma, Arizona 85364 (Phone) ()

9. FOR OFF
 (a) County of _____
 (b) Docket & **FEE #: 1998 - 25313**
 09/23/1998 01:52 PAGES: 0003
 FEES: 5.00 4.00 1.00 2.00 .00
 REQ BY: YUMA TITLE
 REC BY: PATTY MORENO
 Assessor/DOR _____
 (e) Assessor _____ (f) DOR _____

10. TYPE OF DEED OF INSTRUMENT (Check One):
 a. Warranty Deed d. Contract or Agreement
 b. Special Warranty Deed e. Quit Claim Deed
 c. Joint Tenancy Deed f. Other _____

11. TOTAL SALE PRICE \$ 60,000.00

12. PERSONAL PROPERTY:
 Did the buyer receive any personal property (see reverse for definition) that value greater than 5% of the sale price:
 (a) Yes _____ No XX. If yes, briefly describe _____

Approximate Value: (b) \$ 0.00

13. DATE OF SALE: JULY 1998
 Month Year

NOTE: This is the date of the contract of sale. If you are recording title in fulfillment of a previously recorded contract, you need not complete this affidavit (see A.1 on reverse).

14. CASH DOWN PAYMENT: \$ 60,000.00

15. METHOD OF FINANCING (Check all that apply):
 a. All Cash b. Exchange or trade
 c. Assumption of existing loan(s) d. New loan from seller (Seller Carryback)
 d. New loan(s) from financial institution
 (1) Conventional (2) VA (3) FHA
 f. Other, Explain _____

16. PARTIAL INTERESTS:
 Is only a partial interest (e.g., 1/3 or 1/2) being transferred?
 Yes _____ No XX. If yes, explain _____

17. SOLAR ENERGY (Check all that apply):
 a. None b. Hot Water
 c. Heating-Passive d. Heating-Active

18. LEGAL DESCRIPTION (attach copy if necessary)

SEE EXHIBIT 'A' ATTACHED

THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FORGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY.

Arturo Verdugo
 Signature of Seller Agent ARTURO VERDUGO

[Signature]
 Signature of Buyer Agent CITY OF SAN LUIS

State of Arizona, County of Yuma
 Subscribed and sworn to before me on this

State of Arizona, County of Yuma
 Subscribed and sworn to before me on this

23 day of August
 Notary Public [Signature]

23 day of August 19 98
 Notary Public [Signature]

Notary Expiration Date 7-20-99

My Commission Expires Oct. 2, 1999

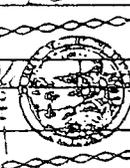


EXHIBIT 'A'

Lot 5, Block 16, SAN LUIS TOWNSITE ADDITION NO. 1 AND LOT 9,
according to Book 4 of Plats, page 97, records of Yuma
County, Arizona;

EXCEPT all oil and gas as reserved in Patent from the
United States of America.

"END"

QUALIFICATIONS OF APPRAISER
GORDON E. PORTER

EDUCATION

Business Administration Major, Los Angeles State Pomona, (now CSULA) 1959-62

Completed Appraisal Courses sponsored by Appraisal Institute
(formerly American Institute of Real Estate Appraisers)

Elective Examination No. 8 - 6/1970

Course 1-A - 9/1970

R.E. Appraisal Principles - (1A-1/8-1) 2/1987

Capitalization Theory & Tech - (1B-A) 6/1986

Capitalization Theory & Tech - (1B-B) 8/1987

Valuation of Lease Interest - Part I - 10/1987

Case Studies in R.E. Valuation - (2-1) 8/1986

Valuation Analysis & Report Writing - (2-2) 10/1986

Standards of Professional Practice - 2/1987

Regression Analysis - Sales Comparison Approach - 2/1989

Standards - Part "A" - 10/1991

Commercial Review Seminar - 10/1992

25th Annual Litigation Seminar - 11/1992

Appraising FHA Property - 1/1995

Data Confirmation & Verification Methods - 6/96

USPAP Update Seminar - 11/96 and 1/02, 8/05, 7/06

Easement Valuation Seminar - 11/97

New Industrial Valuation - 5/1998

Completed courses with University of California Extension in the
following: 1963-1966

A. Elements of Cost Estimation

B. Real Estate Law

C. Real Estate Finance

D. Real Estate Principles and Practice

E. Real Estate Investment and Analysis

Completed special courses given by the State of California Board of
Equalization Division of Assessment Standards: (1963-1966)

A. Elements of Cost Estimation

B. Total Property Appraisals

C. Appraisal Theory

Continuing educational seminars conducted by Appraisal Institute, International Right of Way,
American Legal Institute and American Bankers Assoc.:

Litigation Valuation Seminar - American Legal Institute -American Bar Assoc. 1/1991

FIRREA for Real Estate Appraisers - Calif. Bankers Assoc., 2/93

Condemnation Seminar - International Right of Way Assoc. 10/95

Property Descriptions - International Right of Way Assoc. - 11/96

Appraisal of Partial Acquisitions-International Right of Way Assoc. 4/02

Eminent Domain Conference-Continuing Legal Education International - 3/03

Appraisal Today National Conference-San Francisco-7/03- 8/05

Appraising Manufactured Housing-1/04

EXPERIENCE

Staff Appraiser with the County of Ventura, California,
(three years - 1963-1966)

Staff Appraiser with the County of San Diego, California
(two years - 1966-1968)

Staff Appraiser with Financial Appraisals Inc., Financial Federation,
San Diego, California (one year - 1968-1969)

Independent Fee Appraiser - Associated with Gerald S. Kibbey,
MAI & Associates
(thirteen years - 1969-1982)

Independent Fee Appraiser - Gordon E. Porter, Porter Appraisals
(1982 to present)

Appraisals have been made on the following types of properties: single family, multiple family, condominiums, commercial/industrial, mobile home parks, acreage, medical centers, churches, existing and proposed construction, as well as various special use properties.

AFFILIATIONS

Arizona Board of Appraisal - Certified General No. 30778
Sept. 22, 1994-Sept. 30, 2006

Designated Class IV Appraiser, Calif. State Savings and Loan Commissioner

Designated Fee Appraiser for misc. lenders-FNMA #1116484

Designated FHA CHUMS CIC (Dept. Of HUD Phoenix Office)

MISCELLANEOUS INFORMATION

Appeared as an expert witness, Real Estate, Superior Court,
Ventura County, California

Appeared as an expert witness, Real Estate, Superior Court,
San Diego County, California

Appeared as an expert witness before the Assessment Appeals
Board, San Diego County

Appeared as an expert witness, Real estate, Bankruptcy
Court, Southern District, San Diego, California

Appeared as an expert witness, Real Estate, Superior Court,
Los Angeles County, California

REFERENCES AVAILABLE UPON REQUEST