City of Las Cruces®
PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 16 **Ordinance/Resolution#** 2669

For Meeting of September 17, 2012 (Ordinance First Reading Date)

For Meeting of October 1, 2012 (Adoption Date)

Please check box that applies to this item:

☐ QUASI JUDICIAL ☐ LEGISLATIVE ☒ ADMINISTRATIVE

TITLE: **AN ORDINANCE AUTHORIZING A REAL PROPERTY SALE AND USE AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND JAL PROPERTIES, LLC, A/K/A "ANGEL CARE" FOR MUNICIPALLY OWNED PROPERTY LOCATED AT 2225 E. GRIGGS AVE., LAS CRUCES, NM 88001, CONSISTING OF APPROXIMATELY 1.338 ACRES+\- FOR THE AMOUNT OF $45,000 AND ADDITIONAL CONSIDERATION FOR THE CITY'S CONTINUED USE OF THE PROPERTY FOR THE CITY'S PARKS & RECREATION DEPARTMENT'S THERAPEUTIC PROGRAMS AT NO COST TO THE CITY FOR A PERIOD OF FIVE (5) YEARS, WITH THE OPTION TO RENEW IN FIVE (5) YEAR INCREMENTS FROM THE CLOSING DATE IN ACCORDANCE WITH THE PROVISIONS OF LCMC 1997 SECTION 2-1312.**

PURPOSE(S) OF ACTION:

To approve the sale of the Life Center and the operating agreement.

COUNCIL DISTRICT: ALL		
Drafter/Staff Contact: Mark Johnston	**Department/Section:** Parks & Recreation	**Phone:** 541-2550
City Manager Signature:		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

In January, 2012 City Council was informed of the need to reduce the number of City owned buildings, including the Life Center building. The repairs needed and lack of funding sources for the building was discussed at length. Consensus was reached by the Council that staff should identify programming alternatives and move forward with the sale of the property.

The Life Center property consists of a 4,065 square foot building constructed in 1996, and includes a multi-purpose room, office space, kitchen, game room, and an outdoor playground area on a 1.745± acre tract located north of Griggs Avenue and east of Walnut Street. The building is now in need of major repairs and renovation. The most pressing issues are the failing septic system and the stucco coating on the building's exterior. Estimates for building repairs and hook up to the City sewer system exceed $150,000.

(Continue on additional sheets as required)

City staff and Angel Care have met since March 2012 to see if there was still the development interest in a public/private partnership with the City allowing City programming to continue for special therapeutic programs as part of a Real Estate Sales and Use Agreement. The agreement negotiated by City staff and Angel Care specifically identifies and sets forth the terms and conditions for the City's continued use of the building for Therapeutic Recreation Programs as set forth in "Exhibit D", Terms and Conditions of City Use of Life Center Building. The City will have access to the building for programming Monday through Friday from 8:30am – 3:30pm and after hours for special events and functions. The City will provide a monthly schedule of activities to Angel Care Management. The City's use of the building is at no cost or expense to the City. Additionally, Angel Care will cooperate with the City to subdivide the eastern portion of the property for possible future affordable housing as identified on "Exhibit B".

Pursuant to LCMC2-1313 City staff secured a required appraisal of the property attached as "Attachment A". The appraised value of the property exceeds the Contract Sales Price, however the general fund savings that the City will realize over the course of the agreement is far greater than the appraised value. The City will not be required to pay rent or building operational costs or expenses for at least five years from the date of sale. Another factor prompting the lower sales price for the purchase of the property was the current state and disrepair of the building which estimates exceed $150,000.

This Ordinance was brought before Council at the September 4, 2012 City Council meeting for "first read". Council had concerns and expressed an interest in adding provisions to the Real Estate Purchase and Use Agreement related to the timing of improvements, sewer connection and the ability to pay for said improvements. As a result, the Ordinance has been redrafted and the Real Estate Purchase and Use Agreement modified providing the City with assurances from Angel Care that it will connect to the City's recently constructed sewer line at Griggs/N. Walnut Street, and that it has financing to make the necessary repairs to the Life Center building.

SUPPORT INFORMATION:

1. Ordinance.
2. Exhibit "A", Purchase and Use Agreement.
3. Exhibit "B", Survey Property Description.
4. Exhibit "C", Property Inventory to remain with City.
5. Exhibit "D", Terms and Conditions of City Use Agreement.
6. Attachment "A", Appraisal.

(Continue on additional sheets as required)

SOURCE OF FUNDING:

Is this action already budgeted? N/A			
	Yes	☐	See fund summary below
	No	☐	If No, then check one below:
	Budget Adjustment Attached	☐	Expense reallocated from: _____
		☐	Proposed funding is from a new revenue source (i.e. grant; see details below)
		☐	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?			
	Yes	☒	Funds will be deposited into this fund: General Fund in the amount of $45,000 for FY12/13.
	No	☐	There is no new revenue generated by this action.

BUDGET NARRATIVE

N/A

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the Ordinance and Real Property Sale and Use Agreement.
2. Vote "No"; this will not approve the Ordinance or the Real Property Sale and Use Agreement.
3. Vote to "Amend"; and provide changes required.
4. Vote to "Table"; and provide staff with further direction.

REFERENCE INFORMATION:

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

N/A

(Continue on additional sheets as required)

COUNCIL BILL NO. 13-014

ORDINANCE NO. 2669

AN ORDINANCE AUTHORIZING A REAL PROPERTY SALE AND USE AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND JAL PROPERTIES, LLC, A/K/A "ANGEL CARE" FOR MUNICIPALLY OWNED PROPERTY LOCATED AT 2225 E. GRIGGS AVE., LAS CRUCES, NM 88001, CONSISTING OF APPROXIMATLEY 1.338 ACRES+/- FOR THE AMOUNT OF $45,000 AND ADDITIONAL CONSIDERATION FOR THE CITY'S CONTINUED USE OF THE PROPERTY FOR THE CITY'S PARKS & RECREATION DEPARTMENT'S THERAPEUTIC PROGRAMS AT NO COST TO THE CITY FOR A PERIOD OF FIVE (5) YEARS, WITH THE OPTION TO RENEW IN FIVE (5) YEAR INCREMENTS FROM THE CLOSING DATE IN ACCORDANCE WITH THE PROVISIONS OF LCMC 1997 SECTION 2-1312.

The City Council is informed that:

WHEREAS, during the pre-budget retreat in January, 2012 City Council was informed of the need to reduce the number of City owned buildings; and

WHEREAS, Council members were informed of the current condition of the Life Center and the lack of funding available for the needed repairs; consensus was reached directing staff to find programming alternatives and to move forward with the sale of the building; and

WHEREAS, the Life Center, a 4,065 square foot building constructed in 1996 is in need of immediate repairs and upgrades with a conservative estimate exceeding $150,000; and

WHEREAS, in March, 2012 staff contacted Angel Care to see if there was interest in the building based on an earlier inquiry and in the development of a public/private partnership which would allow City programming to continue in the building; and

WHEREAS, Angel Care agreed to allow the City to continue special therapeutic

programs in the building and agreed to assist subdividing the property to allow opportunities for future affordable housing.

NOW, THEREFORE, Be it ordained by the governing body of the City of Las Cruces.

(I)

THAT staff is directed to proceed with the sale of the Life Center subject to the conditions and terms set forth in Exhibit "A", Real Property Sale and Use Agreement, attached hereto.

(II)

THAT the property is to be divided with the City retaining Lot 1B as defined in the survey presented in Exhibit "B", attached hereto.

(III)

THAT certain equipment/furniture property as defined in Exhibit "C", Life Center Property List of Equipment/Furniture, shall remain with the City of Las Cruces, attached hereto, shall remain in the Life Center for use and ownership by City staff.

(IV)

THAT the City use of the building are further defined and agreed to as set forth in Exhibit "D", Terms and Conditions of City Use of Life Center Building, attached hereto.

(V)

THAT the proceeds of the sale shall be deposited into the General Fund.

(VI)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 2012.

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

(SEAL)

VOTE:
Mayor Miyagishima: _____
Councillor Silva: _____
Councillor Smith: _____
Councillor Pedroza: _____
Councillor Small: _____
Councillor Sorg: _____
Councillor Thomas: _____

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:

_____
City Attorney

EXHIBIT A

REAL PROPERTY SALE AND USE AGREEMENT

This agreement is made _____ ___, 2012 between **City of Las Cruces**, a municipality organized and existing under the laws of New Mexico with its principal office located at 700 N. Main St., Las Cruces, New Mexico ("City"), and **JAL Properties, LLC**, a/k/a "Angel Care" located at 151 S. Walnut, C-1, Las Cruces, New Mexico 88001.

RECITALS

A. City has entered into a contract with Angel Care, a for-profit corporation providing services to persons with developmental disabilities and their families, to sell the real and personal property including a facility, known previously as the "Life Center Building" located at 2225 E. Griggs Ave, Las Cruces NM 88001 to Angel Care. City currently provides therapeutic programs to the citizens of Las Cruces including but not limited to pool tournaments, dance, Karaoke, cooking and other social activities.

B. City and Angel Care desire that the City be allowed to continue to use the facility for its therapeutic programs after the City sells and conveys the real property and improvements to Angel Care, and that Angel Care agrees to allow the property to be used by City, in accordance with the terms and conditions set forth below.

C. Angel Care is aware that that facility and real property being purchased is currently part of an approximately 1.744 acre parcel and that City intends to subdivide the parcel and develop the remaining portion of the parcel for affordable housing lots. Angel Care will, at the request of the City and at no expense to Angel Care, participate in any Planning & Zoning activities to accomplish this purpose.

In consideration of the matters described above and of the mutual benefits and obligations set forth in this agreement, the parties agree as follows:

SECTION ONE. SALE OF PROPERTY

City agrees to sell and convey, and Angel Care agrees to purchase the building located at 2224 East Griggs Avenue, (hereafter "Facility") with all associated improvements including but not limited to parking, landscaping, and the outdoor play area as shown on the survey attached as Exhibit "B". The purchase shall include all items within the Facility except for the inventory listed on Exhibit "C" which shall remain the property of the City.

SECTION TWO. PURCHASE PRICE

The total purchase price shall be forty five thousand dollars ($45,000.00).

SECTION THREE. LIENS AND ENCUMBRANCES

The property is to be sold and conveyed subject to the following:

A. Zoning and building regulations, ordinances, and requirements adopted by any government or municipal authority having jurisdiction, and amendments and additions to such regulations, ordinances, and requirements, now in force and effect that relate to the property.

B. Any state of facts as shown on an accurate survey of the property provided the same does not render title unmarketable.

C. The building is being sold "as is" and City makes no warranty with respect to its condition. Angel Care may inspect the building at Angel Care's expense prior to closing.

D. Angel Care is aware that that facility and real property being purchased is currently part of an approximately 1.744 acre parcel and that City intends to subdivide the parcel and develop the remaining portion of the parcel for affordable housing lots. Angel Care will, at the request of the City and at no expense to Angel Care, participate in any Planning & Zoning activities to accomplish this purpose.

E. Apart from the above; the property is to be sold and conveyed free and clear of all liens and encumbrances.

SECTION FOUR. TITLE INSURANCE POLICY

City shall deliver to Angel Care at the closing, at City's expense, a title insurance policy for $45,000.00 insuring the interest of Angel Care as fee owners of the property, subject, however, to the matters set forth in this agreement and the usual standard exceptions of the title company issuing the policy. City shall use its best efforts to have the policy provide that there are no restrictions of record which contain reversions or forfeitures.

SECTION FIVE. OUTSTANDING ASSESSMENTS, ETC.

A. The existence of any violations or unpaid utility charges, or like charges on the date of closing of title shall not be deemed an objection to title.

B. City and Angel Care agree to prorate any outstanding unpaid utility charges or the like on the date of closing.

C. Closing costs are to be divided equally excepting the City's requirement to provide title insurance.

D. Angel Care, at its expense, shall connect to the six-inch (6") sewer line located at the southwest area of the property and within the Griggs and Walnut Street intersection once

said line has been constructed by the City and pay its pro rata share for the construction of the sewer line to the City based on acreage.

E. Angel Care recognizes that there is a utility easement along the southern boundary of the property running from the southwest corner to the southeast corner of the property for a distance of twenty (20) feet running from the curb on Griggs Street in a northerly direction. This easement is shown as a "new utility easement" on Exhibit "B" and is in favor of the City.

F. Angel Care has obtained and will furnish a copy to the City within five (5) days of the City Council approving this contract, a letter of credit which provides that Angel Care has the financial ability to make needed repairs to the building in the approximate amount of $150,000 and make the sewer connection payment and pay the sewer line connections costs impact fee within a reasonable time after closing.

G. Angel Care shall begin its permit processing within sixty (60) days of the close of the referendum date unless otherwise agreed in writing by the City.

SECTION SIX. DEED

A. The deed shall be the usual grant deed subject only to current taxes for the year 2012 and covenants, conditions, and restrictions of record so as to convey to Angel Care the fee simple of the property free and clear of all encumbrances, except as provided in this agreement.

B. The deed will contain a condition subsequent as follows: If, within five (5) years from the date this deed is recorded with the Doña Ana County, New Mexico, Clerk's office, Grantee offers the property for sale, and the City is so notified in writing, title to the property may revert to the City if the City within 15 days of receipt of the notice pays to Grantee its asking sale price, plus all expenses incurred by Grantee in operating and maintaining the building and grounds and all property taxes paid by Grantee from the date of recording of this deed to the date of closing, plus the costs and expenses incurred by Grantee to include reasonable attorneys fees in complying with this condition subsequent.

SECTION SEVEN. CLOSING

Closing shall be held at the office of (_____) at such time as Angel Care may designate on notice to City.

SECTION EIGHT. CITY'S CONTINUED USE OF PROPERTY

A. Angel Care agrees to allow City to continue to have access and use of the property for the purpose of conducting City's therapeutic programs for its participants. The City may use the facilities at no cost to City for a period not to exceed five (5) years from the closing date. City shall have continued use of the multipurpose room, kitchen, bathrooms, pool

room, and quiet room consistent with its current therapeutic programs. The use of property shall be without additional cost to City including maintenance or upkeep services. Both parties agree to abide by the terms and conditions of Exhibit "D" attached to this agreement.

B. By mutual agreement, Angel Care and the City may agree to extend the City's continued use of the property past the initial five year period, subject to the terms and conditions agreed to by the parties.

SECTION NINE. NOTICES

Any notice to be given by any party under this agreement shall be sent by registered or certified mail to the others at the addresses set forth by the respective signatures below or at such other address as may subsequently be designated in writing by such party.

SECTION TEN. ENTIRE AGREEMENT

This agreement constitutes the entire agreement of the parties and may not be changed or modified except by an agreement in writing signed by the parties.

Each party to this agreement has caused it to be executed on _____ ___, 2012.

For the City (City of Las Cruces)

By: _____
Robert L. Garza, P.E.
City Manager
P.O. Box 20000
Las Cruces NM 88004

JAL Properties LLC a/k/a Angel Care

By: _____
Name: _____
Its: _____
151 S. Walnut C-1
Las Cruces NM 88001

Approved as to Form:

_____
Harry S. (Pete) Connelly
City Attorney

EXHIBIT B

EXHIBIT OF
PROPOSED LOTS 1A & 1B, OF
HOPE SUMMARY SUBDIVISION, REPLAT No. 1
LYING WITHIN SECTIONS 8 AND 17, T.23 S.,R.2 E., N.M.P.M.
OF THE U.S.R.S. SURVEYS
CITY OF LAS CRUCES, DONA ANA COUNTY, NEW MEXICO
SEPTEMBER 10, 2012

LEGAL DESCRIPTION

LOT 1, HOPE SUMMARY SUBDIVISION, IN THE COUNTY OF DONA ANA, STATE OF NEW MEXICO, AS SHOWN AND DESIGNATED ON THE PLAT THEREOF, FILED IN THE OFFICE OF THE COUNTY CLERK OF SAID COUNTY AS PLAT No. 3787 ON JULY 14, 2003 IN BOOK 20, PAGES 377-378 OF PLAT RECORDS, SUBJECT TO EXCEPTIONS, RESERVATIONS, EASEMENTS AND RESTRICTIONS OF RECORD.

NOTES:

1) BASIS OF BEARINGS: FOUND MONUMENTS AS NOTED, SHOWN HEREON, ON THE EASTERLY RIGHT-OF-WAY LINE OF WALNUT STREET AS PER HOPE SUMMARY SUBDIVISION RECORDED: JULY 14, 2003, IN PLAT BOOK 20, PAGES 377-378, AS SHOWN HEREON.

2) OWNER OF RECORD: CITY OF LAS CRUCES, WARRANTY DEED RECORDED: OCTOBER 09, 1930, BOOK 82, PAGE 132.

3) MEASURED DATA AND RECORD DATA ARE EQUIVALENT UNLESS OTHERWISE NOTED.

4) PROPERTY IS LOCATED IN FLOOD ZONE "X", AREA TO BE KNOWN OUTSIDE 500-YEAR FLOOD PLAIN, PER FLOOD INSURANCE RATE MAP No. 35013C0632F, EFFECTIVE DATE OF SEPTEMBER 08, 1995.

5) EXCESS STORM WATER TO BE RETAINED IN DESIGNATED ON-LOT PONDS (P). MAINTTENANCE OF ON-LOT PONDING SHALL BE THE LOT OWNERS RESPONSIBILITY.

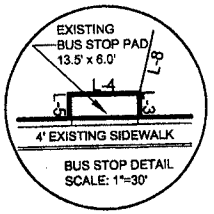
6) THE OWNER IS RESPONSIBLE FOR ALL EASEMENTS, MAIN LINE EXTENSIONS AND STUB-OUTS NECESSARY TO PROVIDE SEPARATE GAS, WATER AND SEWER SERVICES LINES TO EACH LOT.

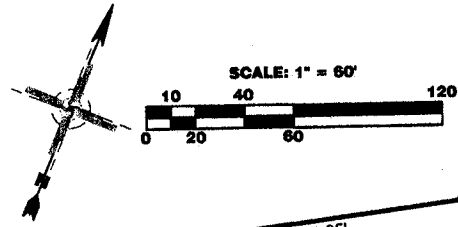
LEGEND

- ◉ = FOUND MONUMENT AS NOTED
- ○ = SET 1/2" REBAR W / PINK CAP "NMPS 12800"
- WV ⊠ = WATER VALVE
- = FIRE HYDRANT
- □ = WATER METER
- O = TELEPHONE RISER
- = POWER POLE
- ☼ = LIGHT POLE
- ☼ = TRAFFIC SIGNAL

LINE TABLE		
LINE	BEARING	LENGTH
L-1	N14°36'36"W	68.29'
L-2	S14°36'48"E	121.22'
L-3	N22°43'25"W	5.00'
L-4	S67°16'35"W	14.50'
L-5	S22°43'25"E	5.00'
L-6	S15°52'01"E	60.43'
L-7	S22°43'25"E	93.83'
L-8	S09°26'53"E	61.19'

CURVE TABLE			
CURVE	ARC	RADIUS	DELTA
C-1	51.37'	30.00'	98°06'49"
C-2	42.88'	30.00'	81°54'14"





THE SALVATION ARMY
RECEPTION No. 8912570
RECORDED: JULY 19, 1989
BK. 333, PGS. 519-520
UPC No. 4-008-134-386-457

WALNUT STREET (70' R/W)

BASIS OF BEARINGS

L-1

FND. 2" DIA. ALUM CAP ON 1/2" REBAR CLC CAP 6263

FND. 2" DIA. ALUM CAP ON 1/2" REBAR CLC CAP 6263

POND

N60°01'54"E 568.39'

10' EXISTING UTILITY EASEMENT

448.44'

10.7'

33.0' 8.5' 4.0' 4.0' 20.2' 16.3' 38.5'

BUILDING

59.5' 51.0'

8.0' 10.5' 16.0' 30.5' 33.0' 5.5' 36.5'

CHAINLINK FENCE (TYP)

1.0'

Ⓟ LOT 1A
1.326 ACRES

LOT 1B
0.418 ACRES
Ⓟ

ASPHALT

ASPHALT

WV

24' DRIVECUT

396.25'

20' NEW UTILITY EASEMENT

S67°16'35"W

4' EXISTING SIDEWALK

520.76'

24' DRIVECUT

L-3 L-4 L-5

110.01'

BUS STOP
(SEE DETAIL)
ADDITIONAL R/W TO
BE DEDICATED
0.001 AC.

L-6

GRIGGS AVENUE (60' R/W)

RECORDED: JULY 14,2003
PLAT BOOK 20, PAGES 377-378

119.95'

S15°09'48"E 175.04'

10' EXISTING UTILITY EASEMENT

L-7

L-8

LOT 4 BLK. 4

LOT 3 BLK. 4

LOT 2 BLK. 4

LOT 1 BLK. 4

SUNRISE TERRACE ADDITION PHASE V-B RECORDED: AUGUST 17, 1987 BK. 15, PGS. 23-24

GRIGGS AVENUE
RECORDED: AUGUST 17, 1987
PLAT BOOK 15, PAGES 23-24

50' R/W

10' ROAD EASEMENT, MISC. BK. 51, PG. 153

FND. 2" DIA. ALUM CAP ON 1/2" REBAR CLC CAP 6263

C-2

FND. 2" DIA. ALUM CAP ON 1/2" REBAR CLC CAP 6263

AIRPARK SQUARE, LLC
RECEPTION No. 0632043
RECORDED: SEPTEMBER 11, 2006
BK. 745, PGS. 669-671
UPC No. 4-008-135-133-017

CITY OF LAS CRUCES
WARRANTY DEED
RECORDED: OCTOBER 09,1930
BK. 82, PG. 132
UPC No. 4-008-135-131-007

AIRPARK SQUARE, LLC
RECEPTION No. 0632043
RECORDED: SEPTEMBER 11, 2006
BK. 745, PGS. 669-671
UPC No. 4-008-135-133-017

ROCKY S. BURKE
RECEPTION No. 0630736
RECORDED: AUGUST 31, 2006
BK. 742, PGS. 623-624
UPC No. 4-008-135-441-002

Zia Engineering & Environmental Consultants, LLC
755 S. Telshor Blvd., Suite F-201
Las Cruces, New Mexico 88011
Phone: (575) 532-1526
Fax: (575) 532-1587

U:/SURVEY/LCC 12-011 HOPE SUMMARY SUBDIVISION/
SURVEY LDD/ HOPE SUMMARY REPLAT. DWG

Life Center Property List of Equipment/Furniture that will remain with the City of Las Cruces

- Dell Computers and Monitors – IT 528, IT 1527, and IT 1026
- Canon Copier 15623
- HP Printers – Desk Jett CP1215, and Desk Jett 882C
- Karaoke Machine (VocoPro)
- Office Refrigerator (Magic Chef)
- TV and TV Cart
- Light Grey Office Unit – Desk, work table, computer station, Hutch, and a two drawer file cabinet.
- Tan Metal File Cabinet
- Maple Desk Unit – Desk, computer station, and two drawer file cabinet
- 3 office chairs
- One rolling storage cabinet (arts n' craft supplies) CLC tag 027547
- Cash Register
- Paper Shredder
- Podium

Offices, reception area, and storage room on the west side of building will be completely cleared. (Files, old equipment, and miscellaneous supplies)

EXHIBIT D

Terms and Conditions of City Use of Life Center Building

(1) Life Center Building (hereinafter "Facility") will be available for City's Therapeutic Recreation Programs (hereinafter "TRP") during Angel Care hours of operation (Monday to Friday 8:30 am-3:30 pm) as long as it does not conflict with Angel Care Programs or Activities.

(2) Monthly schedule of City TRP events will be provided to Angel Care Management.

(3) After hours use of the facility for City TRP will be scheduled with Angel Care Management.

(4) Angel Care Management has the authority to cancel scheduled events or close the facility (e.g. repair, inclement weather, etc.)

(5) The City of Las Cruces is a governmental self-insured entity. Neither party shall be responsible for liability incurred as a result of the other party's acts or omissions in connection with this Agreement. Any liability incurred in connection with this Agreement is subject to the limitation of the New Mexico Tort Claims Act or other New Mexico law.

(6) Following use by a City TRP program, the facility must be returned to its pre-program condition.

(7) Participants must abide by facility and Angel Care rules and regulations or they will be asked to leave.

(8) Participants must be supervised at all times.

ATTACHMENT A

SUMMARY
APPRAISAL REPORT

MVCS APPRAISAL FILE #7610
THE LIFE CENTER
2225 EAST GRIGGS AVENUE
LAS CRUCES, NEW MEXICO 88001

PREPARED FOR:
MR. BILL R. HAMM
LAND MANAGER
CITY OF LAS CRUCES
PO BOX 20000
LAS CRUCES, NEW MEXICO 88004

PREPARED BY:
W. SCOTT ESCHENBRENNER, MAI
MESILLA VALLEY APPRAISAL SERVICES

DATE OF VALUE:

MAY 29, 2012

DATE OF REPORT:

JUNE 6, 2012

MESILLA VALLEY APPRAISAL SERVICES

REAL ESTATE APPRAISALS & COUNSELING

W. SCOTT ESCHENBRENNER, MAI
State Certified - New Mexico
General Certificate #1180

545 SOUTH MELENDRES, SUITE D
LAS CRUCES, NEW MEXICO 88005
(575) / 523-2812
FAX (575) / 526-1872

June 6, 2012

Mr. Bill R. Hamm
City of Las Cruces
PO Box 20000
Las Cruces, NM 88004

Subject: Appraisal File #7610
The Life Center
2225 East Griggs Avenue
Las Cruces, NM 88001

Dear Mr. Hamm:

In accordance with your request, Mesilla Valley Appraisal Services, in coordination with The City of Las Cruces, has prepared a summary appraisal report of the fee simple rights of ownership in the above-referenced real property. The intended use of the appraisal is for asset disposition. The intended user of the appraisal is The City of Las Cruces. The effective date of appraisal is May 29, 2012 with the estimate of use value reflecting conditions as of that date.

Mesilla Valley Appraisal Services analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The value estimate is based in large part upon the descriptions, data, and analyses on file in my office, as well as the General Assumptions, General Limiting Conditions, and Special Assumptions and Limiting Conditions as found in the Addendum of this report.

Use Value as used in this report is defined as the value a specific property has for specific use, not its value considering alternative uses. In estimating Use Value, I have focused on the value the real estate contributes to the enterprise of which is a part, without regard to the property's highest and best use or the monetary amount that might be realized from its sale.

Based on research and analysis contained in this report, it is concluded that the "as is" Use Value based on a limited marketing period of 30 days of the fee simple interest in the subject property, as of May 29, 2012, is:

ONE HUNDRED THIRTY THOUSAND DOLLARS
$130,000.

Respectfully submitted,

Scott Eschenbrenner

Digitally signed by Scott Eschenbrenner
DN: cn=Scott Eschenbrenner, o=Mesilla Valley Appraisal Services, ou, email=brenner@zianet.com, c=US
Date: 2012.07.10 10:46:24 -06'00'

W. Scott Eschenbrenner, MAI
Certified General Real Estate Appraiser
State of New Mexico No. 1180G

APPRAISAL SUMMARY	
Property Name:	The Life Center
Street Address:	2225 East Griggs Avenue
City/State/Zip:	Las Cruces, NM 88001
Assessor's Parcel No.:	02-30274
Property Type:	Office/Meeting Hall
Gross Building Area (SF):	5,592
Number of Units:	One
Land Size (SF or Acres)	1.34 Acres or 58,208 SF
Date of Inspection:	May 29, 2012
Date of "As Is" Value (Effective Date):	May 29, 2012
Real Property Interest Appraised:	Fee Simple
Purpose of Appraisal:	Estimate Use Value
Intended Use of Appraisal:	Asset Disposal
Client Name:	City of Las Cruces
Current Owner:	City of Las Cruces
Did subject property sell in the past three years?	No
Is there an option or pending sale of the subject property?	Yes
Is the subject property currently listed for sale?	No
Approaches to Value	
Sales Comparison Approach:	Not Developed
Income Approach:	Not Developed
Cost Approach:	$200,000
Final Opinion of Value:	$200,000
Value Per SF	$35.77
Marketing and Exposure Time:	12 Months or less
Compiled by: W. Scott Eschenbrenner, MAI	

The preceding table provides a summary of the appraisal performed by Mesilla Valley Appraisal Services on the subject property. The table indicates my final opinion of value, as of the date specified, and based on the approaches identified. Additional details appear elsewhere in this report, and its inclusive Addendum. Data that supports the valuation opinion are taken from sources deemed reliable, but I make no representation as to the accuracy of third party data.

Sales History

The property is currently under the ownership of The City of Las Cruces and has been under this same ownership since January 4, 1963 when the land was obtained from Mr. and Mrs. Rapkoch. The improvements were added in 1995 and there have been no change in ownership since that time.

PROPERTY DESCRIPTION

LOCATION			
Property Name:	The Life Center	State:	New Mexico
Street Address:	2225 East Griggs Avenue	Zip Code:	88005
City:	Las Cruces	Assessor's Parcel No.:	02-30274
County:	Doña Ana		
LEGAL DESCRIPTION			
Lot 1A, Hope Summary Subdivision			
SITE DESCRIPTION			
Site Size (SF):	58,208 Square Feet	Zoning:	R-1a, Residential
Corner Lot:	Yes	Conforming:	Yes
Topography:	Gentle Sloping	Site Shape:	Irregular
STREET/UTILITIES		**ENVIRONMENTAL**	
Paved Street:	Yes	Flood Zone:	Out
Curb & Gutters:	Yes	Zone Code:	Zone X
Electric:	Yes	Map No.:	35013C-0632F
Gas:	Yes	Panel Date:	September 6, 1995
Lighting:	Yes		
Sewer:	No		
Sidewalks:	Yes		
Storm/Drain:	Yes		
Water:	Yes		
Underground Utilities:	Yes		
Compiled by: W. Scott Eschenbrenner, MAI			

Site Description Comments

The subject property is situated on 58,208 square feet of land that has been developed with a 5,592 square foot municipal recreation center. The subject property is operated by the City of Las Cruces and offers large open recreation areas, classrooms, offices and a large kitchen. There are four restrooms along with water fountains. I am not aware of any reason to suspect that there are hazardous materials on or under the land surface; however, if it is subsequently found that there has been contamination of the soil by any such substances, the value estimate of this report may become invalid. I am not, nor am I qualified to offer an opinion regarding the stability or suitability of the soil for construction. No other obvious problems were noticed within the subject site. Soil tests were not available and as such I do not express an opinion as to the quality of the soil. However, based on the substantial development of the surrounding parcels, as well as the existing improvements, soil conditions appear to be adequate for commercial development.

The subject site is gently sloping and at street grade. The National Flood Insurance Program map, which covers the subject site, is designated as Community Panel Number 35013C-0632-F, also referred to as Panel 632 of 1050 for Doña Ana County. The effective date of the panel is September 6, 1995, and it is the most recent map for this area of which I am aware. The subject site is classified as Zone X, defined as an area outside the 100-year flood zone and flood insurance would not be required. All city services except sewer service are available to the subject site. The subject currently utilizes a septic system for waste water, which according to the client is failing. A study by the Building Services Department indicates that the total cost to extend sewer to the east on Butler Avenue would be $40,000, which will include a lift station.

This amount will be deducted from the final appraised value as a cost to cure item. El Paso Electric provides electricity; CenturyLink provides telephone; natural gas, water, sewer, and trash are provided by the City of Las Cruces. The plat map and my physical inspection of the property did not reveal any adverse easements or encroachments on the subject site that would have a negative impact.

IMPROVEMENTS SUMMARY				
Construction Type:	Class D, Low Cost	Parking:	Yes	No
Gross Building Area (SF):	5,592 SF	On Site	√	
No. of Buildings:	1	Paved	√	
No. of Stories:	1	Parking Garage		√
No. of Units	1	Adequate	√	
Year Built:	1995	Conforms to Zoning	√	
Effective Age (Yrs):	17	Deferred Maintenance:	√	
Economic Life (Yrs):	40	Construction Quality:	Fair	
Remaining Eco. Life (Yrs):	23	Current Condition:	Fair to Poor	
Occ. % at Date of Value:	100%			
Ceiling:	Acoustical Ceiling Tiles	Landscaping:	Average	
Electrical:	Typical	Lighting:	Recessed Florescent Lights	
No. of Elevators:	None	Interior Partitions:	Wood Studs and Sheetrock	
Exterior Walls:	Wood frame with stucco exterior cover in very poor condition	Roof Cover:	Low slope roof with parapet walls and APP modified granule surface and plywood deck in average condition	
Floor Cover:	Carpet , VCT, Ceramic Tile	Security:	Alarm System	
Floor-to-Ceiling Height:	10 to 14 foot	Sprinklers:	None	
Foundation:	Concrete Slab	Doors:	Wood and Aluminum Frame	
Frame:	Wood Frame	Windows:	Double Pane in Aluminum Frame	
HVAC:	3 - Roof mounted package heating and cooling units	Land to Building Ratio:	10.4:1 (High Ratio)	
Compiled by: W. Scott Eschenbrenner, MAI				

Improvement Summary Comments

The subject property is in fair to poor condition with significant forms of deferred maintenance apparent. The improvements were built as a recreation center for handicapped citizens. The building layout consists of two large open recreation spaces, four offices, two classrooms, four ADA restrooms, full service kitchen facility, along with outside playgrounds and equipment. The interior appears to be in average condition with all infrastructure assumed to be in good working condition. The deferred maintenance is primarily tied to the exterior wall covering and more particularly the stucco covering that is pulling away from the wood framing. The stucco problems are not tied to one area and will require complete removal and replacement of some wood sheathing, new wire mesh and stucco coating. The Building Services Department for the City of Las Cruces has estimated the replacement costs at $80,000 for the exterior remediation. According to the City of Las Cruces architect the roof repair has been estimated at approximately $70,000 in repairs to the flashings at penetrations and parapet walls and some repair to the stucco would be necessary. The last item of deferred maintenance is the previously mentioned sewer problem and the remediated cost of $40,000. The deferred maintenance items

total $190,000, which will be subtracted from the final value estimate of the subject in order to determine the "As Is" use value estimate.

ZONING

According to the Las Cruces Zoning Ordinance, the subject site is zoned R-1a by the City of Las Cruces. This zone is intended to accommodate single-family site built/manufactured dwelling units, including patio homes and townhouses, to maintain and protect a medium density residential character of development. The district is also intended to serve as a transition between the single-family high and single-family low density residential development. The district also allows community buildings such as the subject. At the request of the client, the subject property has been appraised based on its existing zoning.

TAXES

The subject property is referenced as Tax Parcel No. 02-30274. The current assessment of the subject property is $491,722 (building) and $266,400 (land), for a total assessment of $758,122. The subject is owned by the City of Las Cruces; therefore, property taxes are not levied on the subject property.

HIGHEST AND BEST USE (Premise of Value)

The highest and best use as though vacant is determined to be community building, child care facility or office development. The highest and best use as improved will be the existing use.

APPRAISAL METHODOLOGY

The appraisal methodology is the orderly program used to arrive at an opinion of value. The first step is identification of the real estate, date of value, property rights appraised, and type of value. Second, analyses of the area, site, improvements, and highest and best use are conducted. Finally, one or more of the three basic approaches used in concluding a value are applied.

In estimating market value there are three recognized approaches that, when applicable, are employed. Additionally, the experience of the appraiser and objective judgment is also used in arriving at the conclusion of value. The three approaches are generally called the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Due to the nature of the real estate being a governmental agency facility and the special-purpose nature of the property I have not used the Sales Comparison or Income Capitalization Approach to value. The primary approach in a Value in Use appraisal is the Cost Approach and I will place the most credence on this valuation method.

There are several methods appraisers can employ when estimating land value. The six basic procedures are the Sales Comparison Approach, Allocation Method, Extraction Method, Subdivision Development Method, Land Residual Method, and the Ground Rent Capitalization Method. Of these six methods, the Sales Comparison Approach is generally preferred when sufficient sales data is available for analysis.

The Cost Approach is based upon comparison where the value of the existing or proposed improvement is compared to the cost to produce a new subject or substitute property. The cost will be adjusted for differences in the age, condition, and utility of the subject property (accrued depreciation). Economic adjustments will consider rent loss to stabilization and any negative or positive tenant leasehold advantage. Finally the value of the site is added for an indication of estimated value by the approach.

COST APPPROACH

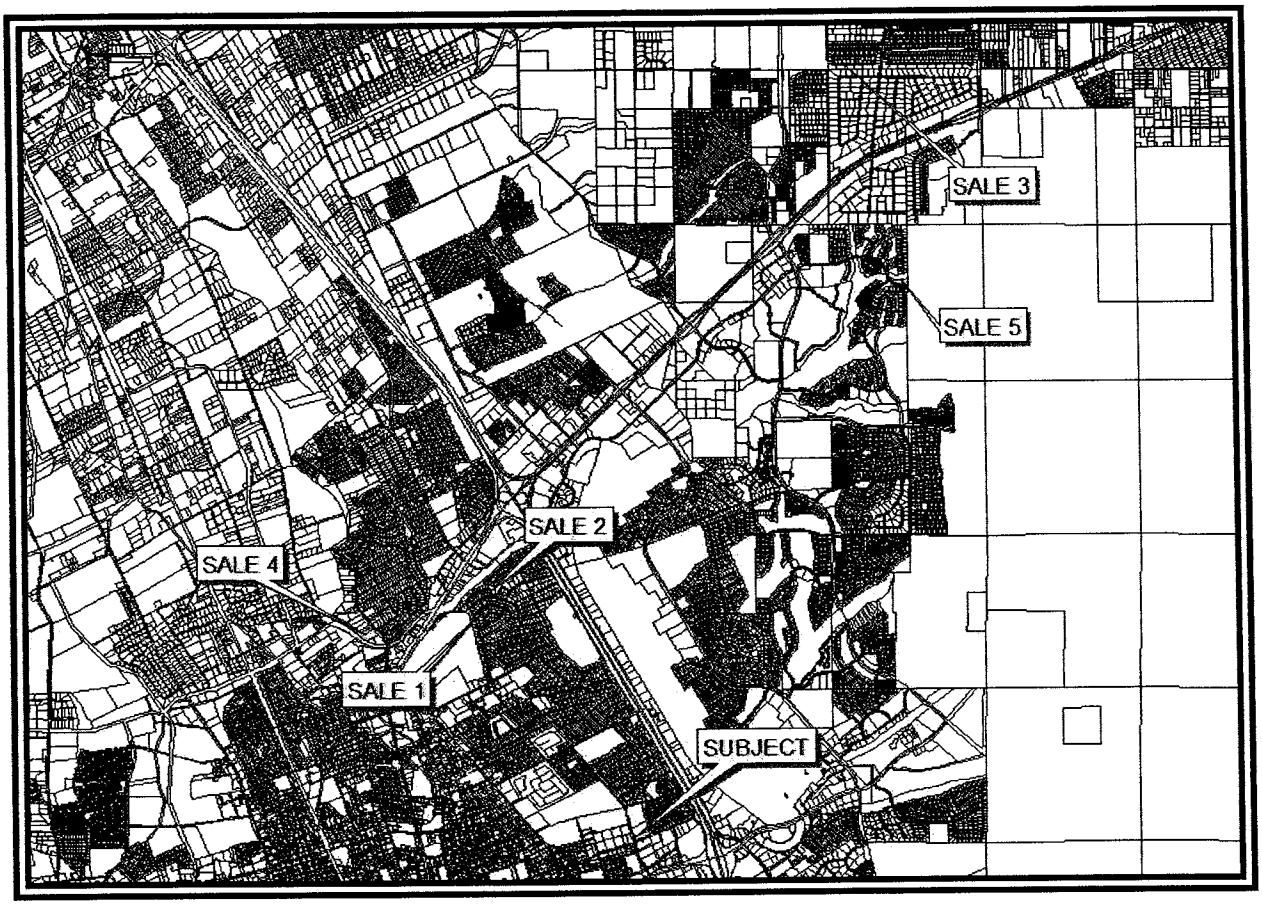
The Cost Approach to value is an appraisal technique that can be used in the valuation of any improved property. It gives an indication of value by summation of the estimate of land value and the estimate of depreciated replacement cost of the improvements. First, the current market value of the underlying land is estimated, usually by direct comparison to recent sales of similar zoned land. Next, the current replacement cost of the improvements is estimated. Estimated accrued depreciation applicable to the improvements must then be deducted to obtain an indication of the contributory improvement value. When this estimate is added to the land value estimate, the result is an indication of fee simple market value by The Cost Approach.

A direct comparison method has been used to estimate market value of the subject parcel. The subject property contains 58,208 square feet of land area. A price-per-square foot unit of comparison is used. After adjustments for price-related differences, comparable land sales yield indications of subject land value. Correlation of the various value indications results in a market-supported estimate of subject land value.

A tabulation of the comparables is presented along with a map on the following page showing the location of the comparables in relation to the subject site. The adjustments are detailed in the Land Sales Adjustment Grid. The correlation follows the Grids.

SUMMARY OF LAND SALES

Comp Number	Location	Date of Sale	Size SF	Zoning	Price/SF
1	2600 Calle de Rosa	9-11	9,496	R-1	$2.32
2	1810 Lomita Avenue	6-11	13,504	R-1	$2.41
3	4101 Calle de Estrellas	4-10	43,560	EE	$1.38
4	2707 Spitz Street	8-09	186,001	R-1	$0.94
5	4535 Northrise	2-08	84,680	PUD	$2.13



COMPARABLE LAND SALES MAP

The following is a chart of the sales and the adjustments that were applied to each sale for comparability.

LAND SALES ADJUSTMENT GRID						
	SUBJECT SITE	LAND COMP #1	LAND COMP #2	LAND COMP #3	LAND COMP #4	LAND COMP #5
PROPERTY IDENTIFICATION	2225 E. GRIGGS	600 Calle de Rosa	1810 Lomita	4104 Calle de Estrellas	2707 Spitz	4535 Northrise
Total SF Area of Land	58,208	9,496	13,504	43,560	186,001	84,680
Feet of Perimeter	2,480	390	495	898	2,220	1,450
Feet of Frontage	525	193	122	307	260	625
Number of Corners	1	1	0	0	0	0
DATE OF TRANSACTION	06/08/12	09/29/11	06/16/11	04/09/10	08/03/09	02/15/08
CONFIRMED PRICE		$22,000	$32,500	$60,000	$175,000	$180,000
PRICE PER SF (Unadjusted)		$2.32	$2.41	$1.38	$0.94	$2.13
ADJUSTMENTS FOR SALE CONDITIONS:						
Financing Terms		Cash	Cash	Cash	Cash	Cash
Adjustment		0%	0%	0%	0%	0%
Buyer or Seller Motivation		Normal	Normal	Normal	Seller	Normal
Adjustment		0%	0%	0%	25%	0%
PRICE PER SF (Normal, Cash-Equivalent)		$2.32	$2.41	$1.38	$1.18	$2.13
ADJUSTMENTS FOR MARKET CONDITIONS:						
Time Since Comparable Transaction		8 Months	12 Months	26 Months	34 Months	52 Months
Adjustment		-1%	-2%	-4%	-6%	-9%
PRICE PER SF (Updated, Normal, C/E)		$2.30	$2.36	$1.32	$1.11	$1.94
COMPARISONS TO SUBJECT SITE:						
Location & Neighborhood of Comp		Similar	Similar	Inferior	Similar	Superior
Adjustment		0%	0%	10%	0%	-10%
Frontage & Corner Features of Comp		Similar	Inferior	Inferior	Inferior	Similar
Adjustment		0%	10%	5%	7%	0%
Depth & Shape Features of Comp		Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Relative Overall Size of Comp		Smaller	Smaller	Smaller	Larger	Larger
Adjustment		-25%	-20%	-5%	17%	5%
Additional Features of Comp (Ponding, Topo & Zoning)		Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Composite Comparison Adjustment		-25%	-10%	10%	24%	-5%
SUBJECT LAND VALUE INDICATIONS		$1.73	$2.12	$1.45	$1.38	$1.84

The comparable sales indicate an adjusted range of $1.38 to $2.12 per square foot for the subject property. None of the comparables are located in close proximity to the subject as this area has been built-out for some time. The sales that were selected are chosen for similarities in location and zoning with some minor adjustments. The low end of the range is the sale that indicated some seller motivation as the property was sold by a bank. I have considered all five sales and I am of the opinion that the market value of the subject's land is $1.70 per square foot based on the R-1a zoning that is in place. Therefore, the indicated market value of the subject is **$100,000**, rounded (58,208 SF X $1.70 PSF = $98,954).

Marshall & Swift Valuation Services

The first step to estimate replacement cost will be to utilize the Marshall & Swift's Valuation Services "calculator method" for governmental buildings. The cost figures include both direct and indirect costs, an allowance for contractor's overhead and profit, and architectural fees. The costs estimated are for both the building and the site improvements. A final cost estimate is provided for the site improvements. The site improvement costs are based on information from local contractors as well as the Marshall & Swift's Valuation Services. Depreciation is a loss in value from any cause and is deducted from the base cost. It is usually classified into five categories – physical deterioration curable, physical deterioration incurable, functional obsolescence curable, functional obsolescence incurable and external obsolescence. The subject was built in 1995 and is in fair to average condition and suffers from both accrued depreciation and the previously mentioned deferred maintenance. Multipliers are then applied to the building cost estimates to bring the cost to current and local conditions. Finally, an allowance for entrepreneurial profit is typically added to the total cost estimate. This is believed to be what a developer would require to undertake the development. In the subject's case, the developer was a governmental agency and developer's profit is not expected. A detailed grid of the cost of each component required by calculator method is retained in my files. The following page is a summary of the replacement cost estimate.

Replacment Cost Estimate - "As Is"
Utilizing Marshall Swift Valuation Services

Occupancy:	Governmental Building
Class:	D Wood Frame - Stucco
Cost:	Low Costs
Reference:	Section 15 Page 30

Building Estimate:

Floor Area:	5,592
Base Square Foot Cost:	$84.77
No. of Stories Adj:	1.000
Story Height Adj:	1.000
Floor Area Perimeter Adj:	1.000
Refined Cost Per Square Foot:	$84.77
Base Cost:	$474,034
Less Interior Finish-Out Costs:	$0
Principle Building:	$474,034
Base Cost Per SF	$84.77

Site Improvements:

Paving, Sidewalks, Curb, Outdoor Lighting, Landscape, Carport	$60,000

Building and Site Improvements:	$534,034
Current Cost Multiplier Adj.	1.010
Local Multiplier Adj.	0.940
Subtotal	$507,012

Entrepreneurial Profit:

As a Percentage:	0%
Dollar Amount:	$0

Total Replacement Cost Estimate Via Marshal & Swift Tables:	**$507,012**
Building Cost Per Square Foot:	**$90.67**

Depreciation is a loss in value from any cause. It is usually classified into five categories -- physical deterioration curable, physical deterioration incurable, functional obsolescence curable, functional obsolescence incurable, and external obsolescence. Due to the lack of maintenance, it is difficult to estimate the different forms of depreciation from which the subject improvements suffer. The basic construction features of the building provide a much longer physical life expectancy than its economic life expectancy. Due to these conditions, I have elected to use the age/life method to estimate overall depreciation rather than to estimate depreciation for each of the five categories individually. The subject improvements were built in 1995 and they have not been well maintained and were poorer constructed. In my opinion, the subject improvements have a 17 year effective age and a 40 year economic life.

The deferred maintenance is primarily tied to the exterior wall covering and more particularly the stucco covering that is pulling away from the wood framing. The stucco problems are not tied to one area and will require complete removal and replacement of some wood sheathing, new wire mesh and stucco coating. The Building Services Department for the City of Las Cruces has estimated the replacement costs at $80,000 for the exterior remediation. According to the City of Las Cruces architect the roof repair has been estimated at approximately $70,000 in repairs to the flashings at penetrations and parapet walls and some repair to the stucco would be necessary. The last item of deferred maintenance is the previously mentioned sewer problems and the remediated costs of $40,000. The deferred maintenance items total $190,000, which will be subtracted from the final value estimate of the subject in order to determine the "As Is" use value estimate. A summary of the Cost Approach is presented below.

Summary of the Cost Approach – "As Is"

Total Reproduction Cost Estimate	$	507,012
Less Deferred Maintenance	$	(190,000)
Less Estimated Accrued Depreciation (17 yrs/40 yrs)	$	(215,480)
Estimated Depreciated Reproduction Cost	$	101,532
Add Subject Land Value ($1.70 / SF)	$	98,954
Indication of Value by the Cost Approach	$	200,486
Rounded To	$	200,000

Reconciliation and Final Value Estimate – "As Is"

The approaches to value developed in this appraisal yielded the following value indications as of May 29, 2012, the effective date of the appraisal.

Cost Approach:	**$200,000**
Sales Comparison Approach:	**Not Developed**
Income Approach:	**Not Developed**

The Cost Approach is reasonably well supported by available market data. The land value estimate developed in this approach is based on the analysis of five comparable sales. The land value estimate is considered less reliable due to the few transactions that have occurred for R-1a zoned tracts over an acre. The cost estimates are supported by indications from a cost index book. Due to the inferior construction materials, workmanship and deferred maintenance the subject's effective age is the same as the physical age. As the property has been valued based on a Use Value definition, the entrepreneurial profit has not been included as this is a governmental agency facility. The improvements are built for a specific use where developers profit is not realized. The value indication provided by the Cost Approach is considered well supported by available market data and it is the primary approach when estimating Use Value.

I am of the opinion that the current **"USE VALUE"** of the fee simple rights of ownership of the subject improvement as of May 29, 2012, is:

TWO HUNDRED THOUSAND DOLLARS
($200,000).

The client has specifically requested the appraiser to determine the value of the subject property based on a limited 30 day marketing period. This request is atypical of those received for mortgage lending purposes. According to the Dictionary of Real Estate Appraisal, 3rd Edition, Liquidation Value is the most probable price which a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a severely limited future marketing period specified by the client.

2. Actual market conditions are those currently obtaining for the property interest appraised.

3. The buyer is acting prudently and knowledgably.

4. The seller is under extreme compulsion to sell.

5. The buyer is typically motivated.

6. The buyer is acting in what he or she considers his or her best interests.

7. A limited marketing effort and time will be allowed for the completion of a sale.

8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.

9. 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.

In order to determine the 30 day liquidation value of the subject property I have relied on interviews with local real estate professionals. I spoke with Randy McMillan, owner of 1st Valley Real Estate, who specializes in the marketing of commercial properties in and around Las Cruces. His experience tells him that with an abbreviated marketing period would have to be discounted 30% to 40% in order to attract the immediate attention of speculators for the subject property.

I also spoke with Grady Oxford who is a commercial real estate broker with Steinborn Real Estate here in Las Cruces. His initial response to a liquidated value was a 35% discount from a market value conclusion.

The final method for determining the liquidated value of the subject property was to look at the market for support. I was involved in appraising the property at 2100 South Valley Drive, which was the former Multi-Plastic of New Mexico property. This property was appraised in July of 2010 for $1,650,000 and the property was foreclosed on by a financial institution who recently sold the property for $1,100,000 indicating a 33% discount for a short marketing period.

A local appraiser, Harry L. Hansen, MAI, SRA, appraised the Border Foods property which is a 54,000 square foot industrial property situated in 54.5 acres of light industrial zoned land in Las Cruces. The property sold in July of 2008 for $2,600,000, which was basically the value of the underlying land. The improvements; however, will remain and the investor hopes to lease and eventually develop the excess land. This property was appraised for $3,500,000 in May of 2008 and was listed for sale by 1st Valley Realty at $3,250,000. This represents a 20% discount off of the listing price and a 26% discount from the market value estimate. The seller in this transaction was considered very motivated to sell and several investors made offers on this property near the eventual sales price.

After considering the two opinions, the sale of two commercial properties and current supply of vacant commercial properties, I am of the opinion that a 35% discount from the "Use Value" estimate is considered a reasonable estimate for a 30 day liquidated value. I am of the opinion that the 30 day liquidated value of the fee simple rights of ownership of the subject improvement as of May 29, 2012, is:

ONE HUNDRED THIRTY THOUSAND DOLLARS
($130,000).

CERTIFICATION OF THE APPRAISER

The undersigned of this appraisal report, by his signature on this report, certify that to the best of his knowledge and belief:

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

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the undersigned's personal, impartial and unbiased professional analyses, opinions, and conclusions.

3. The undersigned has no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.

4. The undersigned has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. The undersigned's compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.

6. The undersigned's analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

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

8. The undersigned made an exterior and interior inspection of the subject property.

9. No one provided significant professional assistance to the person signing this report.

10. The undersigned has extensive experience in the appraisal of similar property types.

11. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

12. The have previously appraised the subject property for the City of Las Cruces on March 29, 2011.

By:

Scott Eschenbrenner

Digitally signed by Scott Eschenbrenner
DN: cn=Scott Eschenbrenner, o=Mesilla Valley Appraisal Services, ou, email=brenner@zianet.com, c=US
Date: 2012.07.10 10:46:04 -06'00'

W. Scott Eschenbrenner, MAI
Certified Commercial Real Estate Appraiser
State of New Mexico No. 1180-G

ADDENDUM

Purpose, Intended Use And Scope Of The Appraisal

The purpose of this appraisal is to estimate the current Use Value of the subject property. For purposes of this report, I have only been asked to estimate Use Value. The intended use of the appraisal is to assist the client in establishing an opinion of Use Value for the subject property for internal purposes or such other purposes as noted in this report.

In order to appraise this property based on its intended use as a governmental facility, I will employ the Use Value method, which is the value a specific property has for a specific use. In estimating Use Value, the appraisal will focus on the value the real estate contributes to the enterprise without regard to highest and best use of the property. Use Values often involve limited-market properties such as governmental agency buildings. These buildings typically include structures with unique designs, special construction materials or layouts that restrict their functional utility. These properties typically have limited conversion potential and consequently, are called specialized, special-use, special-purpose, or special-design properties. If the property's proposed or current use is so specialized that there is no demonstrable market for it but the use is viable, the appraiser may render an opinion of Use Value if the assignment permits a type of value other than market value. Such an estimate should not be confused with an opinion of market value. Use Value appraisals will analyze the underlying land value, replacement costs and physical depreciation in order to determine the total Use Value.

It is understood that the client is aware of the limitations and lower level of reliability inherent in a limited appraisal. The intended use of the appraisal is for the client only or third party users as designated by the client. A discussion of the appraisal methodology and processes applied appears in the Addendum. It should also be noted that the value conclusion herein is subject to the assumptions and limiting conditions and certification presented in the Addendum.

Marketing Period

The marketing period for property such as the subject is variable depending on many factors such as the style and extent of market exposure, the asking price, the availability of financing and the extent of competitive offerings. For the purpose of this appraisal, it is assumed that a reasonable time is allowed for exposure in the open market prior to the specified date of value. Although the market period is variable, I am of the opinion that, properly promoted, the subject property could be sold within 12 months of the date first offered for sale on the open market.

Property Rights Appraised

The property rights valued in this report are defined as "fee simple estate". *The Dictionary of Real Estate Appraisal*, Third Edition, published by the Appraisal Institute, defines fee simple estate as:

"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."[1]

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[1] *The Dictionary of Real Estate Appraisal,* Third Edition, Appraisal Institute, 1993, p. 204.

Definition of Use Value

The value of a property as it is currently used, not its value considering alternative uses. Use Value is the value a specific property has for a specific use. In estimating use value, the appraiser has focused on the value the real estate contributes to the enterprise of which it is a part, without regard to the highest and best use of the property or the monetary amount that might be realized from its sale.

The Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Foundation require that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

1. *Identification of the specific property rights to be appraised.*
2. *Statement of the effective date of the value opinion.*
3. *Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.*

Fee Simple, Limited – Market Property and Special-Purpose Property are defined as follows.

A fee simple estate implies 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[2]

A Limited Market Property is a property that has relatively few potential buyers at a particular time.[3]

A Special – Purpose Property represents a limited market property with a unique physical design, special construction materials, or layout that restricts its utility to the use for which it was built; also called special-design property. [4]

Real property includes all interests, benefits, and rights inherent in the ownership of physical real estate.[5]

Personal property includes movable items of property that are not permanently affixed to, or part of, the real estate. [6]

Description of the Extent of the Process of Collecting, Confirming, and Reporting of Data

The scope of an appraisal report is a description of the process and extent of collecting, confirming, and reporting of data in relation to the appraisal problem. The appraiser collected data from a number of sources, including public officials, brokers, property owners and managers, as well as secondary sources such as data services.

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[2] *The Appraisal of Real Estate*, Twelfth Edition, 2001, Appraisal Institute, Page 69.
[3] Ibid., Pages 24-26.
[4] Ibid., Page 24-26.
[5] Ibid., Page 7.
[6] Ibid., Page 8.

Data was confirmed to the extent possible given the time constraints of the assignment. For comparable sales, attempts were made to contact a principal involved in the transaction, which was not always successful. In the case where a principal was not contacted, another person familiar with the transaction (broker, lawyer, property manager, etc.) was contacted. Finally, public information (deeds, tax assessor's records, etc.) was reviewed to further confirm sales. As this is a limited appraisal report, the actual data and analyses used in valuing the property are on file in my office.

This limited appraisal was conducted and prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as formulated by the Appraisal Foundation, and conforms to the Code of Professional Ethics of the Appraisal Institute.

GENERAL ASSUMPTIONS

This appraisal report has been made with, and is subject to, the following General Assumptions:

1. The title to the property is good and marketable unless otherwise stated. The legal description of the subject property is assumed to be correct and no responsibility is assumed for legal matters nor is an opinion of title rendered.

2. The property appraised is free and clear of any and all liens or encumbrances, except as noted. It is assumed that the property is under competent management and responsible ownership.

3. Information furnished by outside sources is considered to be reliable; however, no responsibility is accepted for its validity or accuracy. I reserve the right to amend the value conclusion should the accuracy of the information change subsequent to delivery of this appraisal.

4. No survey of the property was made available. All engineering associated with the subject property is assumed to be correct. The sketches and illustrations presented in the report are only included to assist the reader in visualizing the subject property and no responsibility is assumed for the accuracy of the exhibits.

5. There are no hidden or unapparent conditions of the property, subsoil, or structure that would render it more or less valuable. No responsibility is accepted for such conditions or for arranging for engineering studies that may be required to discover them. It is assumed that the site and the structure is free and clear of all hazardous materials, or any other potential health risks unless otherwise stated and identified in the appraisal report. Hazardous materials are to include, but are not limited to, asbestos- containing materials, urea-formaldehyde insulation, PCP, and toxic waste. No potential environmental hazards were observed, unless otherwise stated in the appraisal, however I recommend the client obtain a professional evaluation of the site for any contaminates.

6. Full compliance with all applicable federal, state, and local environmental regulations and laws is assumed unless noncompliance is stated, defined, and considered in the appraisal report.

7. Unless nonconformity has been stated, defined, and considered in the appraisal report, it is assumed that all zoning and use regulations have been complied with.

8. All required licenses, certificates of occupancy, permits, consents, or other legislative or administrative authority from any local, state or national government or private entity or organization are assumed to be in place, obtainable and/or renewable for any use on which the value estimate was predicated.

9. Unless otherwise noted in the report it is assumed that there are no encroachments or trespasses, either by or against the subject of this appraisal.

GENERAL LIMITING CONDITIONS

This appraisal report has been made with, and is subject to, the following General Limiting Conditions:

1. Unless previous arrangements have been made, the appraiser by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance at court.

2. Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute or MAI designation. Further, the appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.

3. The value conclusion in the appraisal is subject to the prevailing market conditions as of the effective date of the appraisal. No responsibility is assumed for any change in value that might occur due to changes in market conditions subsequent to the effective date of the appraisal.

4. Acceptance of and/or use of this report constitutes acceptance of the preceding "*General Assumptions*," "*Special Assumptions and Limiting Conditions*," and "*General Limiting Conditions*."

SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with, and is subject to, the following Special Assumptions and Limiting Conditions:

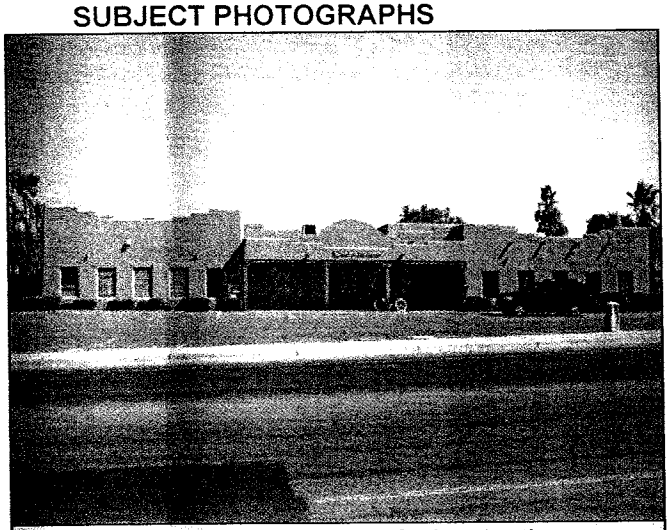
1. It is assumed that the information provided by the owner of the subject property is true and correct. However, no liability for errors contained in neither the submitted documents nor their verbal representations is accepted by Mesilla Valley Appraisal Services.

2. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I will not be responsible for conducting a specific compliance survey or analysis of this property to determine its conformity with the various requirements of the ADA. It is possible a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal the property is not in compliance with one or more of the requirements of the title. If so, non-conformance could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I will not be considering possible non-compliance with the requirements of ADA in estimating the value of the property.

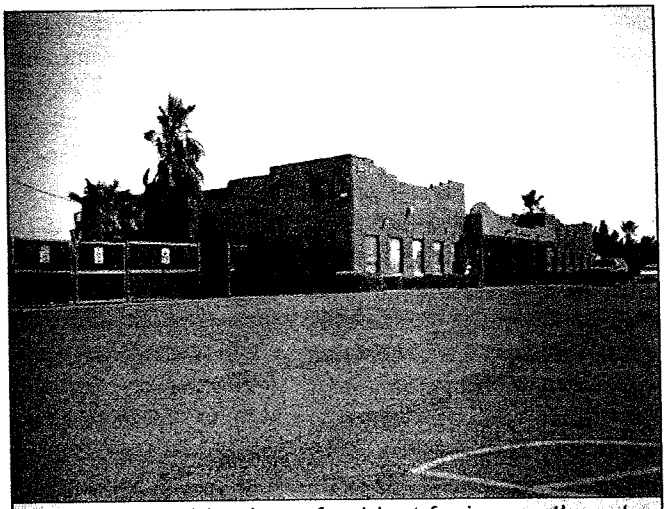
3. I was not furnished with an environmental site assessment (21E) report and have appraised the subject with the assumption that it is not affected by any environmental hazards. Should it be determine that the site is affected by any environmental hazards I reserve the right to modify my overall value conclusion.

4. **I have been provided with specific instructions from the client to prepare a Use Value analysis of the subject property based on the current occupancy, existing zoning and noted deferred maintenance items. The client has also specifically requested a value based on a 30-45 day marketing period. The City of Las Cruces is under negotiations with Angel Care to transfer the property for $45,000 in its current "as is" condition. The City of Las Cruces will further be allowed continued use of the property for five years with an estimated annual operating costs savings of $200,000 per year. The client is aware of the limited information and understands that the appraisal will attempt to estimate the Use Value based on these limitations.**

SUBJECT PHOTOGRAPHS

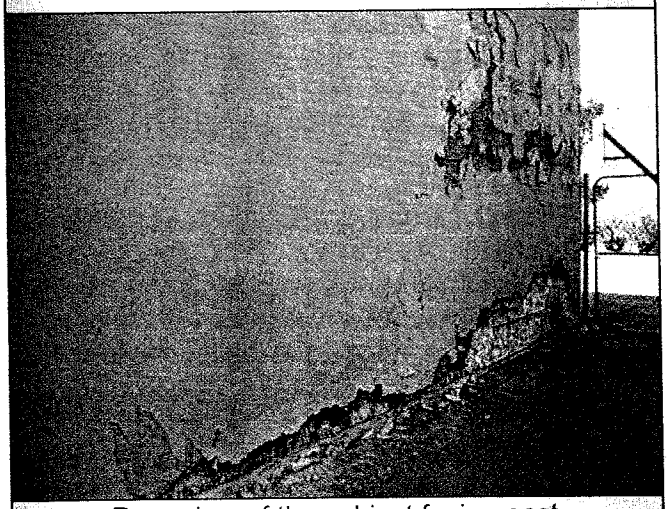


Front view of subject facing north.

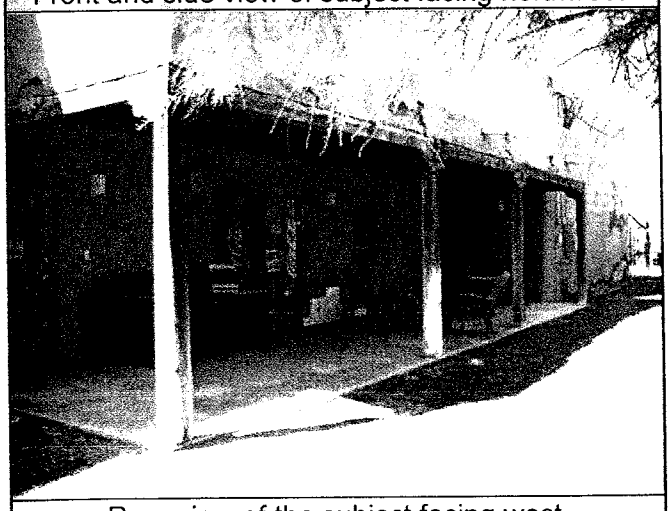


Front and side view of subject facing northeast.

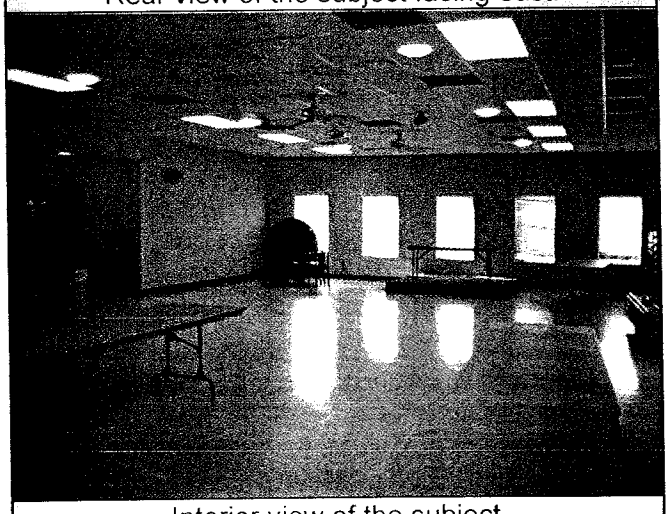
Front and side view of subject facing northwest.



Rear view of the subject facing east.

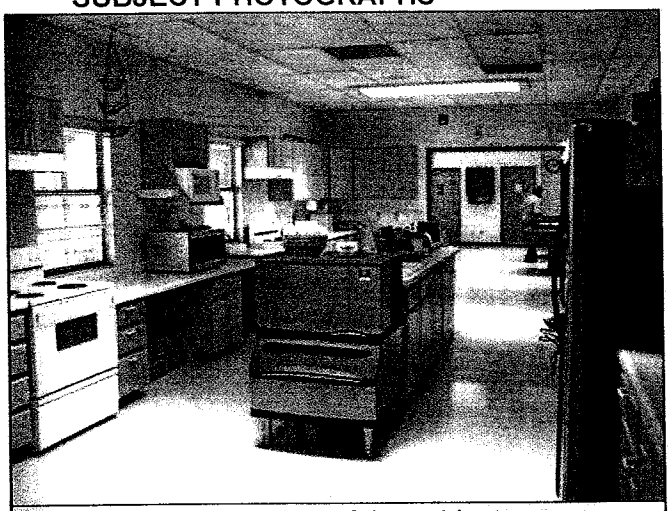


Rear view of the subject facing west.

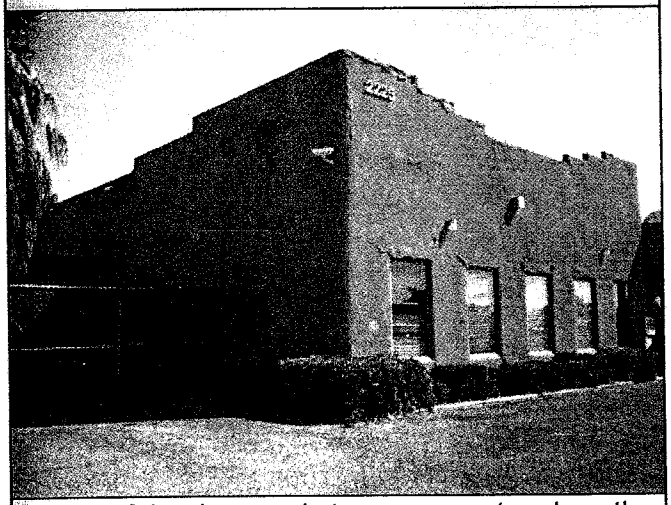


Interior view of the subject.

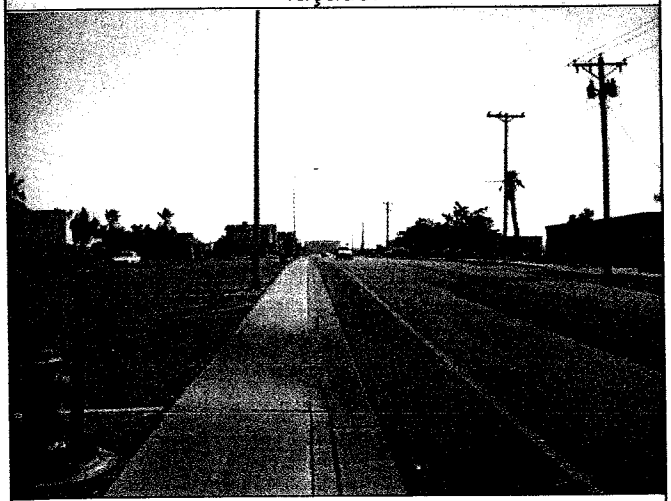
SUBJECT PHOTOGRAPHS



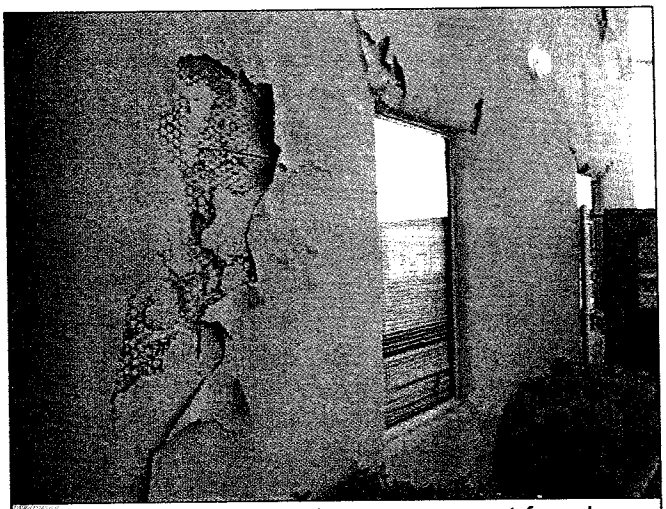
Interior view of the subject.



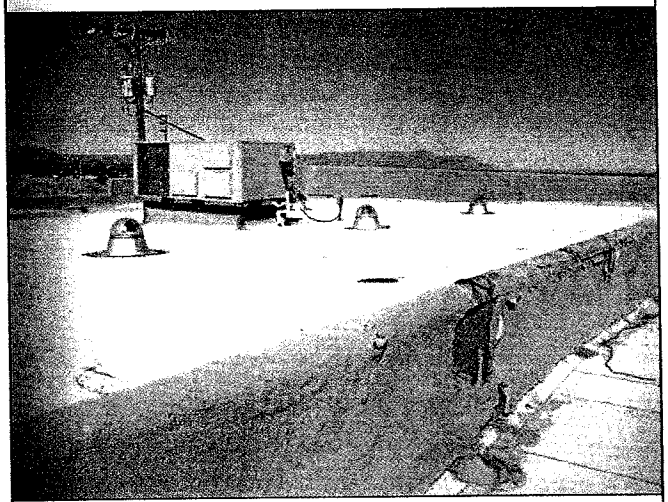
View of the damaged stucco on west and south façade.



Street view of Griggs Avenue facing east with the subject on the left.



View of the damaged stucco on west façade.



View of the roof with damaged parapet walls.

Street view of Griggs Avenue facing west with the subject on the right.

APPRAISER QUALIFICATIONS
W. SCOTT ESCHENBRENNER, MAI

PROFESSIONAL EXPERIENCE:

MAI, Designated Member of the Appraisal Institute - #11,814
State Certified General Real Estate Appraiser, New Mexico-1180

EDUCATION BACKGROUND AND SPECIAL TRAINING:

Graduate from Southwest Texas State University, 1986, with Bachelor of Science Degree in Business Administration with major in Finance - Real Estate.

Successfully completed the following real estate courses from the Appraisal Institute:

- Real Estate Appraisal Principles
- Residential Valuation
- Basic Valuation Procedures
- Capitalization Theory and Techniques - Part A & B
- Report Writing and Valuation Analysis
- Standard of Professional Practice, Parts A, B & C
- Advanced Applications
- Demonstration Appraisal Report
- General Comprehensive Exam

EMPLOYMENT:

May 1995 to Present; Owner, Mesilla Valley Appraisal Services in Las Cruces, New Mexico
January 1994 to May 1995: Appraiser, William Scott Burns & Wilkinson, Inc., in El Paso, TX.
October 1986 to December 1993: Appraiser, William Scott Burns & Company in El Paso, TX.
May 1985 to August 1985: Construction, JR Thurman Construction. El Paso, TX.
May 1981 to December 1984: Assist. Golf Professional, El Paso Country Club, El Paso, TX.

REPRESENTATIVE CLIENTS:

Community First National Bank, First Federal Savings, First National Bank in Alamogordo, Citizens Bank of Las Cruces, First National Bank in Las Cruces, Western Farm Bureau Mutual Insurance Company, First Interstate Bank of Denver, Alamogordo Federal Savings and Loan, Bank of the Rio Grande, Mesilla Valley Bank, and other Regional Lending Institutions, Gerald Champion Memorial Hospital, City of Las Cruces, City of Alamogordo, Allstate Insurance Company, Texas Highway Department, United States Corps of Engineers, El Paso Water Utilities, Southern Pacific Railroad, City of El Paso, Gencon Corporation.

REPRESENTATIVE ASSIGNMENTS: (Texas, & New Mexico)

Single and Multifamily Complexes
Professional Office Complexes
Industrial Parks, Warehouses, Mini-Warehouse Facilities
Vacant Land, Subdivision Analysis and Mobile Home Parks
Farm & Ranch
Shopping Centers
Special Purpose: Post Office, Hotel, Automobile Dealership, Banking Facility, Restaurant, Convenience Stations, Medical Clinic, Church, and Easements.

REAL ESTATE APPRAISERS BOARD

PO Box 25101 Santa Fe, NM 87504 (505) 476-4611

This is to certify that

William S. Eschenbrenner #1180-G

Having complied with the provisions of the New Mexico Real Estate Appraisers Act is hereby granted a license to practice as a

GENERAL CERTIFIED APPRAISER

This appraiser is eligible to perform in Federally Related Transactions

Issue Date: 05/11/1995 Date Expires: 04/30/2014

THIS LICENSE MUST BE CONSPICUOUSLY POSTED IN PLACE OF BUSINESS

LAND SALE NO. 1

Property Identification	
Record ID	32
Property Type	Residential
Address	2600 Calle De Rosa, Las Cruces, Doña Ana County, New Mexico
Tax ID	02-03730
Legal Description	Lot 1 Block G, Country Club Park 3
Sale Data	
Grantor	Curtis Monger
Grantee	Jose Nevarez
Sale Date	September 29, 2011
Deed Book/Page	1122553
Property Rights	Fee Simple
Conditions of Sale	Arms length
Financing	Cash to seller
Verification	MLS#1102087; Confirmed by Harry Hansen
Sale Price	$22,000
Land Data	
Zoning	R-1 Low density residential
Topography	Level
Utilities	Public
Shape	Rectangular
Fencing	Some chain link and masonry
Land Size Information	
Gross Land Size	0.218 Acres or 9,496 SF
Indicators	
Sale Price/Gross Acre	$100,917
Sale Price/Gross SF	$2.32

Remarks
This is an infill lot in an older subdivision.

LAND SALE NO. 2

Property Identification	
Record ID	29
Property Type	Residential
Address	1810 Lomita Avenue, Las Cruces, Doña Ana County, New Mexico
Tax ID	02-03889
Legal Description	Lot 6, Block E, Country Club Park
Sale Data	
Grantor	Melissa Molina
Grantee	Jones Construction
Sale Date	June 16, 2011
Deed Book/Page	1114309
Property Rights	Fee simple
Conditions of Sale	Arms length
Financing	Conventional
Verification	MLS#813615; Confirmed by Harry Hansen
Sale Price	$32,500
Land Data	
Zoning	R-1 Low density residential
Topography	Level
Utilities	All public
Shape	Rectangular
Landscaping	Native desert vegetation
Flood Info	Not in flood area
Land Size Information	
Gross Land Size	0.310 Acres or 13,504 SF
Indicators	
Sale Price/Gross Acre	$104,839
Sale Price/Gross SF	$2.41

Remarks

Purchased as home site. Street paving needs to be extended to site.

LAND SALE NO. 3

Property Identification	
Record ID	35
Address	4104 Calle De Estrellas, Las Cruces, Doña Ana County, New Mexico
Tax ID	02-31896
Legal Description	Lot 4, Blk E, Dos Sueños Estates Final Plat - Replat No. 1
Sale Data	
Grantor	Anthony & Melissa McLaughlin
Grantee	Adrian A. & Maricela S. Galaz
Sale Date	April 9, 2010
Deed Book/Page	1008719
Recorded Plat	22/116-128
Property Rights	Fee Simple
Conditions of Sale	Arms Length
Financing	Cash to Seller
Verification	Other sources: MLS #810938; Confirmed by Scott Eschenbrenner
Sale Price	$60,000
Land Data	
Zoning	EE
Topography	Level at street grade
Utilities	All city services
Shape	Irregular
Landscaping	None
Flood Info	Not located in flood hazard area
Land Size Information	
Gross Land Size	1.263 Acres or 55,000 SF
Indicators	
Sale Price/Gross Acre	$47,520
Sale Price/Gross SF	$1.09

Remarks

Highway 70, take Mesa Grande exit, travel North to Engler, left on Engler, pass Jornada, left on Calle Norte to Calle de Estrellas.

LAND SALE NO. 4

Property Identification	
Record ID	312
Address	2707 Spitz Street, Las Cruces, Doña Ana County, New Mexico
Tax ID	02-27845; 02-03296; 02-03281
Legal Description	Lots 7-8, Alameda Acres, Replat No.1
Sale Data	
Grantor	Bank of the Rio Grande
Sale Date	August 3, 2009
Property Rights	Fee Simple
Conditions of Sale	Arms Length
Financing	Cash to Seller
Verification	Other sources: Appraisers file #7199; Confirmed by Scott Eschenbrenner
Sale Price	$175,000
Land Data	
Zoning	R-1 Single Family Residential
Topography	Gently sloping
Utilities	All city services
Shape	Irregular
Flood Info	Not located in flood hazard area
Land Size Information	
Gross Land Size	4.270 Acres or 186,001 SF
Indicators	
Sale Price/Gross Acre	$40,984
Sale Price/Gross SF	$0.94

Remarks
Three parcels around the corner of Spitz and El Camino Real.

LAND SALE NO. 5

Property Identification	
Record ID	34
Address	4534 & 4545 Northrise Dr, Las Cruces, Doña Ana County, New Mexico
Tax ID	02-36069 & 02-36070
Legal Description	Lot 129 & 130, The Pueblos at Alameda Ranch, Phase 2
Sale Data	
Grantor	Bright View Land Company
Grantee	Leo & Sandy Cheng
Sale Date	February 11, 2008
Deed Book/Page	0810315
Recorded Plat	21/742-747
Property Rights	Fee Simple
Conditions of Sale	Arms Length
Financing	Cash to Seller
Verification	Other sources: MLS #780127; Confirmed by Scott Eschenbrenner
Sale Price	$180,000
Land Data	
Zoning	PUD
Topography	Natural state
Utilities	All city services
Shape	Irregular
Landscaping	Desert vegetation
Flood Info	Not located in flood hazard area
Land Size Information	
Gross Land Size	1.944 Acres or 84,680 SF
Indicators	
Sale Price/Gross Acre	$92,593
Sale Price/Gross SF	$2.13

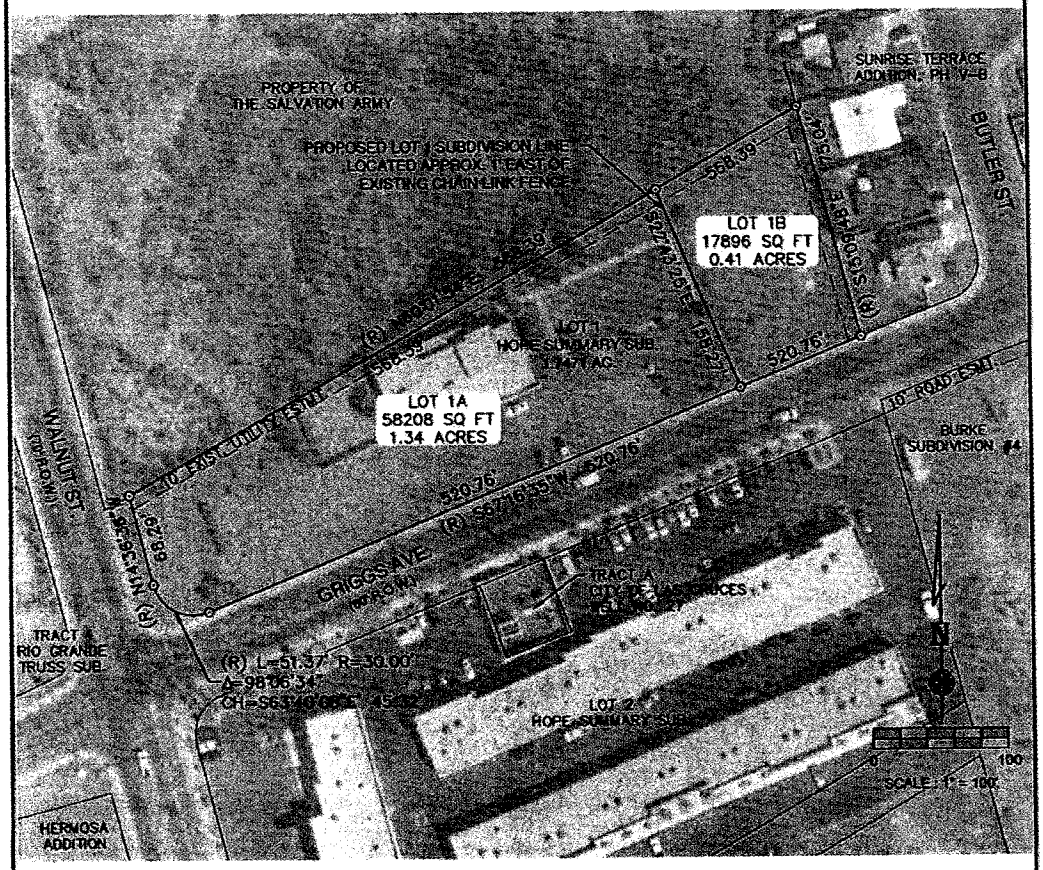
Remarks

Lots are 1.18 and .76 acres respectively and can be sold separately. Also available as a built to suit for lease.

EXHIBIT A

PROPOSED REPLAT OF LOT 1, HOPE SUMMARY SUBDIVISION

LOCATED IN SECTIONS 8 AND 17, T.23S, R.2E., N.M.P.M. U.S.R.S. SURVEYS
CITY OF LAS CRUCES, NEW MEXICO



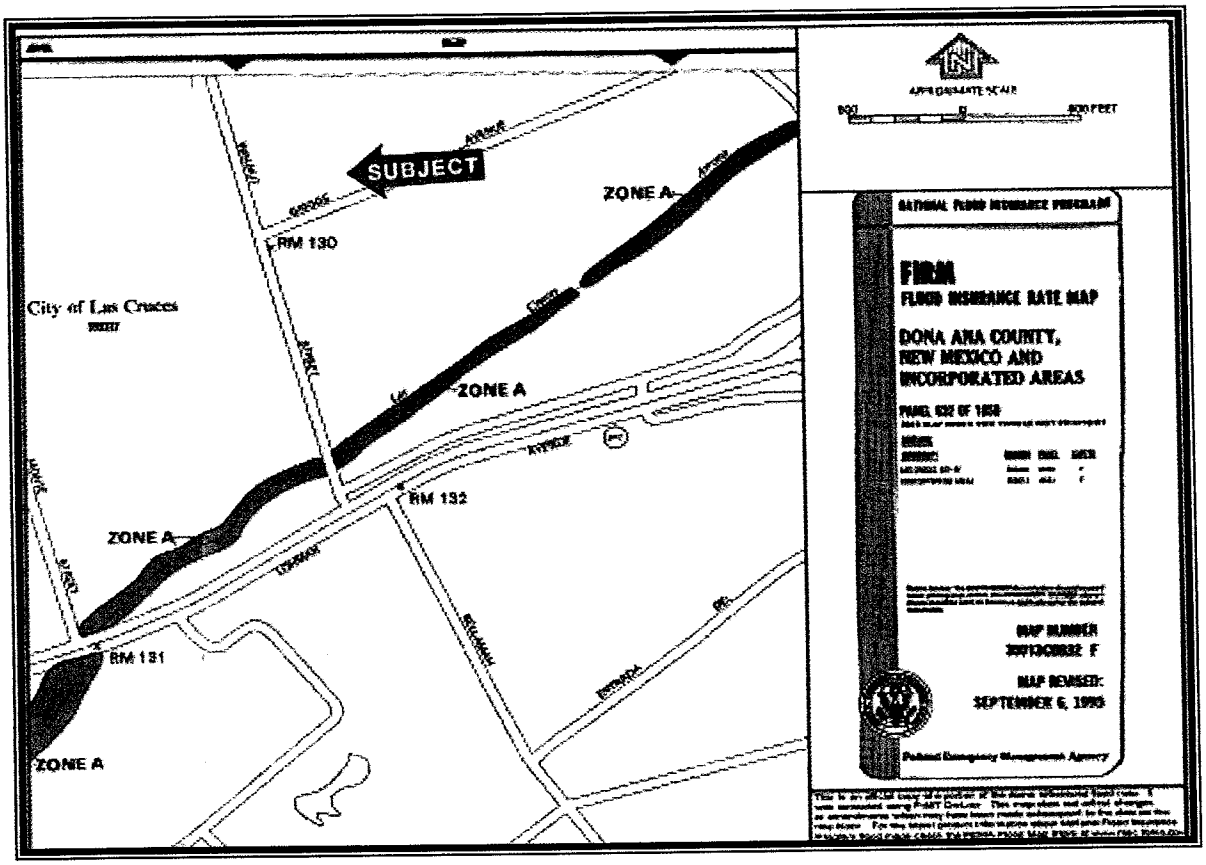
NOTES:

1. (R) - RECORD BEARING & DISTANCE PER "HOPE SUMMARY SUBDIVISION", RECORDED IN PLAT RECORD 20, PAGES 377-378, JULY 14, 2003.

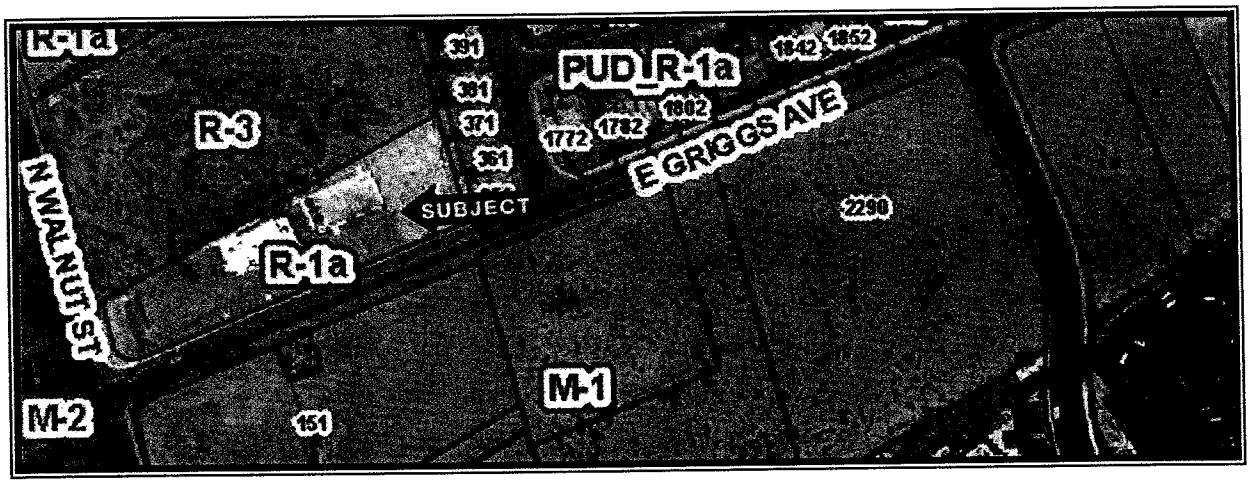
2. A FIELD SURVEY WAS NOT PERFORMED IN PREPARATION OF THIS EXHIBIT. INFORMATION SHOWN IS GRAPHICAL.

3. AREAS OF LOTS 1A AND 1B ARE APPROXIMATE.

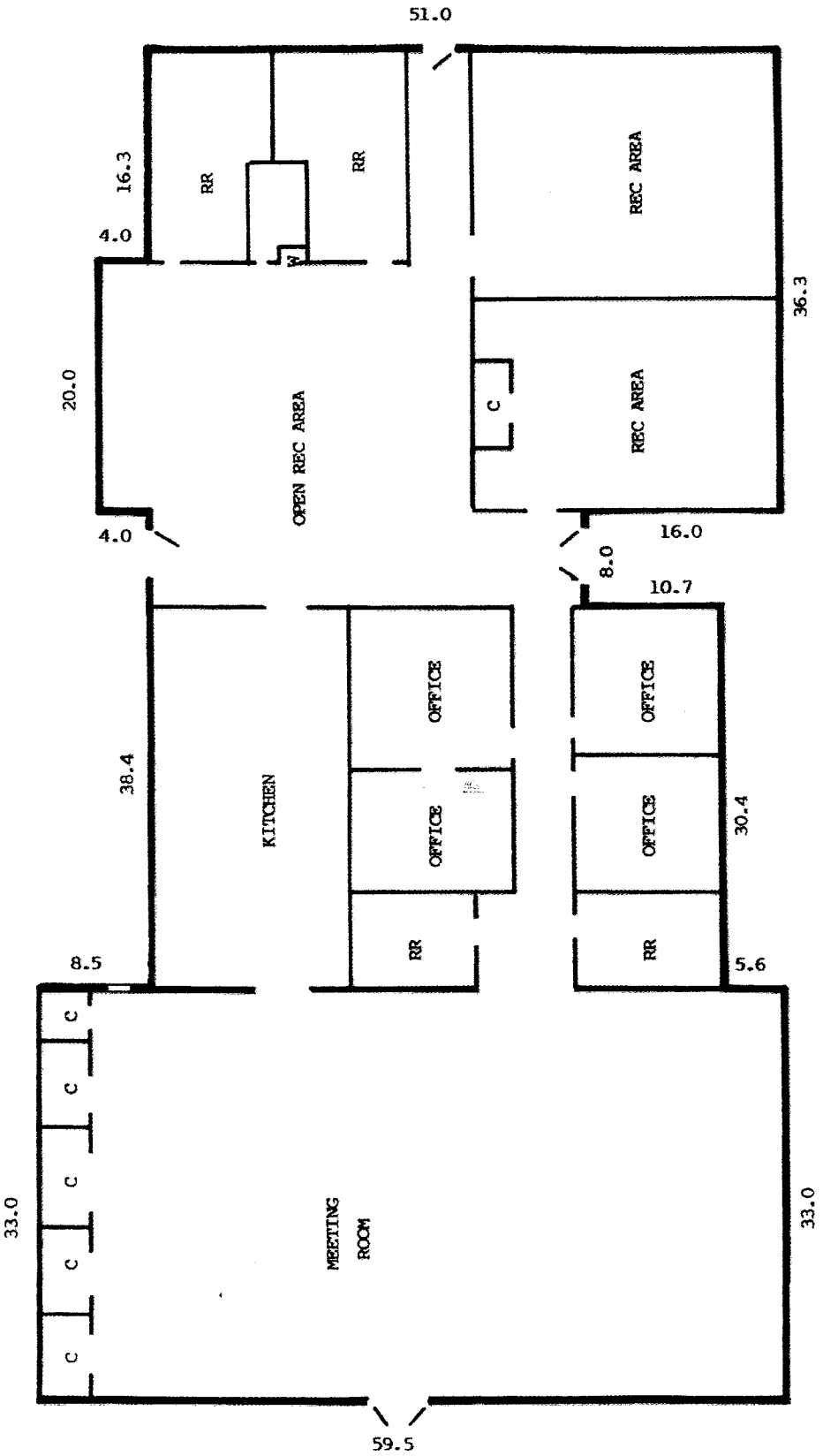
PUBLIC WORKS DEPARTMENT CITY OF LAS CRUCES, NEW MEXICO				
PROJECT TITLE: LIFE CENTER – REPLAT OF LOT 1, HOPE SUMMARY SUB.				
PROJECT NO.: 12-S-023				
SCALE: 1" = 100'	DATE	REVISIONS		SHEET
SURVEYOR: SCOTT FARNHAM PE,PS				1 OF 1
DRAWN BY: sf	5-25-12			
CHECKED BY				



FLOOD MAP



ZONING MAP


51.0
16.3
RR
RR
REC AREA
4.0
36.3
20.0
OPEN REC AREA
C
REC AREA
4.0
16.0
8.0
10.7
OFFICE
OFFICE
38.4
KITCHEN
OFFICE
OFFICE
30.4
RR
RR
8.5
5.6
C
C
C
C
C
33.0
MEETING ROOM
33.0
59.5

Assessor's Parcel Search Results

Return to Real Property Search

Return To Search Screen Code Abbreviations

Account Information

ACCOUNT#:	64634
NAME1:	CITY OF LAS CRUCES
NAME2 :	
ADDRESS:	PO BOX 20000
CITY:	LAS CRUCES
STATE:	NM
ZIP:	88004
FAMILY EXEMPTION:	
VETERAN EXEMPTION:	

Parcel Information

The Assessor's Office can provide information about deeds posted to Assessor's parcel accounts. This information is provided as a courtesy to the public and is not intended to constitute legal advice. Individuals are encourage to contact an attorney, professional land surveyor or title company for information about legal descriptions. Copies of deeds can be obtained from the Doña Ana County Clerk's Office.

PARCEL	**PROPERTY ADDRESS**			
02-30274	2225 E GRIGGS AVE			
MAPCODE	**FOLDER**	**SEC**	**TWP**	**RGE**
02I4008134127519	18510	17	23S	2E
SUBDIVISION			**BLOCK**	**LOT**
3787 - HOPE SUMMARY SUBDIVISION				LOT 1

Land Information

LAND SIZE	VALUE METHOD	NUMBER LOTS	UNIT PRICE	LAND TYPE
76104.00	SF	0	3	C

Improvement

DISCLAIMER

Square footage info. without building detail or value denotes new building not yet added to assessment record.

TYPE USE	TOT BLDG AREA	EXTERIOR WALL	QUALITY	YEAR BUILT
BEDROOMS	FULL BATHS	HALF BATHS		
ATT GARAGE FIN	ATT GARAGE UNFIN			
OPEN PORCH	ENCLOSED PORCH	DECK PORCH		

Commercial Improvements

GROUND FLOOR AREA	EXTERIOR WALL	YEAR BUILT
5607	FS	1995

Detached Structures

STRUCTURE	MEASURE1	MEASURE2
AP	22592	0
C6	1500	0

Valuation Information

LAND VALUE	RES BLDG VALUE	NON-RES BLDG VALUE	FULL VALUE
266400	0	491722	758122

Recording Information

RECORDING INFORMATION
I1114839
I1112989
I0933391
I0310908
BK 166 PG 272

Taxes

BILLS PAID	Amount	BILLS UNPAID	Amount
200489739			N/A
200592051			N/A
200695117			N/A
200799193			N/A
2008102422			N/A
2009103356			N/A
2010103793			N/A
2011103685			N/A

** TAX REFLECTS ORIGINAL BILL AMOUNT ONLY ...NO PAYMENTS, PENALTY OR INTEREST FOR FURTHER DETAILS CONTACT THE TREASURER

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