

# City of Las Cruces<sup>®</sup>

PEOPLE HELPING PEOPLE

## Council Action and Executive Summary

Item # 22 Ordinance/Resolution# 2538 Council District: 4

For Meeting of October 5, 2009  
(Adoption Date)

**TITLE:** AN ORDINANCE AUTHORIZING A LEASE AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND ENXCO DEVELOPMENT CORPORATION, FOR THE THIRTY YEAR LEASE OF APPROXIMATELY 86 ACRES OF MUNICIPALLY OWNED LAND IN THE WEST MESA INDUSTRIAL PARK FOR THE PURPOSE OF DEVELOPING A SOLAR ENERGY PROJECT.

**PURPOSE(S) OF ACTION:** Lease undeveloped land in the West Mesa Industrial Park to enXco Development Corporation.

<b>Name of Drafter:</b> Christine Logan <i>C. Logan</i>		<b>Department:</b> Community Development		<b>Phone:</b> 541-2286	
<b>Department</b>	<b>Signature</b>	<b>Phone</b>	<b>Department</b>	<b>Signature</b>	<b>Phone</b>
Community Development	<i>DLW</i>	528-3067	Budget	<i>[Signature]</i>	541-2281
			Assistant City Manager	<i>[Signature]</i>	541-2271
Legal	<i>[Signature]</i>	541-2128	City Manager	<i>[Signature]</i>	541-2076

### **BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:**

enXco develops, builds, operates and manages state-of-the-art renewable energy projects throughout North America. The company has been in operation for more than twenty years. Their early work has primarily been in wind energy, but they have expanded to acquire additional focus in solar, geothermal and biomass. enXco is committed - in design, development, construction, operations and management - to create the most efficient renewable energy projects possible. enXco currently operates solar projects in New Jersey and California and is developing projects in the southwest.

This Ordinance authorizes a long term lease (30 years) of approximately 86 acres of the West Mesa Industrial Park to enXco for development of a PV solar project. The land is located south of Rea Magnet Wire and behind development ready parcels along Rea Boulevard. enXco would be responsible for developing the access road necessary to serve the project as well as for any utility extensions that may be necessary. The property was appraised at \$17,500 per acre in April of 2009 but has been marketed at a much higher cost as an incentive to develop other areas of the Park first. There are significant infrastructure costs associated with developing this parcel for light industrial uses but very little development required for energy production.

The land lease would generate \$1.2M over the term of the lease (\$672,000 net present value). The proceeds from the lease will be deposited in the West Mesa Industrial Park Fund. At the

(Continued on Page 2)

end of the lease, enXco must restore the site and the City could further develop the parcel or sell/lease it as is at that time. This project will involve an estimated construction investment of \$8M. The project will be responsible for annual personal property tax assessments processed through Dona Ana County.

Construction of the PV project will involve hundreds of job. Although these jobs are temporary, there are specific skills and experiences related to the emerging solar industry and enXco is committed to working with the Dona Ana Community College to incorporate this project as a training tool and/or career program. There will be a few long term jobs associated with operation and maintenance of the facility.

The Ordinance has been prepared in accordance with 3-54-1 et. Seq., NMSA 1978, as amended. This Ordinance has been published prior to its adoption and shall be published at least once after its adoption. The West Mesa Strategic Planning Committee reviewed this proposal at their August 31 public meeting and unanimously recommended approval.

#### **SUPPORT INFORMATION:**

<b>Fund Name / Account Number</b>	<b>Amount of Expenditure</b>	<b>Budget Amount</b>
NA	N/A	N/A

1. Ordinance
2. Solar Land Lease Agreement (Exhibit "A")
3. Property Appraisal
4. Vicinity Map

#### **OPTIONS / ALTERNATIVES:**

1. Vote YES on the Ordinance to approve the Solar Land Lease Agreement and lease 86 acres of land within the West Mesa Industrial Park to enXco Development Corporation for thirty years.
2. Vote NO on the Ordinance to reject the lease and the City will retain control of the land and enXco will locate their proposed project elsewhere.
3. Modify the terms of the agreement and then adopt the proposal.
4. Table the proposal and/or instruct staff to seek alternative direction.

COUNCIL BILL NO. 10-009  
ORDINANCE NO. 2538

**AN ORDINANCE AUTHORIZING A LEASE AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND ENXCO DEVELOPMENT CORPORATION, FOR THE THIRTY YEAR LEASE OF APPROXIMATELY 86 ACRES OF MUNICIPALLY OWNED LAND IN THE WEST MESA INDUSTRIAL PARK FOR THE PURPOSE OF DEVELOPING A SOLAR ENERGY PROJECT.**

The City Council of the City of Las Cruces is informed that:

**WHEREAS** the City of Las Cruces, New Mexico, a municipal corporation, is the owner of 86 acres of land situated within the West Mesa Industrial Park, and

**WHEREAS** this land has been acquired by the City of Las Cruces for the purpose of industrial and economic development, and

**WHEREAS** enXco Development Corporation is interested in developing a PV solar energy project on the site.

**NOW, THEREFORE,** Be it ordained by the Governing Body of the City of Las Cruces:

**(I)**

**THAT** the lease of 86 acres of West Mesa Industrial Park land for thirty years, subject to the conditions and terms in Exhibit "A" Solar Land Lease Agreement, which is attached hereto and made a part of this ordinance, is hereby approved.

**(II)**

**THAT** this Ordinance has been published prior to its adoption and shall be published at least once after adoption, pursuant to Las Cruces Municipal Code Section 2-1312 and NMSA 1978, Section 3-54-1 as amended.

**(III)**

**THAT** the effective day of this Ordinance shall be forty-five (45) days after its adoption by the governing body of the City of Las Cruces.

(IV)

THAT the proceeds of the lease shall be deposited in the West Mesa Industrial Park Fund.

(V)

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

DONE AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

APPROVED:

(SEAL)

\_\_\_\_\_  
Mayor Ken Miyagishima

ATTEST:

\_\_\_\_\_  
City Clerk

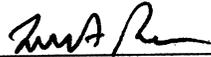
VOTE:

- Mayor Miyagishima: \_\_\_\_\_
- Councillor Silva: \_\_\_\_\_
- Councillor Connor: \_\_\_\_\_
- Councillor Archuleta: \_\_\_\_\_
- Councillor Small: \_\_\_\_\_
- Councillor Jones: \_\_\_\_\_
- Councillor Thomas: \_\_\_\_\_

Moved by: \_\_\_\_\_

Seconded by: \_\_\_\_\_

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

**SOLAR LAND LEASE**

THIS SOLAR LAND LEASE (hereinafter "**Lease**") is entered into as of the Effective Date, by and between Lessor and Lessee (Lessor or Lessee being also hereinafter referred to as a "**Party**" or, collectively, "**Parties**").

1. **Definitions.** The following terms shall have the following meanings when capitalized in this Lease:

- 1.1 "Lessor" City of Las Cruces, a New Mexico Municipal Corporation
- 1.2 "Lessor's Address" PO Box 20000  
Las Cruces, NM 88004  
Attn: Economic Development Department  
Phone: (575) 541-2286
- 1.3 "Property" That certain land located in Dona Ana County (the "**County**"), State of New Mexico, described in Exhibit A hereto and incorporated herein by this reference, containing approximately **86** acres (Subject to Survey). Such acreage shall be used to determine the Pre-Operating Period Payments and Minimum Annual Operating Period Payments payable by Lessee hereunder.
- 1.4 "Lessee" enXco Development Corporation, a Delaware Corporation
- 1.5 "Lessee's Address" 700 La Terraza Blvd. Ste 200  
Escondido, CA 92025  
Attn: Contracts Management  
Phone: (760) 740-7022  
Facsimile: (760) 329-3302
- 1.6 "Effective Date" \_\_\_\_\_, 2009.
- 1.7 "Pre-Operating Period Payments" Year 1\*: \$100/acre per year; Year 2\*: \$150/acre per year; Years 3\*: \$200/acre per year; Year 4\*: \$250/acre per year [contingency payments even if project is not operating; Years 5-10: \$400/acre per year; Years 11-15: \$500/acre per year; Years 16-20: \$600/acre per year; Years 21-25: \$700/acre per year; Years 26-30: \$750/acre per year].
- \*Or until the operations date.
- 1.8 "Annual Operating Payment" Years 1-10: \$400/acre per year; Years 11-15: \$500/acre per year; Years 16-20: \$600/acre per year; Years 21-25: \$700/acre per year; Years 26-30: \$750/acre per year.

(Same as the pre-operating payment except that if the project commences before year 4 expires the payments jump to \$400/acre, and upward from there).

2. **Agreement to Lease.** Lessor hereby leases to Lessee for the term set forth below, the Property for the following rights and purposes:

2.1 The exclusive right pertaining *only to the lands leased* for solar energy conversion, for the collection and transmission of electric power, and for related and incidental purposes and activities (collectively, "Operations"), including, without limitation:

2.1.1 conducting studies of solar radiation, solar energy, soils, and other meteorological and geotechnical data;

2.1.2 constructing, reconstructing, erecting, installing, improving, replacing, relocating and removing from time to time, and maintaining, using, monitoring and operating, existing, additional or new (i) individual units or arrays of solar energy collection cells, panels, mirrors, lenses and related facilities necessary to harness sunlight for photovoltaic energy generation, including without limitation, existing and/or future technologies used or useful in connection with the generation of electricity from sunlight, and associated support structure, braces, wiring, plumbing, and related equipment ("Solar Energy Facilities"), (ii) electrical transmission and distribution facilities, including without limitation, overhead and underground transmission, distribution or collector lines, circuit breakers, meters, conduit, footings, towers, poles, crossarms, guy lines, anchors, cabling and wires, (iii) overhead and underground control, communications and radio relay systems, (iv) substations, interconnection and/or switching facilities and electric transformers and transformer pads, (v) energy storage facilities, (vi) meteorological towers and solar energy measurement equipment, (vii) control buildings, control boxes and computer monitoring hardware, (viii) utility installation, (ix) safety protection facilities, (x) maintenance yards, (xi) roads and erosion control facilities, (xii) signs and fences, and (xiii) other improvements, fixtures, facilities, machinery and equipment associated or connected with the generation, conversion, storage, switching, metering, step-up, step-down, transmission, distribution, conducting, wheeling, sale or other use or conveyance of electricity (all of the foregoing, including the Solar Energy Facilities, collectively a "**Solar Energy System**" or "**Improvements**" or "**Project**");

2.1.3 A non-exclusive right for the development, erection, installation, construction, improvement, interconnection, reconstruction, enlargement, removal, relocation, replacement and repowering, and the use, maintenance, repair and operation of, facilities for the storage, collection, distribution, step-up, step-down, wheeling, transmission and sale of electricity and for communications in connection with the Solar Energy System, including the following, at such locations as Lessee shall determine that are developed, constructed and/or operated on the Property and/or on property to be acquired by leasehold or by fee purchase, by or on behalf of Lessee: underground and/or overhead distribution, collection and transmission lines; underground and/or overhead control, communications and radio relay systems and telecommunications equipment; energy storage facilities; interconnection and/or switching facilities, circuit breakers, transformers; cables, wires, fiber, conduit, footings, foundations, towers, poles, crossarms, guy lines and anchors, and any related or associated improvements, fixtures, facilities, appliances, machinery and equipment (collectively, the "**Transmission Facilities**");

2.1.4 Removing, trimming, pruning, topping or otherwise controlling the growth of any tree, shrub, plant or other vegetation; dismantling, demolishing, and removing any improvement, structure, embankment, impediment, berm, wall, fence or other object, on or that intrudes (or upon maturity could intrude) into the Property that could obstruct, interfere with or impair the Solar Energy System or the use of the Property intended by Lessee hereunder;

- 2.1.5 A non-exclusive easement for vehicular and pedestrian access, ingress and egress to, from and over the Property, within the dedicated right of way for Advancement Avenue (along the south boundary of the Property) and along the west boundary of the West Mesa Industrial Park (along the west boundary of the Property), for purposes related to or associated with the Solar Energy System and/or the Transmission Facilities installed or to be installed on the Property, on adjacent property owned by Lessor; which, without limiting the generality of the foregoing, shall entitle Lessee to use and improve any existing and future roads and access routes (a) from time to time located on or providing access to the Property, (b) across any other adjacent property owned by Lessor and (c) across any access routes over which Lessor has the right to travel;
- 2.1.6 A non-exclusive right to extract soil samples, perform geotechnical tests, and conduct such other tests, studies, inspections and analysis of or on the Property as Lessee deems necessary, useful or appropriate; and
- 2.1.7 undertaking any other lawful activities, whether accomplished by Lessee or a third party authorized by Lessee, that Lessee determines are necessary, helpful, appropriate or convenient in connection with, incidental to or to accomplish any of the foregoing purposes.

3. **Term.** The term of this Lease (the "**Term**") begins on the Effective Date and terminates upon the earlier of: (a) Thirty (30) years from the Effective Date or (b) the date this Lease is terminated as permitted herein or by operation of law. This Lease shall not terminate solely because of abandonment or nonuse except as provided herein.

4. **Payments to Lessor.**

4.1 **Pre-Operating Period Payments.** As consideration for this Lease, within Thirty (30) days from the Effective Date Lessee shall make the First Pre-Operating Period Payment, in advance, to Lessor in the amount set forth in Section 1.8 above for the balance of 2009. Beginning January 1, 2010 and thereafter on the first of each calendar year Lessee shall make the Pre-Operating Payment to Lessor in the amounts set forth in Section 1.8. If, on the date any Pre-Operating Period Payment would be due, there exist any liens for which subordination agreements to be obtained pursuant to Section 6.2 have not been obtained, Lessee may withhold such Pre-Operating Period Payments until all such subordination agreements have been obtained and delivered to Lessee whereupon such Pre-Operating Period Payments shall promptly be paid to Lessor without interest.

4.2 **Annual Operating Payments.** Commencing with the Operations Date, and thereafter on the first of each calendar year Lessee shall make annual payments to Lessor (the "**Annual Operating Payments**") in the amounts and schedule stated in section 1.8 (on page 1 of the lease).

4.3 **Calendar Year.** For the purposes of this Lease, a Calendar Year shall mean January 1 through December 31. Annual Operating Payments shall be paid, in advance, sixty (60) days after the end of each Calendar Year during which Operations are conducted, unless such day falls on a weekend or holiday in which case it shall be due on the next business day.

4.4 **Operations Date.** For purposes of this Lease, the "**Operations Date**" shall mean the date upon which net electricity is regularly generated, delivered and sold (excluding start-up and testing of the Solar Energy System) by the Project to purchasers of generated electricity or used in-house. Annual Operating Payments shall no longer be due and payable if Solar Energy System operations cease. This Lease shall not be construed as imposing upon Lessee any obligation to commence or continue generating any particular quantity of electricity or derive any particular amount of receipts therefrom at any time.

4.5 Payment Prorations. Lessee agrees that the Pre-operating Payments shall not be prorated except in the year of the effective date and therefore once made shall not be refundable in whole or in part if Lessee elects not to construct or operate a Solar Energy System on the Property

4.6 Credits. Lessee shall be exclusively entitled to apply for, collect, receive, and obtain the benefit of all credits, set-offs, payments or other consideration arising out of the electrical energy generated by the Solar Energy System and the sale, transportation and distribution of such energy including, without limitation, (i) federal, state and local production tax credits, governmental subsidies, production incentive payments and other renewable energy credits, (ii) green pricing programs, green tags, renewable energy credit trading programs, nor proceeds received from the sale of environmental attributes (e.g., renewable energy or carbon credits) and (iii) environmental air quality credits, emission credits, greenhouse gas reduction credits, environmental set-offs and similar benefits (collectively "**Credits**"). Lessor shall reasonably assist Lessee in applying for and receiving such Credits.

## 5. Use of Premises.

5.1 Lessee's Rights to Upgrade Facilities. The parties agree that solar energy technologies are improving at a rapid rate and that it is probable that Lessee may (although Lessee shall not be required to) replace from time to time existing Solar Energy Facilities on the Property with newer model or design Solar Energy Facilities which have increased energy capture and efficiency;

5.2 Ingress and Egress. This Lease includes the right of ingress to and egress from the Solar Energy System over, under, and along the Property by means of any existing roads and lanes thereon, and by such other route or routes as Lessee may construct on the Property from time to time, for the benefit of and for purposes incidental to Operations on the Property and to Improvements that are developed, constructed and/or operated on the Property, and on other property to be acquired by leasehold, easement or by fee simple purchase, by or on behalf of Lessee, as a single integrated Solar Energy System to generate and deliver electrical power to purchasers of such power (the "Project"), and for the benefit of and for purposes incidental to Operations, activities and projects on lands other than the Property;

5.3 Uses by Multiple Projects. Lessee may use the Property for one Project or Lessee may divide the Property into multiple Projects or Lessee may combine the Solar Energy Facilities located on the Property with such facilities located adjacent to or in the vicinity of the Property to form a single Project. In the event that Lessee elects to have more than one Project, then Lessor agrees to enter into new and separate leases, and if necessary, new Easements, and to amend this Lease, to permit each such separate Project to have a separate lease and Easement which is specific for it. All such new and separate leases shall have the same terms and conditions as this Lease except that (a) the Property shall be defined specifically in each case, and (b) each separate Lessee shall make the payments required with respect to its Project or Projects.

5.4 Exclusive Use. Lessee shall have the sole and exclusive right to convert all of the solar resources of and to conduct Operations on the Property. Lessor shall not grant any rights in the Property purporting to permit others to conduct Operations on the Property in derogation of Lessee's sole and exclusive right to conduct Operations on the Property. Without the prior written consent of Lessee, Lessor shall not (i) waive any right available to Lessor or grant any right or privilege subject to the consent of Lessor by law or contract, including without limitation any environmental regulation, land use ordinance or zoning regulation, with respect to setback requirements, noise limitations or other restrictions and conditions respecting the placement of Solar Energy Facilities and other equipment ancillary to Solar Energy System operations on parcels adjacent to or in the vicinity of the Property or (ii) grant, confirm, acknowledge, recognize or acquiesce in any right claimed by any other person to conduct Operations on the Property whether arising in judicial proceedings or otherwise and Lessor agrees to give Lessee notice of any such claims or proceeding with respect to such claims and to cooperate with Lessee in resisting and disputing such claims.

5.5 Security; Lessor's Access. All security measures reasonably necessary, in Lessee's opinion, shall be provided for the Property, including, if reasonably necessary, warning signs, closed and locked gates, and other measures appropriate and reasonable to protect against damage or destruction of Lessee's Solar Energy Facilities and other Improvements or injury or damage to persons or property on the Property. Lessee shall not restrict Lessor access to areas designated as utility easements to the benefit of the Lessor (along the north boundary of the Property). Lessor may obtain access to other portions of the Property for the purpose of inspection of activities thereon up to twice per calendar year upon five (5) business days prior written notice to Lessee, provided that such access shall not unreasonably interfere with Lessee's Project(s) or operations. Lessor shall be accompanied by a representative of Lessee at all times while on the Project and shall abide by any and all safety precautions.

5.6 Removal and Restoration. Simultaneous with any Notice of Termination (as hereinafter defined), Lessee shall present a decommissioning plan for the Solar Energy System. The decommissioning plan shall include the removal of all physical material related to the Solar Energy System to a depth of thirty-six inches (36") and restoration of the surface of the land to substantially the same condition it was in at the Effective Date, including returning the land to the same grade as of the Effective Date (reasonable wear and tear, condemnation, casualty damage and acts of God excepted (all hereinafter referred to as "**Restoration**"). The decommissioning plan shall be completed within nine (9) months after presentation of the decommissioning plan to Lessor.

(a) In the event Lessor requires a decommissioning bond, Lessor shall give Lessee written notice no earlier than year 10 year(s) from the Effective Date to require Lessee to provide Lessor with a letter of credit or bond in the amount of the estimated Restoration Costs. Within no less than 180 days after the receipt of the written notice, Lessor and Lessee shall determine the amount of the Restoration Costs as follows:

(i) Lessee shall obtain an estimate of the restoration cost from a qualified contractor licensed in the state in which the Property is located and notify the other of the name and address of the contractor which it has selected. Within thirty (30) days thereafter, Lessee shall provide the estimate Lessor. In the event Lessor is not in agreement with Lessee's estimate, Lessor may, at its own cost and expense, obtain its own estimate within thirty (30) days of Lessee presenting its estimate. If the bids are within a 10% difference of the cost of the other, Lessee shall be entitled to use the bid from its contractor as the basis for the Restoration Costs. In the event the bids are more than 10% different, a third contractor shall be selected by the existing contractors. If they cannot agree upon such third contractor within a sixty (60) day period, the third contractor shall be selected by an Arbitrator of the American Arbitration Association for the county in which the Property is located upon application of either party. Within thirty (30) days of the appointment of the third contractor, the three contractors shall meet and exchange their estimates and the Restoration Costs shall be the average of the estimates of the three contractors.

(ii) The letter of credit/bond shall remain in force until the completion of such work. Upon written request, no more than once in any calendar year, Lessor may request Lessee provide Lessor with information and documentation to confirm the existence and maintenance of such security in favor of Lessor.

(b) Notwithstanding any of the foregoing provisions, if Lessee is a Regulated Utility, no bond or other undertaking for the decommissioning costs shall be required and any existing bonds or other undertakings for said decommissioning and reclamation costs shall be released. Furthermore, the Surety amount shall be reduced by the amount of bond or other security, if any, that Lessee is required to post by applicable governmental authorities for reclamation and decommissioning associated with the project improvements on the Property.

**6. Lessor's Representations and Warranties.**

6.1 Authority and Execution. Each person executing this Lease on behalf of Lessor represents and warrants that such person is duly and validly authorized to do so and that Lessor has the full right and authority to enter into this Lease, perform all of its obligations hereunder and grant the interests herein granted.

6.2 Covenants of Title. Without limiting the obligations set forth in Section 7, Lessor represents and warrants to Lessee that it owns the Property in fee simple, subject to no liens or encumbrances except as disclosed in writing to Lessee prior to the execution of this Lease and attached hereto. Lessee may obtain a current preliminary title report for the Property at its expense showing all liens and other exceptions to title to the Property. At the request of Lessee, Lessor shall obtain executed and acknowledged instruments and such other documents as the title company or Lessee may require to confirm Lessor's ownership of the Property or to complete or evidence the full granting of the leasehold interest in the Property as intended by this Lease. Lessor shall cooperate with Lessee to obtain a subordination agreement from each lienholder (recorded or unrecorded) which provides on terms reasonably acceptable to Lessee that the lien and rights of the lienholder shall be subordinate to this Lease. Lessor will also obtain any necessary consent and/or subordination agreement in favor of Lessee and on terms reasonably acceptable to Lessee from any and all entities having a possessory interest in the Property. Lessor and Lessee shall record, at Lessee's option, a memorandum of this Lease in the real estate records of the county in which the Property is located.

**6.3 Hazardous or Toxic Substances or Materials.**

(a) Lessor represents and warrants to Lessee that (i) there exists no Hazardous Materials on the Property nor (ii) shall it use, store, dispose of or release on the Property or (iii) cause or permit to exist or be used, stored, disposed of or released on the Property any Hazardous Material except in such quantities as may be required in its use of the Property and only if such use is not harmful to Lessee or its employees and is in full compliance with all applicable laws. Hazardous Materials is defined as a "hazardous substance", "hazardous material", "toxic substance" or "solid waste" in any federal, state or local law, statute or ordinance. Should any claim or action be brought against Lessor or in connection with the Property with respect to any of the foregoing, Lessor shall immediately notify Lessee and shall indemnify Lessee from all costs associated with such claim or action.

(b) Lessee covenants and agrees that it (i) shall not use, store, dispose of or release on the Property or (ii) cause or permit to exist or be used, stored, disposed of or released on the Property as a result of Lessee's operations, any Hazardous Material, except in such quantities as may be required in its normal business operations and only if such use is not harmful to Lessor or its employees and is in full compliance with all applicable laws. Should any claim or action be brought against Lessee in connection with its operations with respect to any of the foregoing, Lessee shall immediately notify Lessor and shall indemnify Lessor from all costs associated with such claim or action.

7. **Further Assurances; Cooperation.** Lessor shall fully support and cooperate with Lessee in the conduct of its operations and the exercise of its rights under this Lease (including with Lessee's efforts to (i) obtain from any governmental authority or any other person or entity any environmental impact review, permit, entitlement, approval, authorization or other rights or (ii) sell any portion of the Solar Energy System, assign or otherwise transfer all or any part of or interest under this Lease or obtain any financing), and Lessor shall perform all such acts (including executing and delivering maps, instruments and documents within ten (10) days after receipt of a written request made from time to time by Lessee) as Lessee may reasonably specify to fully effectuate each and all of the purposes and intent of the Lease. Without limiting the generality of the foregoing, within ten (10) days after receipt of a written request made from time to time by Lessee, Lessor shall: (a) enter into any reasonable amendment hereto (1) to correct an error in this Lease, (2) to amend the legal description attached hereto, including replacing said legal description with a revised description prepared or provided by Lessee's surveyor or title company (b) execute and deliver to Lessee any owner's affidavit reasonably requested by any title company or

attorney reviewing title to the Property; (c) enter into any reasonable consent and subordination and nondisturbance agreement with any Lender, as defined in Section 14.1, stating that Lessor shall recognize the rights of the Lender and not disturb its possession of the Property so long as it is not in default under this Lease, and stating such other things as such Lender may reasonably request; (d) join with Lessee in the signing of any protest, petition, appeal or pleading that Lessee may deem advisable to file or in requesting any and all zoning changes or any waivers, variances, land use permits and/or approvals, in each case as Lessee may deem necessary or desirable for Lessee's development and use of the Property as contemplated by this Lease; and (e) if because of the nature of this Lease Lessee is unable to qualify for any tax credit or similar benefit associated with the Solar Energy System or in connection with its operations, amend this Lease to assure that Lessee will receive such credits and benefits (but only if such amendment does not materially adversely affect Lessor's reasonable out-of-pocket expenses incurred by Lessor in connection with Lessor's cooperation pursuant to the provisions of this Section 7). Without limiting the generality of the foregoing, Lessor shall not oppose, in any way, whether directly or indirectly, any application by Lessee for any permit, approval or entitlement at any administrative, judicial, legislative or other level.

In addition to the foregoing provisions of this Section 7, (i) Lessor hereby authorizes Lessee, or its successor or assignee, to act as its agent and on its behalf in applying to any public agency for land use entitlements or permits necessary or convenient for the construction, operation and maintenance of solar-energy producing facilities on the Property, including but not limited to, general plan amendments, specific plans, zone changes, tentative and final maps, conditional use permits, variances, rights of way, or any kind of environmental permit, as well as grading permits, foundation permits, building permits, storm water drainage permits, driveway entrance permits or similar construction permits; and (iii) Lessor further authorizes government permitting agencies and their agents, consultants and employees to enter its Property for the purpose of making inspections necessary or convenient to the issuance of land use entitlements or permits for the construction, operation, and maintenance of solar-energy-producing facilities on the Property. The rights and agreements set forth in this paragraph shall automatically expire upon the expiration or sooner termination of this Lease.

8. **Requirements of Governmental Agencies.** Lessee shall comply in all material respects with all valid laws applicable to the Solar Energy System, but shall have the right, in its sole discretion and at its sole expense, in its name or in Lessor's name, to contest the validity or applicability of any law, ordinance, order, rule or regulation of any governmental agency or entity. Lessee shall control any such contest and Lessor shall cooperate with Lessee in every reasonable way in such contest, at no out-of-pocket expense to Lessor.

9. **Liens.** Lessor and Lessee shall keep the other's interest in the Property free and clear of all liens and claims of liens for labor and services performed on, and materials, supplies and equipment furnished in connection with Lessor's or Lessee's (as applicable) use of the Property, subject to Lessor's and Lessee's (as applicable) right to contest such liens and claims. If Lessor or Lessee (as applicable) wishes to contest any such liens or claims, such Party shall, within sixty (60) days after it receives notice thereof, provide a bond or other security as the other Party may reasonably request, or remove any such liens from the Property pursuant to applicable law.

10. **Lessee's Insurance.** At all times during which Lessee is conducting any activities on the Property, and at all times during the Term of this Lease, Lessee shall, at its own cost and expense, obtain and maintain in effect (1) Commercial General Liability insurance, including bodily injury and property damage coverage with minimum limits of \$1 Million Dollars per occurrence and \$2 million aggregate and (2) Umbrella Liability Insurance with minimum limits of \$5 Million per occurrence and \$5 Million aggregate. Lessee shall upon reasonable written request provide to Lessor a certificate evidencing such coverage.

11. **Successors and Assigns.** This Lease shall inure to the benefit of, and be binding upon, Lessor and Lessee, and their respective heirs, successors and assigns. Lessor may sell, mortgage, transfer or lease the Property to others. However, any such sale, mortgage, lease or transfer by Lessor shall be subject to this Lease and any modifications or amendments thereof granted to Lessee prior to or after

such sale, mortgage, lease or transfer. Further, any transfer of any portion of the surface rights of the Property shall automatically transfer with it the right to receive payments under this Lease in direct proportion to the fraction of the surface rights to the Property that have been transferred, said proportional payments being without regard to the presence or lack of Solar facilities on the transferred parcel of the Property. Lessee may, without the consent of Lessor, freely assign or sublet all or any portion of its interests under this Lease, and may sell, assign, lease or transfer any that it may install on the Property, without obtaining the consent of Lessor, provided the assignee is (i) a wholly owned or affiliate of Lessee or (ii) the purchaser of the entire Project with previous energy or (iii) is a public utility company (iv) one or more mortgagees, beneficiaries of deeds of trust, or other holders of a beneficial interest in a Mortgage ("Mortgagees") in connection with financing (including refinancing) of the Project, the Solar Energy Facilities, or other Improvements, and the development of Lessor's Property. Any other assignment shall require the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. ("Permitted Assignee(s)"). In the event of an assignment of Lessee's entire interest in this Lease, Lessee (including a successor Lessee by assignment) shall be released of all further liability under this Lease. If Lessee shall have assigned an interest or granted a sublease with respect to all or a portion of the Property or the Solar Energy System, no such assignment or sublease shall be affected by a cancellation or termination of this Lease, and Lessor shall recognize the rights of the assignee or holder of the sublease hereunder, provided only that such assignee or sublease holder attorn to Lessor upon its request. Lessor shall enter into a nondisturbance and attornment agreement, in form and substance reasonably acceptable to Lessee, upon the request of the assignee or sublease holder under any assignment or sublease. Lessee also shall have the right to grant subleases, licenses, easements or similar rights (however denominated) to one or more persons or entities with respect to any portion of its interests under this Lease, without obtaining the consent of Lessor.

## 12. Leasehold Financing.

12.1 Right to Encumber. Lessee, any assignee or any holder of a sublease or license (herein, an "**Obligor**") may at any time mortgage to any entity (herein, a "**Lender**") all or any part of the Obligor's interest under this Lease or such sublease or license without the consent of Lessor.

12.2 Covenants for Lenders' Benefit. Should an Obligor mortgage any of its interest as provided in Section 14.1 above, Obligor and Lessor expressly agree between themselves and for the benefit of any Lenders as follows:

(a) They will not amend or modify, or take any action causing, consenting to or accepting the amendment or modification of this Lease, if such amendment or modification would reduce the rights or remedies of any Lender hereunder or impair or reduce the security for any lien held by such Lender.

(b) The Lenders shall have the right to do any act or thing required to be performed by Obligor under this Lease, and any such act or thing performed by a Lender shall be as effective to prevent a default under this Lease and/or a forfeiture of any of Obligor's rights under this Lease as if done by Obligor itself.

(c) The right of a Lender to receive notices and to cure Obligor's defaults pursuant to the provisions of this Section 14.2 shall be available only to those Lenders which shall have notified Lessor in writing of their name and address, or whose lien is recorded in the official records of the County in which the Property is located, regardless of whether the specific provision in question expressly so states. No default which requires the giving of notice to Obligor shall be effective unless a like notice is given to all Lenders. If Lessor shall become entitled to terminate this Lease due to an uncured default by Obligor, Lessor will not terminate this Lease unless it has first given written notice of such uncured default and of its intent to terminate this Lease to each Lender and has given each Lender at least thirty (30) days after the expiration of the cure period which this Lease provides to Obligor for curing such default, to cure the default to prevent such termination of this Lease. Furthermore, if within such thirty (30) day period a Lender notifies Lessor that it must foreclose on Obligor's interest or otherwise take possession of

Obligor's interest under this Lease in order to cure the default, Lessor shall not terminate this Lease and shall permit such Lender a sufficient period of time as may be necessary for such Lender, with the exercise of due diligence, to foreclose or acquire Obligor's interest under this Lease and to perform or cause to be performed all of the covenants and agreements to be performed and observed by Obligor. In the event a Lender shall elect to exercise its rights hereunder, such Lender shall have no personal liability to Lessor and the sole recourse of the Lessor in seeking enforcement of its obligations under this Lease or any new lease entered into pursuant to Section 14.2(d) shall be to such Lender's interest in this Lease and the Property. Upon the sale or other transfer of any interest in the rights granted hereunder by any Lender, such Lender shall have no further duties or obligations hereunder.

(d) In case of the termination of this Lease as a result of any default or the bankruptcy, insolvency or appointment of a receiver in bankruptcy for Obligor, Lessor shall give prompt notice to the Lenders. Lessor shall, upon written request of the first priority Lender, made within forty (40) days after notice to such Lender, enter into a new lease agreement with such Lender, or its designee, within twenty (20) days after the receipt of such request. Such new lease agreement shall be effective as of the date of the termination of this Lease by reason of default by Obligor, upon the same terms, covenants, conditions and agreements as contained in this Lease. Upon the execution of any such new lease agreement, the Lender shall (i) pay Lessor any amounts which are due Lessor from Obligor, (ii) pay Lessor any and all amounts which would have been due under this Lease (had this Lease not been terminated) from the date of the termination of this Lease to the date of the new lease agreement, and (iii) agree in writing to perform or cause to be performed all of the other covenants and agreements set forth in this Lease to be performed by Obligor to the extent that Obligor failed to perform the same prior to the execution and delivery of the new lease agreement.

(e) Lessor shall, at Lessee's or a Lender's request, provide to Lessee and such Lender confirmation that such Lender is a "Lender" for purposes of this Lease, a consent to or acknowledgment of the Lender's mortgage or other lien, and estoppel certificates as Lessee or the Lender may reasonably request.

13. **Taxes.** Lessee shall pay any personal property taxes on Improvements and/or for any such taxes that were directly attributable to solar energy conversion equipment installed by Lessee, and Lessor shall pay all real property taxes and assessments levied against the Property. However, Lessee shall also pay for any increase in the ad valorem property taxes levied against the Property that are assessed for the period from and after the date of this Lease until the end of the Term hereof to the extent such increase is caused solely by the Solar Energy System Operations; provided, however, such obligation shall not include any recaptured taxes attributable to any period prior to the date of this Lease or any interest or penalties thereon or to any increases in taxes due to reassessment upon a transfer of the fee interest in the Property by Lessor, and Lessee shall have the right, at its own expense, to appeal or contest any such increases and to compromise and settle the same and Lessor shall execute such petitions and agreements and otherwise cooperate with Lessee to the extent reasonably necessary for Lessee to do so.

14. **Cure Rights.** If Lessor fails to pay the taxes or any other monetary obligations for which it is responsible hereunder, or otherwise defaults under this Lease, then, in addition to its other rights and remedies, Lessee shall have the right to pay such taxes and other obligations, and/or remedy any such default, by any appropriate means; and the cost thereof shall be reimbursed to Lessee by Lessor within thirty (30) days. Lessee may offset such cost against any amounts owed to Lessor under this Lease.

15. **Tax Credits.** If under applicable law Lessee is ineligible for any tax credit, benefit or incentive for alternative energy expenditure established by any local, state or federal government, then, at Lessee's option, Lessor and Lessee shall amend this Lease or replace it with a different instrument so as to convert Lessee's interest in the Property to a substantially similar interest that makes Lessee eligible for such tax credit, benefit or incentive.

16. **Defaults and Remedies.** In the event of any alleged default or failure to perform any obligation under this Lease, the nondefaulting Party shall give the alleged defaulting Party written notice thereof, which notice shall include the acts required to cure the same with reasonable specificity. The Party failing to make any monetary payment when due shall have a period of thirty (30) days after such notice is given within which to cure such default. In the event of any other failure, the defaulting Party shall have a period of thirty (30) days within which to cure such default, which period shall be extended to the extent reasonably necessary to complete such cure so long as the cure was commenced within thirty (30) days after such notice is given and thereafter prosecuted with due diligence. Delinquent payments shall bear interest from their respective due dates until paid at the rate of the lesser of (i) of ten percent (10%) per annum, or (ii) the maximum rate permitted by law. Each Party shall have the right to recover its actual damages as a result of any default under this Lease which is not cured within the applicable cure period. Each Party waives its right to recover consequential damages as a result of any default under this Lease. Any prohibited conduct under this Lease may be enjoined and this Lease shall be specifically enforceable, but neither Party's remedies shall include the right to terminate this Lease or evict the other Party from the Property.

17. **Termination by Lessee.** Lessee may choose to terminate this Lease by three (3) months' advance written notice ("**Notice of Termination**") to Lessor at any time and for any reason.

18. **Attorneys' Fees.** The prevailing Party in any mediation, arbitration or litigation undertaken in connection with any default under this Lease shall be entitled to be paid its reasonable costs and attorneys' fees incurred in connection therewith by the losing Party, including such costs and fees as may be incurred on appeal, in any probate or bankruptcy proceeding, and in any petition for review, and including costs and fees as are incurred in connection with adjudication of any issues that are particular to such types of proceedings.

19. **Notices.** All notices to a Party pursuant to this Lease must be in writing and shall be sent only by United States Mail (first-class, certified, return-receipt requested); personal delivery; an overnight courier service which keeps records of deliveries; or fax. For purposes of giving notice hereunder, the addresses and fax numbers of the Parties are as set forth in Sections 1.2 and 1.5 above. A Party may change its address and/or fax number at any time by giving written notice of such change to the other Party in the manner provided herein. Notices sent by certified mail shall be deemed given on the date of delivery or attempted delivery as shown on the return-receipt. Notices sent by certified mail shall be deemed given on the date of delivery or attempted delivery as shown on the return receipt. Notices sent by personal delivery or courier service shall be deemed given on the date of delivery or refusal to accept delivery. Notices sent by fax shall be deemed given on the date of transmission as shown by the transmission record generated by the sending fax machine.

20. **Interpretation.** Each Party has reviewed this Lease and has been given an opportunity to obtain the assistance of counsel, and any rule of construction holding that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Lease. The captions of this Lease are for convenience and reference only, and shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease. A waiver of a breach of any of the provisions of this Lease shall not be deemed to be a waiver of any succeeding breach of the same or any other provision of this Lease. Any determination of invalidity or unenforceability of any particular clause or provision of this Lease shall not effect the validity or enforceability of the remainder of this Lease.

21. **Force Majeure.** If performance of this Lease or of any obligation hereunder is prevented or substantially restricted or interfered with by reason of an event of Force Majeure (defined below), the affected Party, upon giving notice to the other Party, shall be excused from such performance to the extent of and for the duration of such prevention, restriction or interference. The affected Party shall use its reasonable efforts to avoid or remove such causes of nonperformance and shall continue performance as soon as such causes are removed. "**Force Majeure**" means: fire, earthquake, flood, tornado or other acts of God and natural disasters; strikes or labor disputes; war, civil strife or other violence; any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency, or

any other act or condition beyond the reasonable control of a Party except for an inability to pay any debts when due.

22. **Condemnation.** Should title or possession of all of the Property be taken in condemnation proceedings by a government agency, governmental body or private party under the exercise of the right of eminent domain, or should a partial taking render the remaining portion of the Property wholly unsuitable for Lessee's use, then this Agreement shall terminate upon such vesting of title or taking of possession. All payments made on account of any taking by eminent domain shall be made to Lessor, except that Lessee, at its sole discretion, shall be entitled seek a separate award for any damages allowable by law, including but not limited to: (i) the removal and relocation Lessee's business, (iii) for the loss of goodwill, (iv) lost profits, (v) the loss and/or damage to any property that Lessee elects or is required not to remove, and (vi) for the loss of use of the Property by Lessee and Landlord shall have no right, title or interest in or to any separate award made therefore. It is agreed that Lessee shall have the right to participate in any settlement proceedings and that Lessor shall not enter into any binding settlement agreement without the prior written consent of Lessee, which consent shall not be unreasonably withheld.

23. **No Partnership.** Nothing contained in this Lease shall be deemed or construed by the Parties or by any third person to create the relationship of principal and agent, partnership, joint venture, co-tenants or any other association between Lessor and Lessee, other than the relationship of landlord and tenant. Lessee is not acting as an agent, partner or joint venturer of enXco Inc. and enXco Inc. shall not have any liability under this Lease.

24. **Controlling Law.** This Lease shall be governed and construed in accordance with the laws of the State of New Mexico.

25. **Entire Agreement.** This Lease and the attached exhibits constitute the entire agreement between the Parties and shall supersede all other agreements, whether written or oral, respecting the subject matter of this Lease. No addition or modification of any term or provision of this Lease shall be effective unless set forth in writing and signed by an authorized representative of the Parties.

26. **Execution in Counterparts.** This Lease may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same contract.

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date set forth above.

**LESSOR: CITY OF LAS CRUCES**

By: \_\_\_\_\_

Printed Name: Ken Miyagishima

Title: Mayor

**LESSEE:**

enXco Development Corporation, a Delaware corporation

By: \_\_\_\_\_  
Printed Name: Scott Nelson  
Title: Vice President-Development

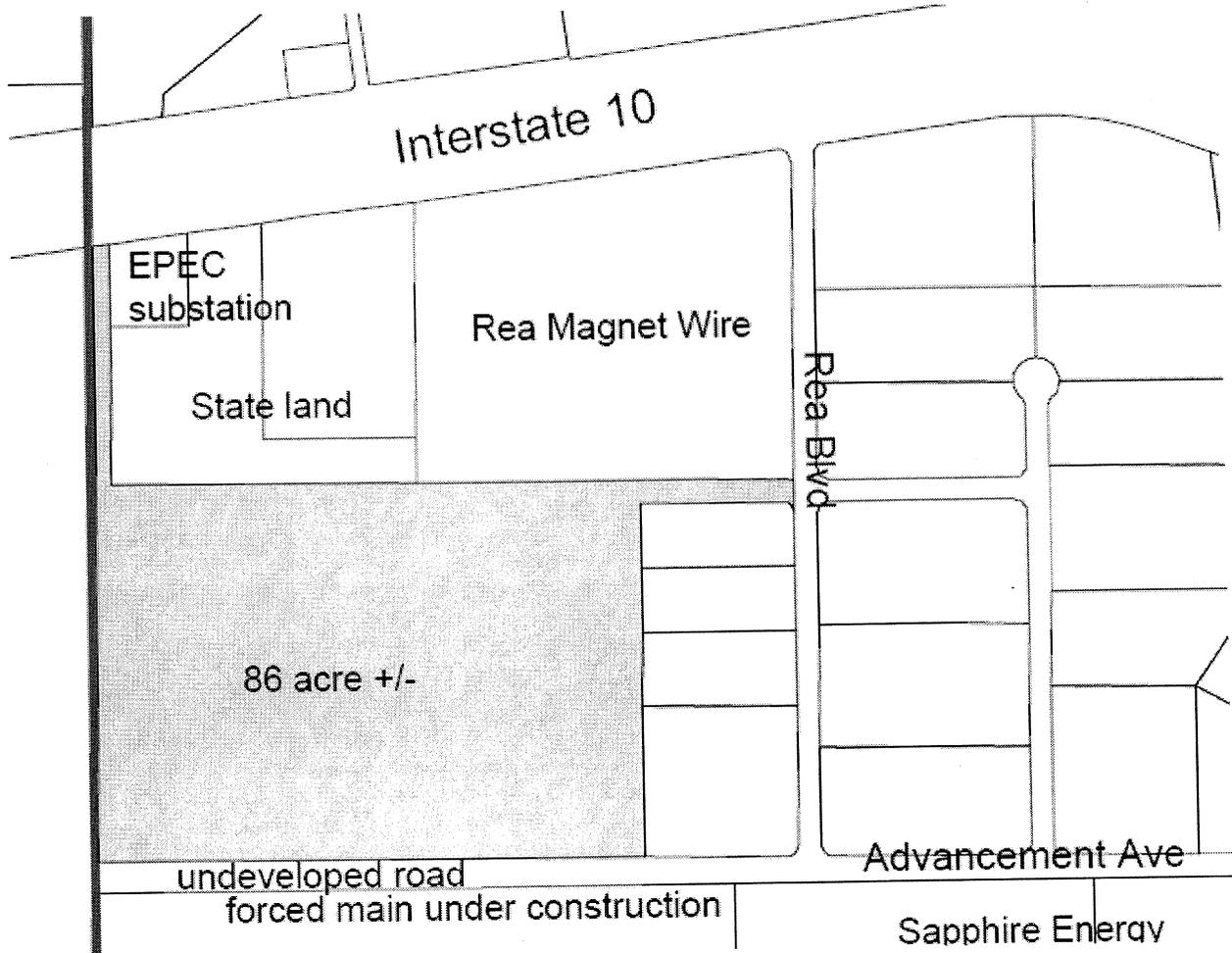
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EXHIBIT A

[Legal Description of Property]

Assessor's Parcel Number – 02-38984

Acreage: 86 Acres (Subject to Survey)



DRAFT

Recording Requested by  
and when Recorded Return to:  
enXco Development Corp.  
700 La Terraza Blvd. Ste 200  
Escondido, CA 92025  
Attn: Contracts Management Project # **Solar #811**

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THE UNDERSIGNED LESSEE DECLARES  
DOCUMENTARY TRANSFER TAX IS \$ exempt  
The Term of this Lease is less than 35 years.

**MEMORANDUM OF SOLAR LEASE**

THIS MEMORANDUM OF SOLAR LEASE (this "**Memorandum**") is made and entered into as of \_\_\_\_\_, 2009 (the "**Effective Date**"), by and between City of Las Cruces ("**Lessor**"), and enXco Development Corporation, a Delaware corporation ("**Lessee**").

By this Memorandum, and on the terms and conditions set forth in that certain Solar Lease dated as of the Effective Date (the "**Lease**"), with respect to certain real property located in **Dona Ana County, New Mexico** and more particularly described on Exhibit A attached hereto (the "**Property**"), all of the terms and conditions are hereby made a part hereof as fully and completely as if herein specifically set out in full, Lessor has granted and hereby grants to Lessee:

- (a) The exclusive right for solar energy conversion, for the collection and transmission of electric power, and for related and incidental purposes and activities all as described in the Lease;
- (b) a non-exclusive right on, over, under and across the Property for above-ground and/or underground electrical transmission lines, conduit and related equipment, collection and transmission grid, power conditioning equipment, transformers, telecommunications equipment and other related facilities, equipment and improvements all as described in the Lease;
- (c) the right for removing, trimming, pruning, topping or otherwise controlling the growth of any tree, shrub, plant or other vegetation; dismantling, demolishing, and removing any improvement, structure, embankment, impediment, berm, wall, fence or other object, on or that intrudes (or upon maturity could intrude) into the Property that could obstruct, interfere with or impair the Solar Energy System all as described in the Lease and
- (c) a non-exclusive easement on, over and across any and all access routes to and from the Property for purposes of ingress and egress to and from the Property including road access and the right to install, maintain and repair roads and roadways on the Property all as described in the Lease.

Addresses for Notices:

<u>Lessor:</u>	City of Las Cruces, a New Mexico Municipal Corporation PO Box 20000 Las Cruces NM 88004 Attn: Economic Development Department Phone: (575)541-2286
<u>Lessee:</u>	enXco Development Corp., a Delaware Corp. 700 La Terraza Blvd. Ste 200 Escondido, CA 92025 Attn: Contracts Management # _____ Phone: (760) 740-7022

Facsimile: (760) 329-3302

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

This Memorandum is executed and recorded for the purpose of providing record notice of the execution, delivery and existence of the Lease. This Memorandum shall not supersede or in any way modify the terms or conditions of the Lease. In the event of any conflict between any term or provision of the Lease and this Memorandum, the applicable term or provision of the Lease shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Solar Lease as of the date first set forth above.

**LESSOR:**

By: \_\_\_\_\_  
Printed Name: Ken Miyagishima  
Title: Mayor

**LESSEE:**

enXco Development Corporation, a Delaware Corporation

By: \_\_\_\_\_  
Printed Name: Scott Nelson  
Title: Vice President-Development

**ACKNOWLEDGMENT FOR CORPORATION**

STATE OF NEW MEXICO     )  
  ) ss.  
COUNTY OF DOÑA ANA     )

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2009 by Ken Miyagishima, Mayor of the CITY OF LAS CRUCES, a New Mexico Municipal Corporation, on behalf of said corporation.

\_\_\_\_\_ (seal)

NOTARY PUBLIC

My commission expires:



<sup>555</sup>  
DRAFT

**EXHIBIT A**

[Legal Description of Property]

**Assessor's Parcel Number –**

**Acreage: 86 Acres of (Subject to Survey)**

DRAFT

**COMPLETE SUMMARY  
APPRAISAL REPORT**

PREPARED FOR:  
CHRISTINE LOGAN  
ECONOMIC DEVELOPER  
CITY OF LAS CRUCES  
PO BOX 2000  
LAS CRUCES, NEW MEXICO 88004

APPRAISAL FILE #7427  
32 PARCELS OF LAND IN THE  
WEST MESA INDUSTRIAL PARK  
LAS CRUCES, NEW MEXICO

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

DATE OF VALUE:

APRIL 9, 2009

DATE OF REPORT:

APRIL 16, 2009

Parcel #	Parcel ID#	Size -Acres	Indicated Value - Acres	Market Value
8	02-35588	3.000	\$30,000	\$90,000
9	02-36839	17.000	\$25,000	\$425,000
10	02-36840	11.500	\$25,000	\$290,000
11	02-36842	1.000	\$30,000	\$30,000
12	02-36844	1.000	\$30,000	\$30,000
13	02-36843	1.000	\$30,000	\$30,000
14	02-36841	112.000	\$15,000	\$1,680,000
15	02-36984	86.000	\$17,500	\$1,505,000
16	02-36983	119.000	\$17,500	\$2,085,000
17	02-38980	4.300	\$40,000	\$170,000
18	02-38981	4.300	\$40,000	\$170,000
19	02-34315	10.000	\$40,000	\$400,000
20	02-40352	15.300	\$44,000	\$675,000
21	02-40354	8.800	\$40,000	\$350,000
22	02-40356	8.700	\$40,000	\$350,000
23	02-38979	10.800	\$40,000	\$430,000
24	02-38978	11.800	\$40,000	\$470,000
25	02-40353	12.700	\$44,000	\$560,000
26	02-40355	7.800	\$36,000	\$280,000
27	02-40357	7.100	\$36,000	\$255,000
28	02-38974	10.000	\$40,000	\$400,000
29	02-39087	5.500	\$40,000	\$220,000
30	02-35585	4.500	\$40,000	\$180,000
31	02-39088	45.000	\$17,500	\$790,000
32	02-39088	55.000	\$15,000	\$825,000

Respectfully submitted,

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

MESILLA VALLEY APPRAISAL SERVICES

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

REAL ESTATE APPRAISALS & COUNSELING

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

April 16, 2009

Christine Logan  
Economic Development Director  
City of Las Cruces  
PO Box 20000  
Las Cruces, NM 88004

Reference: File No. 7427  
32 Parcels of Land in the  
West Mesa Industrial Park  
Las Cruces, NM

Dear Ms. Logan:

In accordance with your request, Mesilla Valley Appraisal Services, in coordination with the City of Las Cruces as prepared an appraisal of the market value of the fee simple estate in the above-referenced real property. The intended use of the appraisal is for counseling purposes. The intended user of the appraisal is City of Las Cruces. The effective date of this appraisal is April 9, 2009 with the estimate of market value reflecting market 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. In addition, this report conforms to the requirements of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA). 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.

Based on research and analysis contained in this report, it is concluded that the "as is" market value of the fee simple interest in the subject property, as of April 9, 2009, is as follows:

Parcel #	Parcel ID#	Size - Acres	Indicated Value - Acres	Market Value
1	02-39841	3.800	\$30,000	\$115,000
2	02-37906	3.700	\$30,000	\$110,000
3	02-27108/02-37908	147.000	\$15,000	\$2,205,000
4	02-22306	28.700	\$25,000	\$720,000
5	02-22308	3.000	\$30,000	\$90,000
6	02-35586	3.000	\$30,000	\$90,000
7	02-35587	3.000	\$30,000	\$90,000

Appraisal File:	#7427
Property Name:	West Mesa Industrial Park
City/State/Zip:	Las Cruces, NM
Legal Description	32 Parcels in the West Mesa Industrial Park
Assessor's Parcel No.:	Various
Property Type:	Industrial Land Parcels & Undeveloped Acreage
Land Size (SF or Acres)	Various
Date of Inspection:	April 9, 2009
Date of "As Is" Value (Effective Date):	April 9, 2009
Real Property Interest Appraised:	Fee Simple
Purpose of Appraisal:	Estimate Market Value
Intended Use of Appraisal:	Counseling Purposes
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 on or pending sale of the subject property?	No
Is the subject property currently listed for sale?	Yes
Marketing and Exposure Time:	12 Months or less for each Parcel
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 the same ownership for more than five years.

MARKET AREA DESCRIPTION

According to The Appraisal of Real Estate, Tenth Edition, social, economic, governmental and environmental forces influence property values in the vicinity of a subject property, which, in turn, affect the value of the subject property itself. The area of influence is the area within which the forces affect all surrounding properties in the same way they affect the property being appraised. The area of influence is commonly called a neighborhood, which is defined as a group of complimentary land uses.

The subject neighborhood is referred to as the West Mesa Industrial Park and is located eight miles west of downtown Las Cruces and immediately south of the Las Cruces International Airport. The industrial park is situated in 1,820 acres located on both sides of Interstate 10. The City has sold 560 acres to date of which 250 acres are currently developed. Development ready parcels within the Park are being offered at \$33,000 to \$46,200 an acre while raw land is offered at \$15,000 to \$25,000 per acre. The city has a variety of incentives available to companies that will benefit the local economy.

The park has been developed out over several years by the City of Las Cruces with intention of attracting industries, warehousing and manufacturing business that will expand and diversify the local economic base and provide new jobs for the community. This development draws on its favorable proximity to local high technology resources such as New Mexico State University (NMSU), White Sands Missile Range (WSMR), National Aeronautics Space Administration's Johnson Space Center (NASA) and White Sands Test Facility.

The industrial park features wide thoroughfares and industrial quality streets with underground utilities and infrastructure in place. Building and site design features masonry buildings in most areas with wide setbacks creating an open environment. Each site features appropriate landscaping refinements and design parameters.

Utility providers in the area include City of Las Cruces who provides water, natural gas, waste water system and solid waste transfer. El Paso Electric Company (EPEC) provides all of the electrical needs for the area and telephone is provided through Qwest. The water service for the park features all water mains in the park at a minimum of 12" with high pressure flow in excess of 2,000 gpm. Fire hydrants to meet code serve each site.

Natural gas is provided by Rio Grande Natural Gas Association, which is operated and maintained under contract by the City of Las Cruces. All parcels are served by a minimum of 4" poly gas mains with minimum line pressure exceeding 50 psi. The feeder main to the Park is an 8" steel high pressure line connected to a 31" interstate pipeline.

Electric power service is provided by EPEC, with excess capacity of 1 MW available for new industry. The system was built new in 1997 and can be expanded as necessary to meet the needs of the Park and surrounding areas.

The City operates a waste water treatment system which serves the industrial park areas south of Interstate 10. Waste water mains were constructed in 1998 to serve most sites with gravity flow main sizes ranging from 8" minimum to 18". The system is served by a 400,000 gpd treatment plant in the southeast corner of the Park. Industries north of the Interstate are served by on-site systems.

Recent Developments - Sapphire Energy purchased 10 acres of land from the City in August of 2008 and work began on the site in November. The company will grow algae to produce a renewable source of fuel for gasoline and jet fuel. It is constructing a research and development

facility with five buildings and potentially thousands of feet of algae ponds in the industrial park. As part of an incentive package with the City, if Sapphire Energy creates 30 jobs at 120 percent of the average salary for the area and invests \$6 million in the industrial park, the City will convey 90 acres surrounding the original site to the company with a value of \$1.35 million at no additional cost.

DMS Realty (Premier Distributing Company) is an Albuquerque based distributor of Anheuser-Busch products and they plan on building a distribution facility on Alliance Drive. They purchased the land in December of 2008 and are in the final design phase of development.

The Marvin Group is building a manufacturing facility on 15 acres at Venture Boulevard and Advancement Avenue. They will be a supplier of construction materials such as rebar and construction is underway.

Barker Produce has broken ground on an onion peeling plant that will be situated on 18 acres of land on Alliance Drive and Advancement Avenue.

A significant expansion is also taking place at the F&A Dairy plant. They will expand their facility by 40,000 square feet for a total of 190,000 square feet, which will enable the plant to double its cheese processing capability. The workforce will increase from 100 to 140 employees. The \$15 million project will include a system to deal with the 300,000 gallons of "cow water" the company will produce every day. This is a by product of milk when it is converted to cheese. F&A Dairy has leased nearby land from the New Mexico State Land Office where the water will be used to irrigate crops.

In December of 2008, Rea Magnet Wire Company announced it will suspend production at its 200,000 square foot Las Cruces plant and lay off 75 workers. The company is producer of wire products and said it will consolidate its magnet wire manufacturing to facilities in Indiana and Mexico. This news was preceded by the closure of Parkview Metal Products closing in 2007. They performed precision metal fabrication and metal stamping and employed over 80 personnel.

The only additional activity in the Park is north of Interstate 10. The Las Cruces City Council has unanimously adopted a resolution identifying 182 acres of undeveloped land just south of Las Cruces International Airport for a commercial aerospace business and research park.

Initially, most of the land was projected to be used for aerospace research and development. In October 2006, Rocket Racing League announced intentions to build an aerospace park on 171.35 acres just south of Las Cruces International Airport. They have an option on Parcel 02-27108 and 02-37908 that expires in April of 2010. Price of the land will be determined by two appraisals upon execution of the option.

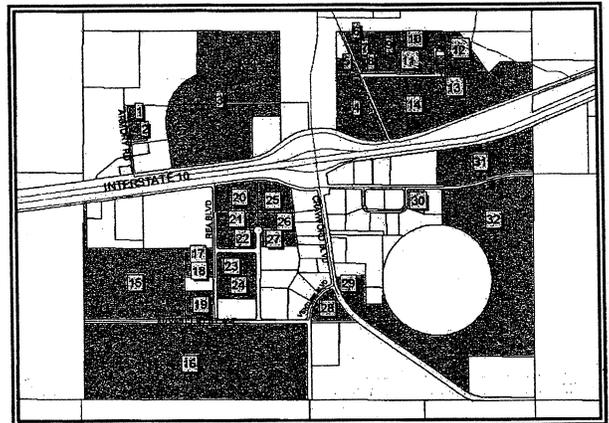
Granger Whitelaw, chief executive officer of Rocket Racing League, said that his company still has every intention to make Las Cruces its international headquarters. However, he and other league officials are waiting to see if the New Mexico Legislature will approve \$3 million in state funding that would be used by the league to build and develop an aerospace research park next to the airport. It appears that this funding is in serious doubt due to the slow down in the economy and the State's desire to save money.

PROPERTY DESCRIPTION

Property Name:	West Mesa Industrial Park	State:	New Mexico
Street Address:	Various	Zip Code:	
City:	Las Cruces	Assessor's Parcel No.:	See Below
County:	Doña Ana		
See Below			
Site Size (Acres):	See Chart Below	Zoning:	WMIP - See Addenda
Corner Lot:	Various Parcels	Site Shape:	Various Shaped Lots
Topography:	Basically Level and Graded		
Paved Street:	Asphalt	Flood Zone:	No
Curb & Gutters:	Concrete Curbs	Zone Code:	Zone X
Electric:	El Paso Electric Company	Map No.:	35013C-1075
Gas:	City of Las Cruces	Panel Date:	April 4, 2007
Lighting:	City of Las Cruces		
Sewer:	City of Las Cruces		
Sidewalks:	None		
Storm/Drain:	On-Site Ponding		
Water:	City of Las Cruces		
Underground Utilities:	Yes		
Compiled by: W. Scott Eschenbrenner, MAI			

Site Description Comments

The subject consists of 32 subdivided lots in the West Mesa Industrial Park located adjacent to the Las Cruces International Airport and bisected by Interstate 10 approximately eight miles west of downtown Las Cruces. Situated on the following page is a map showing the location of the subject parcels and their identification numbers. The chart after the map shows the parcel numbers, lot sizes, physical address, zoning, assessed value and parcel ID numbers.



PARCEL LOCATION MAP

WEST MESA INDUSTRIAL PARK

Parcel #	Parcel ID#	Total Lot Size	Location	Sewer	Developed	Assessed Value/Acre
1	02-39841	3,800	Army Road	NO	Yes	30,000
2	02-37906	3,700	260 Army Road	NO	Yes	30,000
3	02-27108	90,000	North Frontage Road	NO	No	5,000
4	02-37908	66,290	North Frontage Road	NO	No	15,000
5	02-22306	28,700	Harry Burrell Boulevard	NO	Yes	2,000
6	02-22308	3,000	Harry Burrell Boulevard	NO	Yes	200
7	02-35586	3,000	Harry Burrell Boulevard	NO	Yes	200
8	02-35587	3,000	Harry Burrell Boulevard	NO	Yes	200
9	02-35588	3,000	Harry Burrell Boulevard	NO	Yes	200
10	02-36839	17,000	Rocket Drive	NO	Yes	18,000
11	02-36840	11,500	Rocket Drive	NO	Yes	18,000
12	02-36842	1,000	Microwave Drive	NO	Yes	35,000
13	02-36844	1,000	Microwave Drive	NO	Yes	35,000
14	02-36843	1,000	Microwave Drive	NO	Yes	35,000
15	02-36841	112,000	Harry Burrell & N. Frontage	NO	No	6,000
16	02-38984	86,000	Advancement Avenue	YES	No	15,000
17	02-38983	119,000	Advancement Avenue	YES	No	20,000
18	02-38980	4,300	Rea Boulevard	YES	Yes	30,000
19	02-38981	4,300	Rea Boulevard	YES	Yes	30,000
20	02-34315	10,000	Rea & Advancement	YES	Yes	25,000
21	02-40352	15,300	Robert Larson & Rea	YES	Yes	45,500
22	02-40354	8,800	Rea Boulevard	YES	Yes	39,000
23	02-40356	8,700	Rea Boulevard	YES	Yes	39,000
24	02-38979	10,800	Rea Boulevard	YES	Yes	20,000
25	02-38978	11,800	Rea Boulevard	YES	Yes	20,000
26	02-40353	12,700	Robert Larson Boulevard	YES	Yes	45,500
27	02-40355	7,800	Alliance Drive	YES	Yes	36,000
28	02-40357	7,100	Alliance Drive	YES	Yes	36,000
29	02-38974	10,000	Venture Boulevard	YES	Yes	20,000
30	02-39087	5,500	Crawford Boulevard	YES	Yes	30,000
31	02-35595	4,500	Mountain Vista & Trigg	YES	Yes	20,000
32	02-39088	45,000	Mountain Vista Parkway	YES	No	20,000
		55,000	Mountain Vista Parkway	YES	No	20,000

TAXES

The current assessed value for the subject land range from \$200 per acre to as high as \$45,500 per acre and vary based on location and parcel size. The parcels are all owned by the City of Las Cruces; therefore, real estate taxes are not collected for the subject parcels.

HIGHEST AND BEST USE (Premise of Value)

All of the subject parcels are situated in the West Mesa Industrial Park in the Overlay Zone District. The purposes of the Zone are to provide clean industry and employment for the City of Las Cruces and its residents, and develop, maintain and enhance existing commercial and industrial uses. I am of the opinion that the highest and best use based on the existing zoning and development guidelines is for a mixed use industrial development due to its proximity to

Interstate 10, Las Cruces International Airport and isolated location away from residential developments.

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, and highest and best use are conducted. Finally, one or more of the three basic approaches used in concluding a market value are applied.

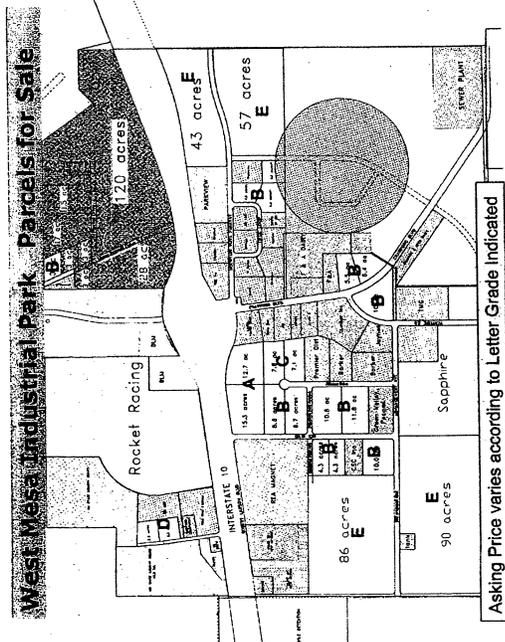
This appraisal relies on one approach to value in arriving at an estimate of market value. In the subject property's case I have utilized the Sales Comparison Approach. The Summary Report is a concise presentation of the information considered.

SALES COMPARISON APPROACH

The Sales Comparison Approach draws heavily upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for a particular property than they would to acquire an equally desirable alternative. This approach consists of a comparison of the subject with other similar properties which have either recently sold or other properties currently being offered for sale. The comparison process involves making adjustments to the comparable properties on an item-by-item basis, with the factors considered including rights conveyed, financing, condition of sale, location, and size. The subject is always the benchmark, and adjustments are made to the sales price of the comparable property in order to arrive at an indication of value for the subject.

The City of Las Cruces maintains an asking price for all of the subject parcels. The current asking price was established in January of 2009 and has not seen an increase since January of 2008. The asking price is reviewed periodically (at least semi-annually), and is adjusted as necessary to reflect comparable private sector sales activity. There are five different asking prices based on the size of parcels, access to utilities and paved roads are the main variables. The following is a current pricing structure and a map follows showing the location of these parcels.

Parcel	Price Per Acre
A	\$46,200
B	\$39,600
C	\$36,300
D	\$33,000
E	\$15,000 to \$25,000



The City has typically priced these lots below sales of light industrial parcels in the City as an incentive to create and attract new industry to the area. This below market pricing has been successful in spurring economic development for the City. Recent sales of industrial parcels in the city have been in the \$3 to \$4 per square foot range, which is 20% of the most recent sales transactions from WMIP. As a result of the lower prices development activity has increased at the Park since 2006 with 19 land sales that account for 132 acres of land or \$3,652,039 in gross

sales. This equates to an average price per acre at \$27,661. Lot sales activity in 2008 decreased to three parcels totaling 28.63 acres at an average price of \$28,353 per acre. This slow down tends to mirror the same situation in Las Cruces from commercial land sales activity. This slow down in 2008 has led the City to stop the annual price increases and they have held prices steady since January 2008.

The following are land sales activity for light industrial use parcels in the City of Las Cruces since 2007.

Sale #	Location	Sales Date	Acres	Price/Acre
178	1430 Portland	2/07	2.140	\$126,168
213	1001 Portland	3/07	2.790	\$152,330
221	2340 Westgate	5/07	1.459	\$171,350
227	1360 Valley	7/07	1.398	\$157,345
231	5390 Del Rey	8/07	2.027	\$96,704
245	2800 N. Motel	8/07	2.784	\$114,943
256	1600 W. Picacho	10/07	3.138	\$151,370
255	W. Amador	11/07	4.828	\$201,960
274	375 N. Valley	9/08	3.103	\$225,588
284	W. Amador	9/08	2.922	\$232,175
292	5430 Del Rey	12/08	4.317	\$99,042
			30.906	\$156,741

As is apparent, the land sales are considerably higher closer in to the City and although the Park is only eight miles from downtown Las Cruces, the average price per acre is over 5X higher in the City. Until prices in the WMIP increase to levels in the City, the prices at WMIP will continue to set the value as a buyer is not willing to pay more than the listing price or the price of recent land sales transactions. The volume of land sales activity has slowed significantly in 2008 as is evidenced by only three sales in the Park and only three sales in the City. It is reasonable to assume that current market conditions are flat with no indication that a price increase is warranted to the current listing price. Additionally, according to Christine Logan, Economic Development Director for the WMIP, there are no current offers or parcels under contract at this time.

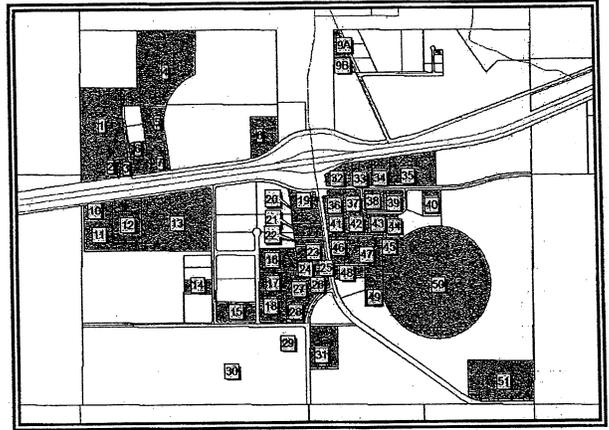
The client has also requested that I analyze sales data from Santa Teresa Industrial Park, which is located south of the subject along the US and Mexico border. I have collected a few land sales and two which are under contract, which has the infrastructure in place. Typically, these sales indicate a range from \$2.00 to \$2.50 per square foot. This price is also considerably higher than the subject. This is due in part to Santa Teresa's proximity to border crossing and El Paso, Texas, which has a much larger labor force for employment. This area is also served with rail service and also has an airport in the area. It is my opinion that this Santa Teresa market is completely separate from the Las Cruces industrial market and that there can be no direct comparison to the subject parcels.

I have analyzed the 32 parcels of land in order to determine how to compare the subject parcels to the comparable sales. It becomes apparent that there are basically three categories of parcels. Six of the parcels contain over 45 acres of land and will be compared to large land sales. Parcels that are situated north of Interstate 10 (I-10) do not have sewer service and are considered partially developed. There are nine tracts that contain less than 3.8 acres and there are three tracts that contain between 11.5 to 28.7 acres that will be analyzed separately. There are 14 tracts of land south of I-10 that are completely developed and contain 4.3 to 15.3 acres of land. I will compare these parcels to similar sales from within the WMIP.

I have provided comparable sales for each parcel type in my "as is" market value estimate. The sales were analyzed on a price per acre basis. In analyzing the sales, I have first considered such characteristics including property rights transferred, financing terms, conditions of sale, and market conditions. After these four cumulative adjustments were made, other factors such as location, size, shape, topography, and utility of the property were considered.

The following is a chart showing the sales transaction history at the WMIP with a map showing the parcel location, property owner, parcel ID, sales price if recent, parcel size and price per acre.

Parcel #	Total Lot Size	Property Owner	Parcel ID	Year Built	Improvement Size	Sales Price	Price/Acre	ID #	Date Sold
1	43.000	Army Board	2253	1950/1955	57,312	\$0	\$0	1121590	
2	4.800	Michael Flynn	2259			\$0	\$0	8/11/89	
3	1.170	Las Cruces Brewing	2252			\$0	\$0	8/11/89	
4	50.000	Army Board	27107			\$0	\$0	5/22/99	
5	10.000	NM Dept. Transportation	3840			Exchange	\$0	8/9/07	
6	2.390	Samsen	22300	1930	14,375	\$0	\$0	3/14/90	
7	11.210	Clarence Crawford	37907			\$281,500	\$25,000	304	6/5/07
8	16.380	USA	22253			\$0	\$0		
9	3.160	Michael O'Donnell	36584			\$73,000	\$25,000	155	8/17/06
9A	16.160	Jason Montoya	22308			\$0	\$0		12/9/02
10	3.090	El Paso Electric Co.	27784			\$0	\$0		5/17/00
11	16.470	NM Public Lands	27521			\$0	\$0		11/09/00
12	15.000	State of New Mexico	26525			\$0	\$0		9/11/96
13	50.000	City of Las Cruces (Ray Magent Wld)	25752	1958	181,192	\$750,000	\$15,000	37	9/18/91
14	5.000	Dennis Wanzel	34642			\$25,000	\$25,000	115	5/15/05
15	10.000	Farmers Investment	27773	2000	64,800	\$200,000	\$20,000	165	6/5/00
16	11.230	DMS Realty, LLC	40328			\$407,849	\$36,300	365	12/22/08
17	7.400	Larry Barber	40393			\$254,100	\$34,321	366	10/29/08
18	10.820	Larry Barber	38877			\$296,850	\$27,468	285	5/28/07
19	7.020	Muskat Corp.	22228	1998	5,015	\$0	\$0		11/17/89
20	3.810	Mike Poppe	24117	1995	2,242	\$0	\$0		2/27/95
21	5.000	Duquesne Investments	33829	1994	3,950	\$0	\$0		12/15/93
22	3.000	Deak Rental LLC	24507			\$0	\$0		5/15/95
23	5.000	Deak Rental LLC	24508	1995/1999	13,500	\$0	\$0		4/5/95
24	3.300	Pro Build Real Estate	27778			\$82,530	\$25,000	38	2/19/05
25	2.000	Pro Build Real Estate	27777	2002	23,707	\$0	\$0		7/13/00
26	5.000	Pro Build Real Estate	25460			\$75,000	\$15,000	93	8/18/05
27	5.000	Pro Build Real Estate	27922			\$75,000	\$15,000	93	8/18/05
28	6.650	Contractors Leasing LLC	38916			\$181,500	\$27,233	307	8/25/07
29	10.000	Sagehen Energy Inc.	40906			\$150,000	\$15,000	308	10/29/08
30	90.000	City of Las Cruces	40905			\$0	\$0		5/3/05
31	15.000	TMG Manufacturing, LLC	30043			\$375,000	\$25,000	261	8/19/07
32	6.000	ESQ, LLC	35601			\$150,000	\$25,000	104	7/12/06
33	5.780	Esmeal Hadden - Sloyblue Inv.	35602			\$175,870	\$30,427	225	6/27/07
34	5.920	Esmeal Hadden - Sloyblue Inv.	35599			\$180,130	\$30,427	225	6/27/07
35	10.000	City of Las Cruces (Pavilion Metals)	22514	1998	107,875	\$220,000	\$18,000	31	7/1/95
36	6.000	Matthew Ward	36591			\$150,000	\$25,000	223	6/22/07
37	4.788	West Texas Development	35592			\$143,700	\$30,013	224	6/26/07
38	4.740	Don & Jeri Blitige	36593	2008	6,250	\$142,200	\$30,000	214	4/6/07
39	1.750	James Hat	36594			\$0	\$0		9/14/94
40	5.650	Paradox Partners, LLC	37633			\$0	\$0		9/14/94
41	2.460	Leonard Bestinger	36596			\$102,800	\$30,000	222	6/21/07
42	5.370	Leonard Bestinger	36597			\$115,100	\$30,000	222	6/21/07
43	4.000	Sidney Williamson	36598	2007	7,560	\$100,000	\$25,000	139	7/11/06
44	3.530	Commissioner of Public Lands	27950			\$0	\$0		9/14/94
45	6.370	F&A Dairy	23941			\$107,400	\$30,000	160	3/10/00
46	4.370	F&A Dairy	27811			\$57,400	\$20,000	160	3/10/00
47	18.618	City of Las Cruces (F&A Dairy)	32653	35/36/39/04	121,693	\$0	\$0		9/14/94
48	5.040	F&A Dairy	39088			\$181,440	\$36,000	265	3/24/07
49	4.490	F&A Dairy	39089			\$0	\$0		9/14/94
50	120.140	City of Las Cruces (F&A Dairy)	24501			\$0	\$0		9/14/94
51	33.790	City of Las Cruces	26283			\$0	\$0		8/14/94
	718.288				608,372				



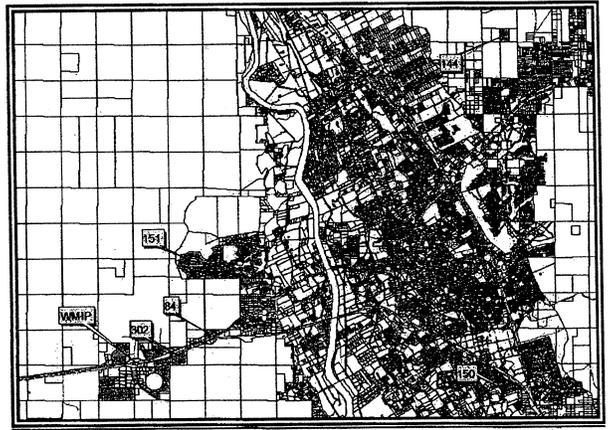
SOLD PARCEL LOCATION MAP

Large Undeveloped Land Parcel Analysis:

The following sales were used to compare to the first six parcels that are referred to as Parcel 3, 14, 15, 16, 31 and 32. These are the large parcels with Parcel 3 and 14 situated north of I-10 and without sewer service. The remaining sales are situated south of I-10 and have all city services. These sales are detailed in the following table, followed by an analysis and my estimate of value. The sales were selected as they were the most recent comparables that represent large development parcels that are the most comparable to the subject parcels.

Record ID	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
302	Large Land Parcels	Mountain Vista Parkway	144	151	130	84
City, State	Las Cruces, NM	Las Cruces, NM	Las Cruces, NM	Las Cruces, NM	Las Cruces, NM	Las Cruces, NM
Grantor	Fletcher Farms USA	United Land Group	Picacho Mountain II, DTI Development	Bates	Jacrabilli Exchange	Robertis
Sale Date	Under Contract	9/1/09	8/21/07	4/5/07	1/12/06	1/12/06
Sale Price	\$3,300,000	\$1,300,000	\$2,715,453	\$1,385,714	\$682,500	\$682,500
Price/SF	\$33.000	\$23.302	\$27.024	\$27.024	\$116.387	\$116.387
Land Size	100 Acres	56 Acres	257 Acres	50 Acres	52 Acres	52 Acres
Location	Mid-Block Location with I-10 Frontage	Corner Location	Mid-Block Location	Mid-Block Location	Mid-Block Location	Mid-Block Location
Corner Features	Similar	Superior	Inferior	Superior	Similar	Similar
Shape	Irregular	Rectangular	Irregular	Irregular	Irregular	Irregular
Topography	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
Zoning	ETZ - Commercial	Gentle Sloping	Level	Gentle Sloping	Gentle Sloping	Gentle Sloping
		Mixed Use	Residential	Residential	Industrial - Mixed Use	Industrial - Mixed Use

Compiled by: W. Scott Eschenbrenner, MAI



Discussion of Improved Comparable Sales

The preceding comparables indicate an unadjusted price range of \$10,542 to \$33,000 per acre. The sales were not adjusted for time, as it appears that this segment of the market has weakened since its height in the summer of 2006. Therefore, the search for sales data was limited to those transactions that have occurred since 2006. These sales are representative of the recent activity and will not be adjusted for market conditions. There are six subject parcels that range in size from 45 to 147 acres with the average size being 94 acres. I have used this size as the typical subject parcel size. These comparable sales have been compared to a parcel that is a mid-block location with typical frontage and depth ratios. Adjustments have been made to the subject parcels that have I-10 exposure, inferior shape or lack of utilities. A description of each comparable sale property is as follows.

I have utilized a Quantitative Analysis Grid to help determine each sale's overall comparability to the subject, and to assist in further defining a range of value for the subject.

	302	144	151	130	84
Sale No.	302	144	151	130	84
Sale Price/ Acre	\$33,000	\$23,302	\$10,542	\$27,024	\$16,397
Size - Acre	100.00	56.00	257.00	50.00	52.60
Sale Date	Apr-09	Aug-08	Aug-07	Apr-07	Jan-06
Rights Conveyed	Fee	Fee	Fee	Fee	Fee
Adj. Conditions of Sale					
Financing Terms	Market	Market	Market	Market	Market
Adjustment					
Buyer/Seller Motivation	Normal	Normal	Normal	Normal	Normal
Adjustment					
Market Conditions (Time):	0.00%	0.00%	0.00%	0.00%	0.00%
Tot. Time Adj.	0.00%	0.00%	0.00%	0.00%	0.00%
Adj. Value	\$33,000	\$23,302	\$10,542	\$27,024	\$16,397
Location:					
% Adj.	0%	-25%	25%	-25%	0%
\$ Adj.	\$0	(\$5,826)	\$2,636	(\$6,756)	\$0
Adj. Value	\$33,000	\$17,477	\$13,178	\$20,268	\$16,397
Size:					
% Adj.	0%	-8%	17%	-9%	-8%
\$ Adj.	\$0	(\$1,864)	\$1,792	(\$2,432)	(\$1,312)
Adj. Value	\$33,000	\$15,612	\$14,970	\$17,836	\$15,085
Utilities:					
% Adj.	0%	0%	0%	0%	0%
\$ Adj.	\$0	\$0	\$0	\$0	\$0
Adj. Value	\$33,000	\$15,612	\$14,970	\$17,836	\$15,085
Other Features:					
% Adj.	0%	0%	0%	0%	0%
\$ Adj.	\$0	\$0	\$0	\$0	\$0
Adj. Value	\$33,000	\$15,612	\$14,970	\$17,836	\$15,085

**Price Per Square Foot Conclusion**

The five comparables provide a range of adjusted value indications from a low of \$14,970 to \$33,000 per acre. This wide range of values is due to Comparable Sale #302, which is a parcel that is adjacent to the subject that is under contract to the US Government who has indicated a specific need to be in this immediate vicinity. The remaining four sales represent a very close range from \$14,970 to \$17,836 per acre. There were no sales from the immediate vicinity; however, the comparables selected are representative of the subject property. The narrow range tends to lend credence to the final value conclusion and the sales did not require any substantial adjustments. After considering the four remaining comparable sales, I have concluded a market value estimate towards the lower end of the range for Parcel 3, 14, and 32 or \$15,000 per acre due to the lack of sewer service.

Parcel 15 and 16 are both located on Advancement Avenue with all utilities located adjacent to the two parcels. Parcel 31 has significant frontage on I-10 with superior exposure but no sewer. Therefore, I have considered the upper end of the range to acknowledge to availability of sewer service to these two large land parcels or the superior I-10 frontage.

The following chart is my estimate of value for these six parcels.

Parcel #	Parcel ID#	Size -Acre	Indicated Value/Acre	Market Value (Rounded)
3	02-27108/37908	147	\$15,000	\$2,205,000
14	02-36841	112	\$15,000	\$1,680,000
15	02-38984	86	\$17,500	\$1,505,000
16	02-38983	119	\$17,500	\$2,085,000
31	02-39088	45	\$17,500	\$790,000
32	02-39088	55	\$15,000	\$825,000

**Smaller Undeveloped Land Parcels - North of Interstate 10:**

The following sales will be used to compare to the parcels that are situated north of Interstate 10 and have all city services except sewer. The parcels are referred to as Parcel 1, 2 and 4 through 13. These parcels range in size from one acre to 28.7 acres and do not have the higher quality roads. There have only been two land sales north of the Interstate since 2006. Both of these parcels sold for \$25,000 per acre while the sales south of the interstate were selling for \$25,000 to \$36,000 per acre with sewer service.

**WEST MESA INDUSTRIAL PARK - SOLD PARCELS NORTH OF I-10**

Parcel #	Total Lot Size	Property Owner	Parcel ID	Sales Price	Price/Acre	ID #	Date Sold
7	11.270	Clarence Crawford	02-37907	\$281,500	\$25,000	304	6/5/07
9	3.160	Michael O'Donnell	02-35584	\$79,000	\$25,000	155	8/17/06

When analyzing the 12 parcels of land it is my opinion that some adjustment for size and location is warranted. I am of the opinion that parcels with less than three acres should be adjusted upward by 10% for their smaller size and that parcels with more than 10 acres should be adjusted downward by 10% for their larger size. It is apparent that the sales north of I-10 sold for \$25,000 per acre almost two years ago and that there has been some appreciation through 2007. I have adjusted these two sales upward by 10% for time to acknowledge the increase in values in 2006 and 2007. Based on this analysis, I am of the opinion that the typical parcel that contains between three to 10 acres would have an indicated market value of \$27,500 per acre. Parcels with three acres or less would have indicated value of \$30,000 per acre while parcels with more than 10 acres would have an indicated market value of \$25,000 per acre. The following chart is my estimate of value for these 12 parcels.

Parcel #	Parcel ID#	Size -Acre	Indicated Value/Acre	Market Value (Rounded)
1	02-39841	3.8	\$30,000	\$115,000
2	02-37906	3.7	\$30,000	\$110,000
4	02-22306	28.7	\$25,000	\$720,000
5	02-22308	3.0	\$30,000	\$90,000
6	02-35586	3.0	\$30,000	\$90,000
7	02-35587	3.0	\$30,000	\$90,000
8	02-35588	3.0	\$30,000	\$90,000
9	02-36839	17.0	\$25,000	\$425,000
10	02-36840	11.5	\$25,000	\$290,000
11	02-36842	1.0	\$30,000	\$30,000
12	02-36844	1.0	\$30,000	\$30,000
13	02-36843	1.0	\$30,000	\$30,000

**Smaller Undeveloped Land Parcels - South of Interstate 10:**

The following sales will be used to compare to the parcels that are situated south of Interstate 10 and have all city services including sewer service and good quality roads. The parcels are referred to as Parcel 17 through 30. These parcels range in size from 4.3 acres to 15.3 acres. The sales selected have occurred since 2007 as they were the most recent comparables that represent small fully developed parcels. There have been 15 land sales south of the Interstate. Please see the following chart for those sales.

**WEST MESA INDUSTRIAL PARK - SOLD PARCELS SOUTH OF I-10**

Parcel #	Total Lot Size	Property Owner	Parcel ID	Sales Price	Price/Acre	ID #	Date Sold
14	5.000	Dennis Muncrief	02-34842	\$125,000	\$25,000	115	5/15/06
16	11.230	DMS Realty, LLC	02-40358	\$407,649	\$36,300	305	12/22/08
17	7.400	Larry Barker	02-40359	\$254,100	\$34,339	306	10/29/08
18	10.620	Larry Barker	02-38977	\$292,050	\$27,500	266	9/28/07
28	6.650	Contractors Leasing LLC	02-38976	\$181,500	\$27,293	307	9/25/07
29	10.000	Sapphire Energy Inc.	02-40906	\$150,000	\$15,000	308	10/29/08
31	15.000	TMG Manufacturing, LLC	02-30043	\$375,000	\$25,000	267	8/10/07
32	6.000	RDC, LLC	02-35601	\$150,000	\$25,000	104	7/12/06
33	5.780	Esmail Haidari - Skyblue Inv.	02-35602	\$175,870	\$30,427	225	6/27/07
34	5.920	Esmail Haidari - Skyblue Inv.	02-35590	\$180,130	\$30,427	225	6/27/07
36	6.000	Matthew Ikard	02-35591	\$150,000	\$25,000	223	6/22/07
37	4.788	West Texas Development	02-35592	\$143,700	\$30,013	224	6/26/07
38	4.740	Don & Jeff Billings	02-35583	\$142,200	\$30,000	214	4/6/07
41	3.460	Leonard Besinger	02-35586	\$103,800	\$30,000	222	6/21/07
42	5.970	Leonard Besinger	02-35597	\$179,100	\$30,000	222	6/21/07
43	4.000	Sidney Williamson	02-35598	\$100,000	\$25,000	139	7/11/06
48	5.000	F&A Dairy	02-39086	\$181,440	\$36,000	265	9/24/07
				117,598	\$3,291,539	\$27,990	

The sales occurred between May of 2006 to December of 2008 with no sales in 2009. The sales range in price from \$15,000 to \$36,300 per acre. The low end of the range is represented by Parcel 29, which sold below market due to economic incentives offered to the purchaser. After eliminating Parcel 29 the range is much closer from \$25,000 to \$36,300 per acre. The sales range in size from four acres to 15 acres. The largest and smallest sale both sold for \$25,000 per acre indicating no adjustment for size.

When analyzing the 14 subject parcels it is my opinion that the only adjustment required is for location within the park due to frontage, corner features or exposure to Interstate 10. The subject parcels are listed for sale at three different prices based on location. Parcel 20 and 25, which have exposure to Interstate 10 are priced at \$46,200 per acre. Parcel 26 and 27, which are situated on Alliance Drive are priced at \$36,300. The remaining 10 parcels are all listed at the same price or \$39,600 per acre.

There were only two sales in 2008 and these two parcels were also situated on Alliance Drive. Parcel 16, which is the most recent sale was purchased for the asking price of \$36,300 per acre while Parcel 17 sold only slightly lower at \$34,339 per acre primarily due to the fact that the same purchaser had purchased an adjacent parcel the year prior and some credit was given. Taking note of the fact that the City is typically selling parcels at their asking price which would

minor adjustments made for price due to economic incentives. I am of the opinion that Parcel 26 and 27, which are both located on Alliance Drive indicate a market value of \$36,000 per acre and that this is basis for establishing value on the remaining subject parcels.

Parcel 20 and 25 are both situated on the Interstate 10 frontage road and provide additional exposure to interstate traffic. Parcels with superior visibility and favorable access will typically bring a premium; however, the sales activity in the WMIP does not support an adjustment. The City has the two parcels listed for sale at \$46,200 per acre, which is 22% higher than the established price for parcels on Alliance Drive. This appears slightly higher than market derived adjustments experienced in Las Cruces. Therefore, I am of the opinion that Parcel 20 and 25 would have a slightly lower market value of \$44,000 per acre.

The remaining 10 parcels are all similar in size, access and exposure. These 10 parcels are all situated on major thoroughfares within the WMIP and have equal exposure, frontage and access. As mentioned previously, Parcel 26 and 27 have an indicated market value of \$36,000 per acre but are considered slightly inferior due to secondary access within WMIP. The City has these 10 remaining parcels listed for sale at \$39,600 per acre, which is a 10% premium over the parcels on Alliance Drive. This premium appears reasonable and I am of the opinion that the market value of Parcel 17, 18, 19, 21 through 24 and 28 through 30 is \$40,000 per acre.

The following chart is my estimate of value for these 14 parcels.

Parcel #	Parcel ID#	Size -Acre	Indicated Value/Acre	Market Value (Rounded)
17	02-38980	4.3	\$40,000	\$170,000
18	02-38981	4.3	\$40,000	\$170,000
19	02-34315	10.0	\$40,000	\$400,000
20	02-40352	15.3	\$44,000	\$675,000
21	02-40354	8.8	\$40,000	\$350,000
22	02-40356	8.7	\$40,000	\$350,000
23	02-38979	10.8	\$40,000	\$430,000
24	02-38978	11.8	\$40,000	\$470,000
25	02-40353	12.7	\$44,000	\$560,000
26	02-40355	7.8	\$36,000	\$280,000
27	02-40357	7.1	\$36,000	\$255,000
28	02-38974	10.0	\$40,000	\$400,000
29	02-39087	5.5	\$40,000	\$220,000
30	02-35395	4.5	\$40,000	\$180,000

**Reliability**

While every effort has been made to produce a credible value estimate, certain factors limit the reliability of the result. The scope of this assignment was limited to an application of the Sales Comparison Approach. Only a limited market analysis was made and no in-depth analysis of highest and best use was conducted.

These factors are not considered to have a significant negative impact on the reliability of the valuation. Sufficient data, diligence, and analysis are combined in this appraisal to produce a reasonably reliable value conclusion, which will serve the needs of the client.

**CERTIFICATION OF THE APPRAISER**

The undersigned of this appraisal report, by his signature on this report, certifies 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 a physical 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.

By:

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

**LAND SALE NO. 1**

Property Identification

Record ID 178  
 Address 1430 Portland Drive, Las Cruces, Doña Ana County, New Mexico 88005  
 Tax ID 02-27969  
 Legal Description Lot 7, Blk A, Industry West

Sale Data

Grantor Mesilla Valley Improvement, Inc  
 Grantee Pro Plumbing Heating & Cooling  
 Sale Date February 27, 2007  
 Deed Book/Page 792/568  
 Recorded Plat 19/505-506  
 Property Rights Fee Simple  
 Conditions of Sale Arms Length  
 Financing Cash to Seller  
 Verification Other sources: Contract/File - Don Miller

Sale Price

\$270,000

Land Data

Zoning M-1 Light Manufacturing  
 Topography Generally level  
 Utilities All city services except sewer  
 Shape Irregular  
 Landscaping None  
 Flood Info Not located in flood hazard area

Land Size Information

Gross Land Size 2.140 Acres or 93,218 SF  
 Useable Land Size 2.140 Acres or 93,218 SF 100.00%

Indicators

Sale Price/Gross Acre \$126,168  
 Sale Price/Gross SF \$2.90  
 Sale Price/Useable Acre \$126,168  
 Sale Price/Useable SF \$2.90

**LAND SALE NO. 2**

Property Identification

Record ID 213  
 Property Name Sandhill Center  
 Address 1001 Parkhill Drive, Las Cruces, Doña Ana County, New Mexico 88012  
 Tax ID 02-32490  
 Legal Description Lot 1, Sandhill Center Subd No. 10

Sale Data

Grantor John N. & Mary C. Rinne  
 Grantee Oak Mountain Properties, LLC  
 Sale Date March 29, 2007  
 Deed Book/Page 802/704  
 Recorded Plat 21/112  
 Property Rights Fee Simple  
 Conditions of Sale Arms Length  
 Financing Cash to Seller  
 Sale History Sold in 2005 for \$2.01/SF  
 Verification John Rinne, grantor to Ken Odenheim; Confirmed by Harry Hansen

Sale Price

\$425,000

Land Data

Zoning M-1 Light Manufacturing  
 Topography Level  
 Utilities All public services available  
 Flood Info Zone X panel 516F 9/95

Land Size Information

Gross Land Size 2.790 Acres or 121,532 SF

Indicators

Sale Price/Gross Acre \$152,330  
 Sale Price/Gross SF \$3.50

Remarks

North on Del Rey off Highway 70 past Keytronics.

**LAND SALE NO. 3**

Property Identification

Record ID 221  
 Address 2340 Westgate Court, Las Cruces, Doña Ana County, New Mexico 88012  
 Tax ID 02-18469

Sale Data

Grantor Ewing Irrigation Products, Inc.  
 Grantee Randy & Cindy Farmer  
 Sale Date May 1, 2007  
 Deed Book/Page 812/1448  
 Recorded Plat 14/190-191  
 Property Rights Fee Simple  
 Conditions of Sale Arms Length  
 Financing Cash to Seller

Sale Price

\$250,000

Land Data

Zoning M-1 Light Manufacturing  
 Topography Level  
 Utilities All city services  
 Shape Irregular  
 Flood Info Not located in flood hazard area

Land Size Information

Gross Land Size 1.459 Acres or 63,554 SF

Indicators

Sale Price/Gross Acre \$171,350  
 Sale Price/Gross SF \$3.93

## LAND SALE NO. 4

**Property Identification**

Record ID 227  
Address 1360 Valley Dr, Las Cruces, Doña Ana County, New Mexico  
Tax ID 02-32347

**Sale Data**

Grantor Walter & Shirley Ann Lewis  
Grantee G & N Ventures LLC  
Sale Date July 26, 2007  
Deed Book/Page 0725949  
Recorded Plat 20/758  
Property Rights Fee Simple  
Conditions of Sale Arms Length  
Financing Cash to Seller  
Verification Other sources: MLS #776600

Sale Price \$220,000

**Land Data**

Zoning C-2 General Commercial  
Topography Level at street grade  
Utilities All city services  
Shape Irregular  
Flood Info Not located in flood hazard area

**Land Size Information**

Gross Land Size 1.398 Acres or 60,906 SF

**Indicators**

Sale Price/Gross Acre \$157,345  
Sale Price/Gross SF \$3.61

**Remarks**

Property is located at the entrance of Tashiro Road.

## LAND SALE NO. 5

**Property Identification**

Record ID 231  
Property Type Industrial  
Address 5390 Del Rey Blvd., Las Cruces, Doña Ana County, New Mexico  
Tax ID 03-13115  
Legal Description Part of Lots 12 & 13, Block20, Elephant Butte Land & Trust Co, Subd A

**Sale Data**

Grantor David & Sylvia Roddy  
Grantee Uriel & Erika Marquez and Salvador & Lidia Baquera  
Sale Date August 13, 2007  
Deed Book/Page #0731588  
Property Rights Fee simple  
Conditions of Sale Arms length  
Financing Conventional  
Verification Uriel Marquez, Jr., grantee; Confirmed by Harry Hansen

Sale Price \$196,020

**Land Data**

Zoning E11 Light Industrial ETZ  
Topography Level inside site  
Utilities Electricity, water, natural gas, septic system  
Shape Rectangular  
Flood Info Not located in flood hazard area.

**Land Size Information**

Gross Land Size 2.027 Acres or 88,296 SF  
Front Footage 175 ft Del Rey Blvd

**Indicators**

Sale Price/Gross Acre \$96,704  
Sale Price/Gross SF \$2.22

**Remarks**

Purchased to construct office/warehouse property.

## LAND SALE NO. 6

**Property Identification**

Record ID 245  
Address 2800 N. Motel Blvd, Las Cruces, Doña Ana County, New Mexico  
Tax ID 02-18674

**Sale Data**

Grantor Billy Goodin, Jr.  
Grantee Kanskopf & Warren LLC  
Sale Date August 23, 2007  
Deed Book/Page 0729586  
Property Rights Fee Simple  
Conditions of Sale Arms Length  
Financing Cash to Seller

Sale Price \$320,000

**Land Data**

Zoning R-2 Medium Density Residential  
Topography Level, corner location  
Utilities All city services  
Shape Irregular  
Flood Info Not located in flood hazard area

**Land Size Information**

Gross Land Size 2.784 Acres or 121,271 SF

**Indicators**

Sale Price/Gross Acre \$114,943  
Sale Price/Gross SF \$2.64

**Remarks**

There is an old single family dwelling on the property that was built in 1920, but offers no value.

## LAND SALE NO. 7

**Property Identification**

Record ID 256  
Property Type Commercial  
Address 1600 W Picacho Avenue, Las Cruces, Doña Ana County, New Mexico  
Tax ID 88005  
Legal Description 02-01986 & 02-18201  
USRS Tracts 9C-9 and 9C-8

**Sale Data**

Grantor Estate of Edna Weinreich  
Grantee Mannel & Leticia Piñon  
Sale Date October 31, 2007  
Deed Book/Page 0737132  
Property Rights Fee Simple  
Marketing Time 259  
Conditions of Sale Arms length  
Financing REC \$100K down, \$3,000 P&I for 35 months @ 6.5%, balloon after 3 years.  
Verification MLS#778763, Ellie Weinreich agent; Confirmed by Harry Hansen

Sale Price \$475,000

**Land Data**

Zoning C-2 General Commercial  
Topography Level  
Utilities All public  
Shape Irregular  
Landscaping None  
Flood Info Partially located in flood hazard area.

**Land Size Information**

Gross Land Size 3.138 Acres or 136,691 SF  
Front Footage 327 ft Picacho

**Indicators**

Sale Price/Gross Acre \$151,370  
Sale Price/Gross SF \$3.47

**Remarks**

The subject has been used for used car and mobile home sales. Improvements do not support highest and best use. I consider this a vacant site sale.

## LAND SALE NO. 8

**Property Identification**

Record ID 255  
 Address W. Amador Ave, Las Cruces, Doña Ana County, New Mexico  
 Location west of Horse and Hound Feed Store  
 Tax ID Part of 02-30417  
 Legal Description Lot 1B, Amador Tracts Replat No. 4

**Sale Data**

Grantor Amador Compress Partners, LLC  
 Grantee Brewer Oil Co.  
 Sale Date November 28, 2007  
 Deed Book/Page 0739537  
 Recorded Plat 22/532  
 Property Rights Fee Simple  
 Conditions of Sale Arms Length  
 Financing Cash to Seller  
 Verification Grady Oxford - Seller; Other sources: Warranty Deed; Confirmed by Scott Eschenbrenner

Sale Price \$975,000

**Land Data**

Zoning C-2 General Commercial  
 Topography Level at street grade  
 Utilities All city services  
 Shape Irregular  
 Landscaping None  
 Flood Info Located in flood hazard area  
 User 5 1,872'  
 User 6 311.90'  
 User 7 311.90'

**Land Size Information**

Gross Land Size 4.828 Acres or 210,295 SF  
 Front Footage 312 ft Amador

**Indicators**

Sale Price/Gross Acre \$201,960  
 Sale Price/Gross SF \$4.64

**Remarks**

Property located on West Amador Avenue to the west of Compress Avenue and East of South Valley Drive next to the Horse and Hound Feed Store.

## LAND SALE NO. 9

**Property Identification**

Record ID 274  
 Property Name Former Model Airplane Field  
 Address 375 North Valley Drive, Las Cruces, Doña Ana County, New Mexico  
 Location with frontage on Archuleta Drive  
 Tax ID 02-21153  
 Legal Description USRS Tract 9A-157, Section 13, T23S, R1E

**Sale Data**

Grantor Gabe Sandoval and Grady Oxford  
 Grantee CMH homes, Inc.  
 Sale Date September 2, 2008  
 Deed Book/Page 0825238  
 Recorded Plat 21/515  
 Property Rights Fee Simple  
 Conditions of Sale Arms Length  
 Financing Cash to seller  
 Verification Sold previously on 4/3/06 for \$425,000  
 Seller - Grady Oxford, January 8, 2009; Other sources: Appraisal File #7126

Sale Price \$700,000

**Land Data**

Zoning C-3 Commercial  
 Topography Basically Level  
 Utilities All City Services  
 Shape Irregular  
 Flood Info Zone AE - Panel 631  
 User 5 P = 1,524.61'  
 User 6 TF = 1,069.67'  
 User 7 MF = 514.69'

**Land Size Information**

Gross Land Size 3.103 Acres or 135,167 SF

**Indicators**

Sale Price/Gross Acre \$225,588  
 Sale Price/Gross SF \$5.18

**Remarks**

This parcel will be improved for mobile home sales and operated as Oakwood Mobile Home Sales. The parcel is irregular in shape with 490 feet of paved road frontage on Archuleta and 514.69 feet on North Valley Drive. The site is situated in a flood zone. The property does have an irrigation well and no value was assigned to the water rights or the equipment when appraised.

I appraised the property for the City of Las Cruces on January 26, 2005 and the market value estimate is the same as the sales price. There were two additional offers on the property below the asking price. The property went under contract a year before the actual closing and was help to the seller. The sales price was \$425,000 and the adjusted price was \$446,250, which indicates a 21% annual appreciation factor over a 28-month period.

## LAND SALE NO. 10

**Property Identification**

Record ID 284  
 Property Type Industrial  
 Property Name Casey Carpets Expansion Land  
 Address W. Amador, Las Cruces, Doña Ana County, New Mexico 88005  
 Location East of Pioneer Place  
 Tax ID 02-40657  
 Legal Description Tract A1 Miner Summary Subd.

**Sale Data**

Grantor Indrio Ventures, LLC  
 Grantee Casey Carpets  
 Sale Date September 18, 2008  
 Property Rights Fee simple  
 Conditions of Sale Arms length  
 Financing Conventional loan  
 Verification Dave Schultz, Banker; Other sources: Appraisal File; Confirmed by Harry Hansen

Sale Price \$678,416

**Land Data**

Zoning M-1 Light Manufacturing  
 Topography Level  
 Utilities All public  
 Shape Irregular  
 Landscaping None  
 Fencing None  
 Flood Info Located in flood zone AE Map #35013C0631

**Land Size Information**

Gross Land Size 2.922 Acres or 127,282 SF  
 Front Footage 350 ft Amador

**Indicators**

Sale Price/Gross Acre \$232,175  
 Sale Price/Gross SF \$5.33

**Remarks**

Purchased for expansion of adjacent commercial property.

## LAND SALE NO. 11

**Property Identification**

Record ID 292  
 Address 5430 Del Rey Blvd, Las Cruces, Doña Ana County, New Mexico  
 Tax ID 03-04575  
 Legal Description Lot 1 & 2, Blk 19, EBL&T Co. Subd A

**Sale Data**

Grantor DKR Partnership  
 Grantee Joe & Ida Chavez Family Trust  
 Sale Date December 19, 2008  
 Deed Book/Page 0834095  
 Property Rights Fee Simple  
 Conditions of Sale Arms Length  
 Financing Cash  
 Verification Other sources: MLS #804723; Confirmed by Scott Eschenbrenner

Sale Price \$427,543

**Land Data**

Zoning E11 Light Industrial ETZ  
 Topography Level  
 Utilities All city services  
 Shape Irregular  
 Landscaping Natural desert vegetation  
 Flood Info Not located in flood hazard area

**Land Size Information**

Gross Land Size 4.317 Acres or 188,040 SF

**Indicators**

Sale Price/Gross Acre \$99,042  
 Sale Price/Gross SF \$2.27

**Remarks**

I-25 north to Doña Ana exit, right on Del Rey, vacant lot on the right. Perfect location for storage, warehouse and combination retail. Ready for development

## LAND SALE NO. 12

Property Identification

Record ID 302  
 Property Type Commercial and Industrial  
 Address East End Mountain Vista Parkway, Las Cruces, Doña Ana County, New Mexico  
 Location East of the West Mesa Industrial Park  
 Tax ID 02-39563, 02-39565, & 02-39564  
 Legal Description Part of SW1/4 Sec 25, T23S, R1W

Sale Data

Grantor Fletcher Farms  
 Grantee United States America  
 Sale Date March 23, 2009 Under contract  
 Property Rights Fee simple  
 Conditions of Sale Arms length  
 Financing Cash to seller  
 Verification Bill Boling, seller's agent; Confirmed by Harry Hansen  
 Sale Price \$3,300,000

Land Data

Topography Generally level desert land  
 Utilities City water, electricity and gas  
 Shape Irregular  
 Flood Info Not in Flood area

Land Size Information

Gross Land Size 100.000 Acres or 4,356,000 SF

Indicators

Sale Price/Gross Acre \$33,000  
 Sale Price/Gross SF \$0.76

Remarks

This property is under contract to USA subject to environmental studies

## LAND SALE NO. 16

Property Identification

Record ID 84  
 Property Name Jackrabbit Exchange  
 Address Northside of Interstate 10 and Picacho Avenue, Las Cruces, Doña Ana County, New Mexico  
 Location West Mesa  
 Tax ID 03-01607  
 Legal Description Northwest 1/4 Section 30, T23S. R1E

Sale Data

Grantor Jack Lee Roberts  
 Grantee Trinity Properties, Bill & Renee Cupid  
 Sale Date January 12, 2006  
 Deed Book/Page 677/1206-1207  
 Property Rights Fee Simple  
 Marketing Time N/A  
 Conditions of Sale Arms Length  
 Financing Cash to seller  
 Verification Bill Cupid - Purchaser, December 7, 2005; Other sources: Appraisal File #7150, Confirmed by Scott Eschenbrenner

Sale Price

\$862,500

Land Data

Zoning County  
 Topography Gently Sloping  
 Utilities Water, electric and phone nearby  
 Shape Irregular

Land Size Information

Gross Land Size 52.600 Acres or 2,291,256 SF

Indicators

Sale Price/Gross Acre \$16,397  
 Sale Price/Gross SF \$0.38

Remarks

Purchased for speculation. It has been reported that the Governor will release funds in the near future to rebuild this interchange and provide direct access to this parcel. Additionally, there has been discussion about creating a thoroughfare that connects this interchange 30-miles to the south at Santa Teresa. Time frame for this road is estimated at 5-years.

# Vicinity Map

Interstate 10

EPEC  
substation

State land

Rea Magnet Wire

Proposed Lease

86 acre +/-

For Sale

Rea Blvd

For Sale

For Sale

Premier  
Dist.

Barker

Barker

Green Valley

Advancement Ave

Sapphire Energy

undeveloped road